



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

44th PARLIAMENT, 1st SESSION

Standing Committee on National Defence

EVIDENCE

NUMBER 095

Wednesday, February 28, 2024

Chair: The Honourable John McKay



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• (1710)

[English]

The Chair (Hon. John McKay (Scarborough—Guildwood, Lib.)): It's quarter after five. We're obviously 45 minutes late. We have another vote in the House at, I think, around six o'clock. The bells are going to start ringing 15 or 20 minutes from now—something like that. I'm going to look for the committee to give me some latitude with the bells.

If we suspend at quarter to six, and go to vote and then come back, would that be acceptable to the committee? Is that a plan going forward?

Some hon. members: Agreed.

The Chair: It's been very difficult to get the witnesses here. They are now 45 minutes later than they thought they were going to be.

Ms. Lambropoulos.

Ms. Emmanuella Lambropoulos (Saint-Laurent, Lib.): Would it bother people to vote with the voting app in the room, so we can save time?

The Chair: Well, I don't think this party will agree to it.

We could save time, but still....

Mr. Pat Kelly (Calgary Rocky Ridge, CPC): Let me understand what you're....

The Chair: Right now, my proposal is to suspend at quarter to six. That would allow people to vote at six o'clock. The vote would take 10 to 15 minutes. At best, we get back here at 25 after six o'clock. Then we could finish as much as we could.

Mr. Pat Kelly: Are you trying in advance to get unanimous consent to carry the meeting past the bell?

The Chair: Well, I'd better get it in advance, because otherwise it's total chaos and we'll just....

Mr. Pat Kelly: No, bells happen. You ask and you get unanimous consent to continue for 15 minutes.

The Chair: I have unanimous—

Mr. Pat Kelly: Yes, go ahead and we'll cross these bridges as we go.

The Chair: We'll cross the bridge at quarter to six, okay?

Mr. Pat Kelly: Yes, please.

The Chair: Are we fine with that? All right.

With that, I want to welcome Ms. Carr, Ms. Winger and Ms. Henshaw to the meeting.

I know we have a brilliant clerk here. I'm sure he has briefed you. I think a few of you have appeared before committees before. You know the drill. You have five minutes.

We'll start with Ms. Carr, then go to Ms. Winger after that.

Thank you.

Ms. Jennifer Carr (President, The Professional Institute of the Public Service of Canada): Thank you, Mr. Chair.

Good afternoon, everybody, or good evening almost at this point.

My name is Jennifer Carr and I'm the proud president of the Professional Institute of the Public Service of Canada.

Among the 75,000 members we represent are almost 7,000 workers at the Department of National Defence.

I personally have been a proud Defence team member for almost two decades, working in an environmental engineering position and proudly contributing to the operational readiness and the safety and security of our troops.

On behalf of our members, the institute has been raising concerns about outsourcing for many years. Across the government, decades of unchecked spending on contracting out have created an army of consultants—people not hired on merit, not subject to pay restraints or hiring rules and not accountable to Canadians. They work beside our public service workforce but do not operate according to the same set of rules.

A Carleton University analysis revealed that the government spent over \$22 billion on contracting out in 2021-2022. Almost a third of that was for the Department of National Defence alone. Just one company received three quarters of a billion dollars. The fourth-largest—Calian—received a quarter of a billion dollars for delivering services that our public service employees could have delivered.

What do these eye-popping figures really mean? Contracting out leads to less value for money, less accountability and the loss of invaluable skills and expertise.

Let's first talk about taxpayer money being wasted. Last year we asked the Department of National Defence how much they spent contracting out work that could be done by our members of the public service. We had asked this question many times before, but we finally got an answer. DND's chief financial officer said it was an estimated \$5.1 billion last year. That's more than double what DND pays for its own public service employees.

A total of \$5.1 billion dollars was spent on outsourced positions compared to \$2.3 billion on in-house ones. That's grown beyond a shadow public service. We now have a giant vampire sucking billions of taxpayer dollars into the pockets of private companies.

Then there's the tremendous loss of institutional knowledge. Skills and expertise vanish from the public service, thereby increasing the ongoing reliance on contractors and impacting our operational capacity and the security of our execution.

I'd like the committee to look at the effect private contractors have on our operations, on the safety of the workers and on our national security.

As public service professionals and members of the Defence team, our members take tremendous pride in their work and in servicing the Canadian Forces. They can always be counted on to put the safety of members of the CAF first—always.

Too often when hiring, managers now prefer to hit the “easy button” and just contract out the work. In the process, diversity and inclusion rules are thrown out the window; official language requirements are disregarded, and often contracts are then given to companies staffed by former DND employees. Doing that fosters an environment in which who you know is more important than what you know.

We therefore don't bring in new talent, and we lose touch with younger professionals. We fail to renew. Retention failures lead to recruitment failures. It's like a snake eating its own tail—we have a government creating its own labour shortages.

The evidence is clear. Decades of unbridled contracting out have meant higher costs and diminished services. However, there is something that can be done. We have suggestions to turn political rhetoric into real change.

First, stop making it easier to outsource than to hire in-house. Apply diversity and inclusion rules and language requirements to contracting out, just as is done for internal hires. Reinvest in human resources. Make hiring faster and fairer and more efficient.

Second, let's get serious about retaining our staff. If we start paying public service professionals the market rate, we will improve retention and save millions on juiced-up contracts to private companies. The government is currently paying these contracted employees market rates, as well as up to 30% more for a company, but only if they don't work for the federal public service.

• (1715)

That has to stop. It makes no sense. If we can match market rates, we can repatriate the public service employees lost to private contractors.

Third, end the vicious cycle of the government creating its own labour shortages.

Each of you at this table will face a five-year lobbying ban when you enter public life. Why not institute similar rules for employees leaving the Department of National Defence and jumping into outsourced positions?

I know there's plenty of blame to go around for how things got this bad, but on behalf of the public service employees we represent, I urge this committee to focus on solutions. Help us take the next step down this road toward a wholesale culture change we so desperately need.

Thank you. I look forward to your questions.

• (1720)

The Chair: Ms. Winger.

Ms. June Winger (National President, Union of National Defence Employees): Thank you for the opportunity to appear today. I'm June Winger. I'm the national president for the Union of National Defence Employees.

Our union represents 20,000 civilian defence workers. Our members ensure that military operations are mission-ready at all times and that military members have safe and secure places to live and work. Our members are experts who work on bases and in offices, laboratories, warehouses, airports and garages. They provide support services so that the military can continue to be agile and combat-ready.

I'm here today to discuss the problem of contracting out, because this is a significant issue that's going on in the department. Through the exposure of the ArriveCAN scandal, Canadians are now—more than ever—aware of the problem of contracting out.

What we've seen over the years is that instead of staffing, DND is relying on an extensive and growing use of external private contractors and using layers upon layers of subcontracting in order to accomplish its mandate, just like the previous speaker was saying.

Our union deals with the consequences of this every single day. We grapple with the understaffing, with the shoddy work that's being done by contractors and with health and safety risks not just to our employees but to military members. I didn't even mention the runaway costs yet. There seem to be countless serious examples that demonstrate how the contracting that's going on is not yielding good results for Canadians.

First, I'd like to take a moment to say a few words about the ongoing strike of our non-publicly funded workers that has been ongoing for 45 days as of today. Even though these members provide key support services to our military and their family members, they are managed as though they are external contractors.

We repeatedly hear that National Defence is not responsible for these workers, and yet 40% of the funding that goes to CFMWS is paid by National Defence. They keep telling us that they're not public servants, but they are public servants: They're just schedule V rather than I. When we go into negotiations, the employer keeps saying that it can't do anything without the approval of National Defence and Treasury Board. It doesn't make any sense.

In fact, when we were in bargaining, at each bargaining unit the CFMWS negotiator was telling the employees that they don't have the money to pay them properly, and the only way to get that money from National Defence is for them to go on strike, so here we are on day 45. While these members are on strike, they've been bringing in casuals: hiring people to come in and do the work while this government has anti-scab legislation in front of them, and now we know that military members are also being assigned to do the very work of these strikers. It's clear that this arrangement with CFMWS doesn't make sense and doesn't work.

It's important to remember that not only are military spouses a significant portion of these workers, but that the core aim of their work is to provide support to the military and their families, the very support that ombudsman Gregory Lick referenced to this committee just days ago: that they're needed to address the retention issues in the Canadian Armed Forces.

What's going on with CFMWS is just the tip of the iceberg. The sheer volume of contracting out that we are seeing, the unchecked contract amendments, extensions and ballooning costs, the lack of oversight and quality control and the major errors and total failures in certain contracts don't seem to indicate that contracting out is being used at all as it has been intended. In this committee, we've heard officials state that contracting out should be used only as a temporary stopgap and for surge capacity, but in reality, that's not at all how DND uses it.

The Chair: [*Inaudible—Editor*]

• (1725)

Ms. June Winger: That's okay.

I just want to bring to your attention that in October 2018 the ADM review services conducted an audit of all the facility maintenance contracts. This audit concluded that the department was not completing a value-for-money analysis on the outsourcing it was doing. The audit made key recommendations, including conducting a cost-benefit analysis and reporting on that cost and efficiency to the public service work versus outsourced work. It was clear that this was required, and yet we haven't seen it being done at all.

The Chair: Thank you, Ms. Winger.

I don't wish to be harsh with the witnesses, especially in the circumstances where we've abused your time, but I have to hold people to the clock, unfortunately.

Ms. Kramp-Neuman, you have six minutes, please.

Mrs. Shelby Kramp-Neuman (Hastings—Lennox and Addington, CPC): Thank you, Chair.

Thank you to the witnesses for being here tonight, and for your patience and flexibility with the House and its schedule.

That being said, let's jump right into it. I would suggest that under the previous government, in 2007 to 2015, National Defence directly issued a total of 70 sole-sourced contracts. This government has issued 6,838. It's nearly a hundredfold increase in sole-sourced contracts awarded by DND directly.

Ms. Carr, you expressed comments about raising concerns, alarming numbers, eye-popping figures. Could you elaborate more on how this trend is concerning to you, and could you perhaps shed some light on why a government should suddenly rely so heavily on sole-sourced contracts?

Ms. Jennifer Carr: I'd like to say that this problem goes back at least two decades. I started with the Department of Defence in 2006 and we have been on this issue, so this is not a partisan issue. This has become an overreliance.

What has happened is that when it becomes easier to ask a contractor to amend their contract to provide a service, it becomes the go-to. It becomes the way that people are looking to stopgap measures to get the employees they need to do the work they need, without having to go through all of the hoops.

One of the things that is important for this committee to know is that the Department of National Defence has two separate agencies. One is a government-owned contractor operator, done by Weir Canada, called the Naval Engineering Test Establishment. They also have a schedule V Crown corporation called Defence Construction Canada.

We have seen these separate agencies, arm's-length agencies, taking more and more of our jobs. Defence Construction Canada was established in 1951. It was to do defence construction only, and they have ballooned to providing environmental services. That was my job when I was at the Department of Defence.

They are doing project management now and also contract management.

When we start seeing those jobs being outsourced—and, again, it happens with all the major contracts as well—they will add somebody to do this work, and it's an amendment after amendment after amendment, ballooning the costs.

Mrs. Shelby Kramp-Neuman: Perfect.

Thank you.

Further, by far the Department of National Defence issues the most procurement contracts. Since 2016 DND has had 135,759 such contracts. The next closest, perhaps fittingly, is PSPC at 53,425.

Ms. Winger, you suggested that there are countless examples that are not yielding good results. Can you perhaps elaborate on why DND insists on spending so much on consultants, despite having so little to show for it?

Ms. June Winger: That's an excellent question. Thank you.

It's really puzzling, isn't it? It's almost impossible to figure out why, because it defies all logic. None of us would run our households this way, and yet for some reason National Defence continues to.

A big challenge is that there is a very small amount of SWE, the salary/wage envelope, and there is a very convoluted, lengthy staffing process as well. Those two are hindrances when you have the ease of being able to have a great budget for O&M where you can just draw the money off to be able to do the contracts.

I think it's been made so easy. Like I said, we had this review services audit that says that they're supposed to provide this analysis, but it's not being done. I can just point to Shearwater. The other day they decided they were going to do some maintenance on three military hangars and they were contracting that work out. When we asked them for their analysis of the cost-value benefit, they didn't know what we were talking about.

We described a business case. They had no idea. We actually provided them with a business case, and management came back and said, that's not our job. If it's not their job, whose job is it?

• (1730)

Mrs. Shelby Kramp-Neuman: Thank you.

Also, you made reference to the ombudsman, earlier.

To follow up on that, the procurement ombudsman indicated that, during a procurement practice review of the Department of National Defence, there were 40 randomly chosen contracts from 2019 to 2022 to review. Alarming, of the 40, two of them were not able to have performance review analysis done on them because DND had lost the paperwork. Similarly, of the 36 files reviewed, DND was unable to provide individual evaluation forms in nine files. In six of the files, the consensus evaluation was missing.

Is it commonplace, in your experience, to have incomplete documentation on a quarter of the bids?

Ms. June Winger: It's a very unfortunate situation that we're in. The contract inspectors are the very members I represent and they routinely come to me and tell me that they are overworked and undermanned. It's impossible to keep up any of those inspections or the oversight they're required to do.

Mrs. Shelby Kramp-Neuman: On incomplete documentation, Ms. Carr, would you...?

Ms. Jennifer Carr: I can only go from my experience.

Some of that documentation is coming from the contractor. There's no one to enforce contractors bringing those documents for-

ward. You know, how did they spend their money? That is part of the oversight we're missing. It's lack of transparency and oversight being done by contractors, who are basically in charge of every aspect of what they are doing.

Mrs. Shelby Kramp-Neuman: Excellent.

Thank you.

The Chair: Thank you.

Mr. Collins, you have six minutes.

Mr. Chad Collins (Hamilton East—Stoney Creek, Lib.): Thanks, Mr. Chairman.

Welcome to both the president and vice-president.

I worked for many years at the municipal level and would often meet with unions to talk about who owns the work, in terms of what their members' expectations were. We oftentimes had to go through a collective bargaining process, so it was important for me to understand the lines in the sand they had, in terms of who owns the work and where there was some discretion for the municipality to provide private or contracted services.

Can I ask both unions, respectively, where you draw the line in the sand, in terms of what work belongs to your members and where there's some discretion for the government to contract out? I would say that, in the municipal sector, if we're building a bridge... We don't employ people who build bridges. We have engineers on staff, but they're not engineers who design bridges, so we would have to, by the nature of the work we're undertaking, contract almost all of that out, except for the project management component.

All of that being said, I'm wondering where your line in the sand is, in terms of providing the government some discretion to naturally contract some of the work out while respecting the rights you've enjoyed for decades with your respective unions.

Ms. Jennifer Carr: Thank you for the question.

I think the lines are very clear for me. We don't have experts who build planes. We don't have people who are designing military equipment. That is definitely something contracted out. However, once it hits our base and our formation, it is our job and responsibility to maintain that equipment so we can provide a strong, secure and engaged defence posturing.

I also need to clarify that short-term help in the Department of Defence is never short term. When I talk about the snake eating its tail and overreliance, it has to do with the fact that.... At what point do we have an analysis to say, "This is a long-term need and we should bring this expertise in-house, in order to fulfill that mandate and not be overreliant on contractors"?

• (1735)

Mr. Chad Collins: Before I go to President Winger, can I ask what “short term” is, in your mind?

Ms. Jennifer Carr: Again, short term would be two years.

Mr. Chad Collins: President Winger, I ask that same question.

Ms. June Winger: I have to say I'm in agreement with Jennifer.

I think there certainly is an opportunity for contractors to work at National Defence. We have some very short-term, specialized work that requires the expertise of a contractor.

In my job at National Defence in the counterterrorism centre, we worked with contractors all the time, but we still had our regular, ongoing staff. When it's predictable and when you can see that it's going to be ongoing work, why wouldn't you build that up inside the public service? It just makes good sense.

It's kind of hard to answer such a broad question when it's very situational.

Mr. Chad Collins: For sure.

When I started politics, it was in the mid 1990s, and it was in the midst of the “common sense revolution”, for those who lived in the province of Ontario. That language is back again, of course in a different form and at a different level of government. The mindset at the time, if you recall, was to privatize everything: “The private sector knows best”. Of course, that led to a great disruption in the workforce. There were all kinds of protests at Queen's Park at that time. It led to morale issues. That line of thought, in terms of public-private partnerships, was the be all and end all, and it went to other levels of government. The federal government adopted that at the time, as well as municipalities. It caused tremendous harm to morale, and it also hit us in terms of costs. I think you've alluded to some of those issues today.

I caught your note on the value-for-money audits that most would want to go through before deciding whether or not they were going to gravitate to the private sector. It's better to know that it's cheaper and that the work is going to be done in a way that conforms with all the policies you have as an organization.

Can you speak to some of the harms that occur when you don't perform value-for-money audits first, prior to contracting out, and some of the morale issues that your members face when those decisions are made without explanation?

Ms. Jennifer Carr: Let's talk about morale because you heard my numbers. You almost have a 60% contractor-run organization. We talk about Defence and its mandate, and it needs to be able to have operational readiness and to be prepared at any time. I'm going to use an example of medical services.

Our armed forces need to have access to medical care. However, that in itself has been contracted out long-term to Calian. Those services that our members are relying on are less transparent. They are paying market rates to the contractors, plus Calian, the overhead, which makes our employees feel less valued.

We talked about the pandemic. During the pandemic, our members received zero pandemic pay. Provinces and territories gave pandemic pay to frontline workers. However, Calian provided lots

of bonuses to work for the Department of National Defence during the pandemic, and also bonuses for working over Christmas and other holidays. When you talk about morale, basically, the employer is saying “I value a contractor more than you as a public servant”, and that has detrimental affects. That is across the board in research, engineering and IT work. I give you Calian as the biggest example.

Mr. Chad Collins: Thank you.

The Chair: Thank you, Mr. Collins.

[*Translation*]

Ms. Normandin, you have the floor for six minutes.

Ms. Christine Normandin (Saint-Jean, BQ): I'd like to thank all of the witnesses for being here today. I'm very grateful to them.

Ms. Winger, I can't help but to seize the opportunity you've given us to talk about non-public funds workers. I'd like to hear what the other witnesses have to say on the matter.

At the military base in Saint-Jean, where I'm from, kinesiologists sometimes earn half the wages that they would earn in the public system, in Quebec for example. As a result, there is a staffing short-fall of 48% among kinesiologists, and they are the ones who train recruits.

It is the same at Canex stores. The wages there are really quite precarious. Moreover, full-time positions aren't available to avoid having to give benefits to the people who work there.

I'd like for you to comment on the fact that this actually creates internal labour shortages, as Ms. Carr mentioned, which can lead to the need, over the long term, to contract out.

Although subcontracting isn't the issue here, by not recognizing these employees as public servants, won't we end up in a situation where we need to contract out?

I'd appreciate it if you could both answer the question.

[*English*]

Ms. Jennifer Carr: Again, from that perspective, Defence team members are super proud of the work they do. They know their mission, and they know that a service member on the other side is counting on them.

• (1740)

The Chair: I'm sorry. Excuse me, Ms. Carr.

Ms. Jennifer Carr: I'm sorry. You have the bells sounding.

The Chair: When the bells start ringing, technically, I have to suspend the meeting unless I have unanimous consent not to.

Ms. Jennifer Carr: Okay.

The Chair: It is 5:40.

Do you want 15 minutes? Is that fair? We'll suspend at 5:55.

Thank you. Please continue.

Ms. Jennifer Carr: I can continue, thank you.

I've lost my rhythm. At Defence we always have to pivot very quickly.

I think we can bring that morale back, but it has to take a serious look at the staffing practices. What is more important to the department? Is it to have staff who are stable and secure and who are valued for the work they do, or is it really about how easy it is to get somebody in, to have a buddy and offer that job to a buddy because we have a contract that we can instantly just hire them.

I think we need to have a serious look at the morale at Defence. We're basically being run by contractors, with 60% being contracted out.

[Translation]

Ms. Christine Normandin: Ms. Winger, do you have anything to add?

[English]

Ms. June Winger: What's happening with our fitness trainers in the military is just outrageous. They're earning 62% less than the schedule I fitness trainers. It's just bizarre. The issue that causes them with morale is very difficult for them. It's hard for them to keep up their morale and feel good about it.

I could also draw on Jennifer's example of the Calian staff. We have Calian staff who are doing work that my members perform. They've been doing it for so long that they're paid far more than what the public servants are, and they're working side by side. It becomes a massive challenge for these people. As the department tries to get rid of the contract, they can't attract staff because they're so far behind market value.

These people have been at National Defence for 20 to 30 years now. They're seen as employees. They come to the public service appreciation week barbecues. They come to the events. In fact, they come to some of the sporting events on bases that public servants have to put in leave for. The contractors are in there instead.

[Translation]

Ms. Christine Normandin: Thank you very much.

I know that Department of National Defence employees worked on the issue of work contracted out, in the kitchens, for example. It is an issue at the Saint-Jean base. Early on, we were told that work had to be contracted out in order to meet the needs in peak periods. We were told that the private sector was more flexible.

After several years and a number of studies, however, we can see that there aren't really any peak periods and that these positions could be filled by public servants.

Has the employer done an analysis of the consistency of needs?

Moreover, what does the employer say when they're presented with the numbers that you have that show that these positions could be filled by public servants, if only to avoid having two categories of employees, which can cause jealousy?

[English]

Ms. June Winger: We know 100% that all of the work done in kitchens could be done by public servants. In fact, on many bases, it is. There is some poor management and poor planning that is preventing that from happening. Then they're reliant on groups. DCC was recently trying to contract in kitchen workers onto bases. They've just spread right out.

That work is predictable. Anybody can figure out what it's going to be. There's no reason there would ever be an unpredictable surge at a kitchen. That work could and should definitely be done by public servants.

[Translation]

Ms. Christine Normandin: Thank you very much.

I have a quick question.

Ms. Kramp-Neuman raised the issue of sole-sourced contracts.

I'd like to know if you know what percentage of the contracts issued were sole-sourced, and the reasons sole-sourced contracts are issued. Were you given any reasons?

In your opinion, is national security too often invoked to justify issuing sole-sourced contracts?

[English]

Ms. Jennifer Carr: It's very interesting, because I would think that the opposite would be true. I think that, because of National Defence security, you would want to have as much in-house as possible and that you would rely on public service professionals to provide those jobs.

Once it's out in the contractor space, we can't control it. They are not bound by values and ethics. They are not bound by internal financial administration rules. There are all of these areas where a public servant can be more reliable for national security.

In fact, their reliance on contractors and the over-reliance mean that we're losing the institutional knowledge and skills to do it ourselves. Therefore, they say, "Oh, we can't do it." You certainly can do it. It just takes will. It takes people listening to my consultation team president as they sit at the table day after day saying that this job could be done by the public service.

• (1745)

[*Translation*]

Ms. Christine Normandin: Thank you very much.

[*English*]

The Chair: Thank you, Madame Normandin.

Ms. Mathysen, you have six minutes.

Ms. Lindsay Mathysen (London—Fanshawe, NDP): Thank you so much.

Thank you for being here today.

Ms. Carr, can you table with the committee the "Programmed to Fail" report, "Part one: The real cost of outsourcing" and "Part two: Outsourcing and gender equity".

Do you have any other reports or summaries that you feel would be helpful to this study?

Ms. Jennifer Carr: For those on the committee, like I said, the Professional Institute has been looking at outsourcing for a long time, for over a decade. I will be honoured to present those reports. I don't have any others.

We will be looking at doing a concentrated survey with the Department of National Defence at some time in the future.

Ms. Lindsay Mathysen: Ms. Winger, can you table the "Uncover the Costs" report with the committee? Do you have other reports that would be helpful for this study?

Ms. June Winger: I can certainly table the "Uncover the Costs" report. I think we can put something else together to make sure it's updated. Our contracting out committee report is from 2020, so we have some updates we can add.

The Chair: Out of curiosity, are both reports bilingual?

Ms. June Winger: Yes.

The Chair: Okay, great. Thank you.

Ms. Lindsay Mathysen: It's the public service—of course.

Voices: Oh, oh!

The Chair: One does not assume.

Ms. Lindsay Mathysen: Ms. Winger, I know you didn't get a chance to talk much in your introduction, as the chair likes to cut people off, but could you talk to us more about the Logistik Uni-corp contract and the experience DND has had with this corporation?

Ms. June Winger: Sure. We've had a few challenges with Logistik. They have recently taken on a massive contract with National Defence. It's \$3.7 billion over the next 20 years, and it will result in the elimination of 177 military clothing stores. They will be going from 240 down to 63, which is significant. It's unclear how DND is going to ensure that the contractor will be providing the services

that it's supposed to provide, and we're already seeing problems with it. We're concerned about runaway costs already at this early stage. There have already been issues with the previous contract that National Defence has with Logistik; and yet, despite this, they were awarded this 20-year contract, which gives them a substantial foothold without much motivation to increase their service, or at least meet the actual terms of the contract.

I just had a meeting with members last weekend, and I recently learned about an issue with Logistik which took five months for them to fix, and it resulted in the recall of 300 pairs of pants just due to a labelling issue. While the military store tried to get it corrected, they couldn't. They kept bringing it up over and over until finally it had to go to Ottawa just to get this corrected with repeated interventions from management in Ottawa in order to force the company to fix its own error.

Ms. Lindsay Mathysen: Was there any indication of what the cost of that would be?

Ms. June Winger: The costs are nearly impossible to track. The department is not upfront with the costs, and whenever we try to trace those, we don't get any feedback on it.

Ms. Lindsay Mathysen: That's linked to the ADM checking and balancing and tracking of that.

Ms. June Winger: Absolutely.

Ms. Lindsay Mathysen: Okay.

There was also an issue I heard about with Toure Cleaning Services. Could you talk about that contract, please?

Ms. June Winger: This is a bit of a heartbreak. If you recall, in Petawawa a few years ago the GDI cleaners were on strike for four months. Finally, they got a contract, and then when the contract was reviewed again, GDI was not the winning bidder.

What ended up happening was they brought in three contracts, and a company named Toure got two of them. Everything was going pretty well. There were two five-year contracts for nearly \$8.5 million. However, around January of last year, the employer stopped paying their employees on time and properly. Their collective agreement specified it would be by electronic fund transfers, but they were getting cheques—they were getting paid to another employee, and then deposited into their account. It was just bonkers. The employees weren't able to get cleaning equipment—their cleaning supplies were getting drowned out from the providers, who weren't extending the credit anymore. They couldn't even use the company vehicles, which were stuck in garages that the company wasn't paying their bill for, so they ended up renting vehicles. It was a nightmare.

It came to a head around Christmastime. They simply stopped paying the employees. I had a member call me up telling me she was a grandmother and had intended to have the family over for Christmas, but couldn't afford groceries.

• (1750)

Ms. Lindsay Mathysen: Obviously, there are direct impacts, of course, on those employees. What are the impacts on our Canadian Armed Forces?

Ms. June Winger: They were without cleaning services for about three weeks.

Ms. Lindsay Mathysen: When you say “cleaning services”, can you be specific?

Ms. June Winger: Their bathrooms weren't being cleaned. The offices weren't being cleaned. None of the eating areas or living areas.... None of this was being looked after. It was just increasingly getting worse.

The third contractor on base with the third contract was able to pinch hit, but these are 80 members and they have 20 employees who are already fully employed doing the other cleaning, so now they were extending them to do the work of a hundred people. Lots of those areas couldn't be cleaned because they needed security clearances that these employees simply didn't have. Places were just left with nothing, yet once again military members were being asked to do the work, outside of what they're normally supposed to be doing.

The Chair: Thank you, Ms. Mathysen.

That completes our first round. We have 17 minutes and 38 seconds before the next vote. I intended to get Mr. Kelly and Mr. Fillmore in. That will take us to seven minutes before.

I'm going to work on the assumption and hope that we're prepared to vote with the app rather than go back to the House and vote. If there's any indication to the contrary, please let me know.

Mrs. Cheryl Gallant: He's lucky it's pouring rain out.

The Chair: If I can get those two questions in, then we can suspend at that point and maybe get through this entire meeting.

I have Mr. Kelly and then Mr. Fillmore, which is a strange spelling for “Fisher”.

With that, Mr. Kelly, you have five minutes.

Mr. Pat Kelly: Thank you.

Ms. Winger, you actually mentioned GC Strategies specifically in your opening remarks—the ongoing scandal over the ArriveCAN app and the awarding of that contract.

Are you aware that GC Strategies—the same company that is embroiled in the ArriveCAN scandal—is also a significant Department of Defence contractor?

Ms. June Winger: I'm not aware of that, but I'm not at all surprised either.

Mr. Pat Kelly: I wonder if any of our witnesses.... For example, just a search of Open Government can reveal some of this information. There is some public information about this.

For GC Strategies for example, procurement number W7683-22-R017 is a procurement that was sole-sourced. It says it was for \$38,000. We don't know what was done. Does anybody know anything about this particular contract?

Another one is for \$99,553 and dated July 31, 2020. Another contract with GC Strategies is for \$2,148,650.70. I've got a date of January 22, 2019, for “professional services not otherwise specified”. This one says it was competitively sourced. I have no idea what particular skill was involved there.

Do any of our witnesses know anything about these particular...?

• (1755)

Ms. Jennifer Carr: I don't have any knowledge of them right now. We can certainly look into them, especially because they say they're for professional services. That is something that we have always looked at from a contracting-out perspective. That is where they engage in engineering services or IT work, which is work that could be done by our members.

We can take a look and see what we can find, but professional services is something—

Mr. Pat Kelly: Now GC is not the only one. You had mentioned it in your opening statement. We know that this is a controversial contractor because of the overrun—and overrun is not even the right word for it—that has happened with the ArriveCAN app.

McKinsey is another one that we've talked about at this committee.

Are you aware of the scope and scale of the McKinsey contracts with the government?

Ms. Jennifer Carr: No.

Mr. Pat Kelly: For example, there's a contract for \$3 million from November 4, a contract on April 25, 2022 for \$1,533,766, and another one for \$935,000 on March 25.

Can you speak to the issues around transparency? We see these contracts. We don't know what they're for.

Do you have any comment?

Ms. Jennifer Carr: From a transparency perspective, of course we want to make sure we're getting value for taxpayer money. We would have to take a look at them. But GC Strategies and McKinsey aren't really big on our radar. We have other really big players, like Calian and Telus and some others, that are taking major amounts away from the government.

We need to make sure that all contracting that is done on behalf of the government is done in a way that is transparent and accountable to make sure we have value for taxpayer money.

Mr. Pat Kelly: Right.

You spoke about “shoddy work”, and I think you, Ms. Winger, talked about the “total failures” of certain contracts. I'm not sure what you meant. Do you have examples you could give us on some of these consulting contracts that, under this government, have ballooned, as Ms. Kramp-Neuman showed in her questioning?

Ms. June Winger: I guess that's the catch, isn't it? We try to catch all of these, and they're nearly impossible to track because they're simply not being tracked. The oversight simply doesn't exist. So that's nearly impossible for us. I can't even really give you a fair answer about these sorts of contracts, because my members are dealing with what they actually see, that tangible work that's being done right at the department, that I can speak to more. But on these other contracts or even most contracts we ATIP the heck out of National Defence and we get very little back. When it does come back, much later, it's all redacted. It's nearly impossible to make head or tail out of it. When we ask the department for it, we get very little from them.

The Chair: Thank you, Mr. Kelly.

Mr. Pat Kelly: We're at five minutes already?

The Chair: I know, and it was so fascinating asking these people questions they couldn't possibly answer.

Mr. Fisher, you have the floor for five minutes.

Mr. Darren Fisher (Dartmouth—Cole Harbour, Lib.): Thank you very much, Mr. Chair.

Thank you to our witnesses.

Again, as Ms. Kramp-Neuman said, thank you for your patience. What happens in the House happens in the House, and it certainly impacts committee.

I represent the riding of Dartmouth—Cole Harbour in Nova Scotia. We have large groups of both Canadian Armed Forces members and DND employees. I've heard from DND employees that they have concerns regarding contracting out, and they, in fact, echoed some of the very things you've said, Ms. Carr.

Whether it's at Defence Research and Development Canada or on one of our bases—and Mr. Fillmore represents a base as well—we have so much expertise in-house. I think we can all agree that, whenever possible, we need to invest in our people. We need to invest in our people so we can continue to have and grow that expertise you've spoken about in both CAF and DND.

Ms. Carr, you touched on some specific recommendations, but you had only five minutes. Getting things on the record once or twice in this committee is always helpful when we're studying things like this. What are your specific recommendations or suggestions to the government when it is considering contracting and consulting services and other professional services, especially as all departments are currently conducting exercises to refocus spending? I will give you the bulk of my time.

• (1800)

Ms. Jennifer Carr: Thank you for mentioning DRDC—the research arm—because something is happening that is very concerning to our members. We represent the research scientists.

The government has started to rely on grants to do defence research. They're taking those dollars away from our research scientists and making them almost contract managers instead of those who do the important research on behalf of the Department of National Defence. Not only do we not own the intellectual property for the research they have done with our taxpayer money but also, if they come up with—I'm going to say a widget, because I'm not a

scientist—something important, we have to buy it back from them. On top of that, they can sell that idea to another government. I don't think that is in the best interest of our national security.

When we talk about contracting out and value for money, the most concerning thing for me as a professional is the loss of institutional knowledge. This cannot be understated. When we start outsourcing and sending that expertise outside of the house, we cannot bring it back. There is nobody to oversee that engineering contract and bear witness that there's something wrong with it, because we don't do any of that. It's very simple, but it takes will. We have to bring it back in-house. We have to make a concerted effort to say, “Are these long-term positions and long-term interests?” and bring them in.

You had a comment about relocation—how the RCMP still does it in-house and the Department of National Defence has left it outside. The answer was that it would be too costly or too hard. I don't think it would be. In fact, I think a service provided in-house would be better. Our members would be better served, because they would be dealing with people who understand their daily life and reality.

The reality is that a federal public servant has pride in what they do. They are going to look for the root source and root cause of something that has gone wrong, and they're going to provide solutions. The contractor is always going to give you a solution that relies on the contractor, thus perpetuating the cycle.

Mr. Darren Fisher: I'll give my last minute to Mr. Collins if he has a short snapper.

Mr. Chad Collins: Very quickly, President Carr, you referenced an issue that's always been a pet peeve of mine. It's almost a bureaucratic buddy system when somebody retires. It's almost a *Seinfeld* episode. Somebody retires and we have a big going-away party for them and their 30 years of service. Then they're back two weeks later, working on a contract basis.

You highlighted that, but you didn't give a recommendation in terms of what we should consider as it relates to putting rules in place that prevent this from occurring. I see it as a morale issue. It prevents people within the organization from applying for the position that was made vacant by people who retire.

Can you provide some assistance, in terms of where we should go with that issue, if we're looking at recommendations to improve the system?

Ms. Jennifer Carr: Again, it's very complex, but you have to look at how easy it is to hire somebody.

I would ask that this committee think about talking to DCC or NETE and asking them how they hire their people. What happens is, they know somebody. Somebody is brought in under a NETE contract to do that work.

We have hiring rules, so make the contractors have those same rules. Make sure they have to comply with diversity and equity, language requirements and security clearances. Make sure they can't just hop over and get a market rate.

I represent professionals. A doctor should not have to jump over to Calian to get the market rate and then the government pays 30% on top to a company. Pay your professionals a market rate. Don't make it easy for them to be hired by a contractor with the same skills, and pay them properly.

The Chair: Thank you, Mr. Collins.

It was five minutes and 10 seconds. I don't think we should engage in the next round of questions with Ms. Normandin and Ms. Mathysen, unless they feel inclined to do so.

I think we should suspend at this point.

If you're comfortable with two and a half minutes, we'll do that.

You have two and a half minutes, Ms. Normandin.

• (1805)

[*Translation*]

Ms. Christine Normandin: Thank you very much.

Ms. Carr, there are several things I find paradoxical. I'd like to know your thoughts on them.

On the one hand, when there was talk of cutbacks in national defence, the minister said that they would make cuts in professional services and subcontracting.

This prompts us to wonder if we have sufficient resources internally to do the work that won't be going to private companies.

On the other hand, under the Liberals, there seems to have been an increase in contracting out as well as an increase in the size of the public service.

A lot of things seem paradoxical to me. I'd like to hear your thoughts on what's been going on over the last few years.

[*English*]

Ms. Jennifer Carr: I haven't looked into the numbers. When you say augmentation in the public service, I do think that it's mostly at the executive level. It's at the higher levels; it's not at the working levels. That's where we're still seeing a reliance on contracting out to perform that work, but as for an augmentation in the federal public services, we need to really dive into where the augmentations are happening. They're concerning to us.

[*Translation*]

Ms. Christine Normandin: I'll stick to the same line of questioning about the ability of public servants to do the work that's being contracted out.

I know you've already talked about that, but I'd still like for you to elaborate further.

When work is contracted out, are any reasons given along the lines of whether public servants would be able to do that same work?

Should that happen systematically?

Is it a question that's asked and never answered?

[*English*]

Ms. Jennifer Carr: DND and most federal departments have not invested in human resources, so you are leaving hiring up to engineers or IT workers, people who are already overworked, to rely on the staffing mechanisms. We need to make sure that we make it easier to hire faster and more efficiently, and you can't do that if you're doing it off the side of your desk.

I am 100% sure that those jobs of the health care workers with Calian could be done by public service professionals if you paid them correctly and you put the effort into making those hirings happen.

The Chair: Thank you, Ms. Normandin.

With that, I'm obliged to suspend.

Colleagues, I think we can come back fairly smartly. We'll start with Ms. Mathysen for two and a half minutes. That will finish off this round, and I propose to go for a third round and see where we land at that point. We still have something in the order of an hour worth of time available to us.

With that, we're suspended until after the vote.

• (1805)

(Pause)

• (1825)

The Chair: Colleagues, the sooner we get started the sooner we finish. We're now back.

We've got the balance of this round to finish.

We'll start with Ms. Mathysen, then go to Ms. Gallant, and then Mr. Fillmore. That will finish that round and then I have bodies for the third round, but you can tell me which set of bodies you want going.

With that, Ms. Mathysen, you have two and a half minutes.

Ms. Lindsay Mathysen: Thank you, Mr. Chair.

This may be for both groups.

Ms. Winger, you referred to ADM review services and that horrible lack of transparency where you were unable to track that money. You both spoke about the value-for-money analysis that you cannot do and cannot find.

Interestingly, I asked the deputy minister about this at our committee and he assured us that they have created processes to create a clear business case for each outsourcing decision.

Have you seen any business cases put forward since 2018?

Ms. Jennifer Carr: The processes that he might be referring to is the newest guideline from Treasury Board on contracting services. I've been very clear about our position on that. It looks like it's a gauntlet for somebody to get through before they can actually contract out. It doesn't put any oversight in the hands of the departments. It doesn't say when they should be looking and how they should be looking. It just talks about the steps and the processes.

For me, there need to be clear rules and oversight. You need to see if this job can be done by a public servant and not look at the easiest way to hire or go to a contract. You should be able to say there should be oversight that says, "No, we don't believe this should be done outside".

I really would question the fact that it's just easier, and we need to stop that.

Ms. June Winger: I don't really believe that it is being done. From the example I gave you earlier about asking the management for that, it's simply not being done and they don't see it as their role. Perhaps it might be done on a much higher level, but then they wouldn't be able to apply the actual knowledge in making a fair determination.

It's very common for management to be telling us that they prefer to have public servants. They know that the work is going to be done more quickly; they know that the work is going to be done better, and less expensively. It's simply a budgeting issue that doesn't allow them to do it. Because of this budgeting issue where they feel they don't have the salary/wage envelope to allow for it and are stuck with their O&M budget—which is greater as we spoke about earlier—they're left in the position that they have no other alternative but to contract out the work. Then that analysis simply does not get performed because they feel that's the only option.

Ms. Jennifer Carr: May I add something to that because I think it's very important for this committee to know?

There are procedures for the department where they can convert an operational maintenance budget into a salary/wage envelope, but they just do not do it. They do not make the mechanisms and say they're going to convert this amount of money that's in O&M that is being spent on contractors and do the process that is available to them to convert it to salary/wage envelopes.

Again, when I hear their saying it's easier because it's O&M, they also have mechanisms to bring it back.

• (1830)

Ms. Lindsay Mathysen: And that's because of the HR issue?

Ms. Jennifer Carr: Yes.

The Chair: Thank you, Ms. Mathysen.

I have Ms. Gallant.

Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC): I'd like to go back to research for a minute.

With research being contracted out, does the contractor deal with scientists from other countries as well? Is there co-operation with foreign scientists?

Ms. Jennifer Carr: It's done independently.

The two biggest contractors right now for the IDEaS program are Calian and Telus.

What they do and how they use that grant money is not for the department to say. We do not have any oversight, transparency or accountability, so I cannot say for sure.

Mrs. Cheryl Gallant: We saw with the level-4 laboratory in Winnipeg that they engage scientists who are actually from the Wuhan lab, which has a large defence component to it. So the same thing could be happening with our own defence research is what you're telling me. We have a national security risk right there in our research.

Secondly, Brookfield is doing the moving. Are you telling me that previously National Defence had the ability to move our people?

Ms. Jennifer Carr: A long time ago, yes they did.

Mrs. Cheryl Gallant: Brookfield was hit by a huge cyber-attack. They don't even know the level of intrusion at this point, but more importantly, aside from the ransom, they could be drilling through and trying to connect to our defence system, so now we've got another security issue.

With regard to Defence Construction Canada, I was at Base Petawawa not too long ago, and I saw signs saying "Dexterra" on the empty residences that soldiers are supposed to be living in. I looked up Dexterra. It's another contracting company, and Dexterra hires more contractors, so we're not saving any money, but it's somehow easier.

Up to 2015, we had 70 outsourced contracts, and that ballooned by 100% to 7,000. What made it easier at that juncture in time, at the end of 2015, for having all of these contracts as being preferable to going through DND itself?

Ms. Jennifer Carr: That's a complicated question.

I could say it's as a telephone chat goes on: When somebody starts doing something and it becomes acceptable, then others start doing it. Again, I would think that the hiring practices and the change that left it under the Public Service Employment Act, and to individual departments and giving the responsibility to managers to do the hiring, would be a big contributing factor to the overreliance on contracts.

Mrs. Cheryl Gallant: Okay.

I had a medical person who said they had been approached by Calian. However, they've heard about Calian and how Calian did something with Brookfield and then sliced all of their wages, so the person is reticent to go through Calian.

Is there a way that a medical professional could work for DND—or on base, for that matter—without going through a third party? Is there a direct hiring process still in existence?

Ms. Jennifer Carr: Of course there is, but start paying them the market rate: Start recognizing them for their professional services and treat them as professionals.

Why they're going to Calian.... I just talked about the pandemic and a government that had frontline workers and was refusing to pay pandemic pay to the frontline workers. That's just an example of disrespect. Add to that a Phoenix pay system: I'm sorry, but nurses and doctors and others need to get their pay on time and correctly. If you go to an agency and you do the same job, you get paid better and you get paid on time and properly every time. You get your overtime on the next paycheque. It is more and more attractive.

Plus, I would say that Calian is actively recruiting disgruntled or demoralized workers from our bases to go over, because they then get an additional 30% overhead from the government for doing absolutely nothing.

Mrs. Cheryl Gallant: It's the exact opposite because they would prefer that the government be signing their paycheques rather than having Calian take a slice of the action. We've got a system that costs more by doing this contracting; we're losing institutional memory; it's a national security risk; and on the jobs, especially through defence workers, they provide jobs to the wives and husbands of the people who are in the armed forces. That's one of the major drawbacks of recruiting: There's nothing for the spouses to do.

All of these things are speaking against that major 100% increase in contracting out: Why is it being done?

• (1835)

The Chair: Thank you, Ms. Gallant. You've run past your time considerably.

Mr. Fillmore.

Mr. Andy Fillmore (Halifax, Lib.): Thank you very much, Mr. Chair.

The Chair: It's perfect timing, Mr. Fillmore.

Mr. Andy Fillmore: Yes, it's just-in-time delivery. I had to go to have a little coughing fit out there.

Voices: Oh, oh!

Mr. Andy Fillmore: You'll have to bear with me on my voice.

Thank you very much, all of you, for your work and for your time today.

Regularly over the last nine years of me being in this job, I've met with your colleagues at PIPSC, and PSAC as well, about many issues, but most frequently about this issue of outsourcing. It came to a head in 2018, I think, with some cleaners at CFB Greenwood who were going to lose their jobs. We had a very successful intervention there. We were able to keep those jobs and cancel the proposed contract. That was a very good day for everybody involved.

All of that was part of dealing with the fallout of the deficit reduction action plan that was put in place in 2012 by the former Conservative government. I think 11,000 jobs were impacted, 2,300 of those in DND. Of course, there was the loss of a great deal of

institutional knowledge, which then led to the need for outsourcing in some regards. I don't mean to dredge up history on all that, but that's partially why we're in the condition that we're in now.

One thing I want to understand, Ms. Carr, is whether it's true that there are some services that do need to be contracted out. You mentioned at the top the big number of \$5.1 billion, I think, and I want to make sure we're not including some of the necessary things in there.

Can you just talk to that for a moment?

Ms. Jennifer Carr: Again, it's hard for us to say what is necessary or not if we haven't done the pre-planning ahead of time. Our union has been very clear that you need to make sure that you look internally first. You bring groundskeepers and you bring some of the UNDE members into it.

Let's talk about a recent report from Deloitte. The Department of National Defence contracted a study to Deloitte for real property services, engineering services, for major bases. Lo and behold, that report said to use contractors. That is work that my members do. In fact, when my member raised a red flag about some of the things that were in this report, they were removed from the file.

If contractors are running the department, I really have to question whether I will ever be able to convince the department that there's a need for public service. We need to make sure that we are providing value for the taxpayer and that they have the same values and ethics, that they are part of the defence team and that they are looking for solutions and not ways to line the pockets of their corporations.

Mr. Andy Fillmore: Some of the things I've heard from your members and PSAC members are that the hoped-for savings don't materialize. If the purpose of outsourcing is to save on pensions and maybe pay a lower hourly wage, then in the end, with the bump-up to pay the corporations, you don't really get that back. Do you want to talk about that at all in terms of the value for money?

Ms. Jennifer Carr: Again, I question the fact that it would be less costly. When you look at the fact that they're willing to pay a market rate to any member who can be contracted out, and then a 30% bump on top of that, what is the value to taxpayers? Again, we've lost the institutional knowledge. We've lost the in-house capacity. Now we're actually saying to the public servant who sits there at that job, "You're not worth anything. You're not worth market rate. We'd rather pay the contractor."

It is this vicious cycle that just continues, because then we have disgruntled workers who will jump ship, work for a contractor, work for a DCC and NETE, and get paid the value that they are worth.

Mr. Andy Fillmore: Do you feel that part of the solution to this problem that we're sitting with is retraining in some of the skills we've lost?

● (1840)

Ms. Jennifer Carr: I do 100%. The institute is very clear about when we think contracting should happen. As June said, it's when there's a short-term and necessary need, surge capacity that we just can't manage, or we don't have the skills.

What happens in these contracts for defence is that we rely solely on the contractor for those skills. We don't say, "We want your skills, but we want you to teach a federal public service how to get those skills and how to uptrain workers so that it is temporary in nature." Where I worked, we had a contractor who sat at the same desk for 15 years, because he was a specialized skill. It can't be specialized if you're not training people and building them up to bring that capacity in-house.

The Chair: Thank you, Mr. Fillmore.

Mr. Andy Fillmore: Thank you very much.

The Chair: That completes our second round.

Now we're starting the third round. I have Mrs. Kramp-Neuman, Ms. Lambropoulos, Madam Normandin, Ms. Mathysen, Mr. Kelly and Mr. Collins. If there's in any change in that, let me know.

Mrs. Kramp-Neuman, you have five minutes.

Mrs. Shelby Kramp-Neuman: Thank you.

Let's talk retention and recruitment. It's no secret that we have a diminished armed forces, and with that there are consequences. It's no secret that recruitment has reached an all-time low and is at a critical level.

With regard to retention and recruitment, can you speak to how much work has been contracted out to civilians due to a shortage of enlisted personnel? With that, because the CAF is perhaps a less desirable career than it once was, can either of you elaborate on that?

Ms. Jennifer Carr: That's a complicated question. The military has been doing stretch work for so long—climate change, environmental disasters and all these other things that are not normal to their operational readiness or defence of the country. I believe the department has expressed that it doesn't have the capacity to do that anymore. I don't—

Mrs. Shelby Kramp-Neuman: If I may, I'll perhaps give you some clearer direction on what I'm looking for. Is the work being contracted out to civilians due to the shortage of personnel we currently have?

Ms. Jennifer Carr: You used the word "civilian". Are you talking about public service employees?

Mrs. Shelby Kramp-Neuman: Yes.

Ms. Jennifer Carr: I don't believe so. I believe that any of that work is then being contracted out.

Mrs. Shelby Kramp-Neuman: Okay.

We'll pass the torch and move on to the next question.

Given the massive numbers of contracts procured by the DND and given the limited procurement staff we have, do you suggest that it would be fair to say that procurement officers' ability to work

on operational contracts like kit is being sidelined by their handling so many service contracts?

To give you some more opportunity to think.... Can the DND better streamline its procurement strategies to focus dollars, working hours and other resources on things and services that directly benefit our armed forces members instead of on service contracts?

Ms. Jennifer Carr: The procurement process is onerous, but it is that way for a reason. It's to make sure that we have transparency, that there are checks and balances in place. In that procurement process, when there are add-ons to the contract, they don't necessarily follow the same rigour and oversight.

No, I don't think it's the procurement process that is the issue.

Mrs. Shelby Kramp-Neuman: Ms. Winger, have you noticed any improvement or heard any particular testimony from any of your members that can speak to the cultural improvement at the DND?

Ms. June Winger: With regard to cultural improvement at the DND, no, we haven't seen much change at all, really, to be quite frank, when you're talking about the professional culture changes. Is that where you're going with that?

It's been an ongoing challenge. I know that there's a lot of work being done by the Department of National Defence to work towards this, yet we're not seeing the outcomes—at our level, anyway.

● (1845)

Mrs. Shelby Kramp-Neuman: Thank you.

There's been a lot of conversation about transparency and the importance of transparency. Do you believe that there should be more transparency in the actual procurement process to better define what service contracts do so that Canadians can get a better idea of where their taxpayer dollars are going? Transparency is one thing to say, but how do we actually follow up with that and show it?

Ms. Jennifer Carr: Definitely, there needs to be more transparency. We were talking about those professional services. All it says is "professional services". We can't dig into the data and say that those are engineering or IT workers. We need to have a little bit more transparency, especially when calling up something that is so broad, such as "professional services".

Mrs. Shelby Kramp-Neuman: What steps do you see that you can do to ensure more confidence in this?

Ms. Eva Henshaw (Vice-President, The Professional Institute of the Public Service of Canada): I'd like to bring your attention to the proactive disclosure website. Years ago, on the proactive disclosure website, we used to be able to go into to see a bid as well on buyandsell.gc.ca. We would be able to see the work description and all of that detail. That is no longer available on the proactive disclosure website.

That improvement alone....

The Chair: Thank you, Mrs. Kramp-Neuman.

We'll go to Madame Lambropoulos, for five minutes, please.

Ms. Emmanuella Lambropoulos: Thank you to our witnesses for being here to answer some more questions today.

Forgive me. It's been a long meeting. I think I'll be asking questions that haven't already been answered, but it is possible there will be some overlap.

You mentioned, Ms. Winger, that the review services audit was done recently. Do you know when that was done? You said you haven't seen a change since.

I'm just wondering about the timelines for when that happened.

Ms. June Winger: Yes. The review services audit was performed, or at least a report was given, in October 2018. National Defence agreed to accept the recommendations.

I think the analysis was supposed to begin by 2020. We are four years into it now.

Ms. Emmanuella Lambropoulos: When you raised this recently, I guess with the head of the department you were working with.... I don't know exactly what the context was. When you raised it, they didn't seem to know what audit you were talking about.

Would you say there are communication issues between the different levels, and this could be hindering progress?

Ms. June Winger: Absolutely.

At nearly every labour management meeting that our members have—and there are many throughout the department—they review the contract services. They ask for the copy of the business case that was presented. Overwhelmingly, we are told there's no business case being done.

Ms. Emmanuella Lambropoulos: Thank you.

You spoke about some of the challenges that the Union of National Defence Employees has been dealing with, including low wages for its members, low morale and layers upon layers of sub-contracting, rather than giving work to members.

You were the VP. Now you're the president of the organization. Can you tell me about how long you've been with the union?

Ms. June Winger: I've been a member of the union since the late nineties.

Ms. Emmanuella Lambropoulos: Okay, so you have quite a history there.

I'm wondering if you could tell us, in the time you've been there, if things have got worse, if they have got better or if there have been waves. What has improved, if anything at all? Obviously, you've been talking a lot about what hasn't. Has there been anything that's improved?

What do you think is causing the challenges to grow, if they are growing?

The Chair: You have two minutes.

Ms. June Winger: I have two minutes. I'll be quick. I'm an Alberta talker. I'm slow.

I think there have been some improvements. I think the union has a greater relationship with National Defence than it ever had before. Although we don't always agree, we are certainly able to have

those discussions and hear each other out. I think that's very worthwhile.

I think we've had a lot of challenges over the years. Certainly, the 2012 layoffs that were referenced earlier did not do much to help things. We still haven't recovered from them. Frankly, in my opinion, they're a large reason for why we have the contracting-in today.

When those 2012 layoffs happened, they were telling us that they were going to cut programs. Programs did not get cut. I work at defence research when I'm not in this position. I'm very much aware of how those programs get built. People hold on to them. They're their life's work. They don't want to lose them. They want to keep going with them. We just continue to push and push, doing more with less and less. That just builds to bringing in the contractors and leaving us in this situation.

That SWE has not been increased to be able to get the work done. Instead, we are paying phenomenally greater amounts of money to those contractors instead of having it in the public service and keeping that corporate knowledge that we're talking about.

• (1850)

Ms. Emmanuella Lambropoulos: Has the contracting got worse? Have there been more contracts than ever before, or is it pretty much at the same level?

When do you think that increase started?

Ms. June Winger: The contracting has definitely increased, and I think that it's primarily a long-term result of those cuts. We've never recovered from those.

Ms. Emmanuella Lambropoulos: Thank you.

The Chair: Thank you, Ms. Lambropoulos.

[*Translation*]

Ms. Normandin, you have two and a half minutes.

Ms. Christine Normandin: Thank you very much.

I'd like to hear some general comments about the duality that exists between the public and private sectors.

One gets the impression, at times, that you promote the public service because it's the public service and the private sector always does a bad job.

I have a counter-example, however, which is that of the Royal Military College Saint-Jean, which is located in my region.

For several years now, a non-profit has been in charge of site management. It's acquired a lot of expertise. Staff is treated well. The services are adequate. It's a good arrangement, and the Department of Defence is getting its money's worth.

Contrary to what one might think, there's no real duality between the public service and the private sector. What we have is a broader issue with transparency, accountability and the inability to get information from the private sector about the number of complaints it receives, the way it treats employees and the quality of the service.

I'd like some general comments on that issue.

[English]

Ms. Jennifer Carr: I will definitely say that it's not a good or a bad, and I can't lump everything into one bucket.

I would say, though, that a public servant would be able to do the work when you ask them to do it. With a contractor, you have to amend a contract. They are not going to work outside of their contract. For example, if you had a roses and greens kind of contract and you wanted a tree cut, but they didn't do tree cutting, you would have to amend the contract, whereas a groundskeeper—

I'm sorry, June. I know that role. You can't just ask them to go and do that.

Yes, there is transparency. There's accountability. There's also level of service. If I need this done now, I can't wait to amend a contract. That goes into some of the contractor-employer relationships that we have with contractors.

They actually sit at the desks of employees. They are getting orders or direction from public servants, and that is not allowed to happen. It is against policy, but it still happens because they're trying to make things work.

[Translation]

The Chair: Thank you, Ms. Normandin.

[English]

You have two and a half minutes, Ms. Mathysen.

Ms. Lindsay Mathysen: There were many conversations about Defence Construction Canada with both of you today. Can you talk about the problems you've seen with the personal relationships between DCC and the contracting authorities on base, and the impact that has on our military readiness?

Ms. Jennifer Carr: Do you want to go first?

Ms. June Winger: Sure.

DCC is really embedded in National Defence. Everybody sees them as almost another employee.

The challenge is that DCC staff have full access to the bases, so they're walking around looking for work. They look for work. They determine what work is needed. They'll walk over to the real property operations office, explain to them what they've noticed and then give an offer to perform the work and have the contract. It's the most bizarre thing you've ever heard of.

You hear about people going door to door here and offering to fix garages, and they always turn out to be a sketchy company. It reminds me very much of this.

• (1855)

Ms. Lindsay Mathysen: None of those contracts are.... They're not looked for. They're just offering them, and they're taken up on that.

Ms. Jennifer Carr: For sure.

Again, I could talk about my own experience when I worked at CFB Cold Lake. We used DCC as a hiring agency, meaning that if

we needed a new staff member, it was a case of, "Oh, well, we'll just ask DCC to fulfill that contract."

That is not their role. DCC has letters patent that talk about construction. They are not to become environment officers. They're not to become administration staff, but they are being used in that way. They won't say no, because it's money in their pocket and work for them to continue...for the overreliance on them.

Ms. Lindsay Mathysen: We heard from Ms. Winger today about the treatment of non-public funds workers, and I want to show my solidarity, of course, with those workers. They've been on strike for 45 days, I believe it was said. With that, I would like to give notice of the following motion:

That, given that 40% of Canadian Forces Morale and Welfare Services (CFMWS) workers are members of a military family;

given that the treatment of military families is a matter of national security; given that the CFMWS workers in Kingston, Petawawa, Ottawa, Valcartier, Montreal-St. Jean and Bagotville passed a 94% strike action mandate for fair wages, an equitable pay scale, and good, security jobs;

given that these workers have been on strike since January 15th and the employer has refused to return to the negotiation table with a fair offer;

and given that the CFMWS have chosen to invest in replacement labour, private security officers and third party negotiation consultants instead of providing a fair offer,

Therefore the committee express our solidarity with UNDE's Non-Public Funds workers on strike and call on the Employer to bargain in good faith.

The Chair: Notice has been given and we'll move on, if you're fine with that.

Mr. Kelly, you have five minutes.

Mr. Pat Kelly: Thank you.

I want to return to a couple of point to make sure that we get responses clearly on the record.

When Mrs. Gallant was talking about the risks to national security that go along with international research in particular—and she talked about a few other things—I saw all three of you nodding vigorously, but a nod doesn't get into the testimony.

I would ask each of you to spend a quick few seconds and let us know, for the record, whether you agree with the concerns raised by Mrs. Gallant.

Ms. Jennifer Carr: For the record, anywhere we use a contractor when we could use a federal public servant is a risk to national security. We don't have control of the information. The information is held by third parties and is at risk.

Mr. Pat Kelly: Thank you.

Ms. Winger.

Ms. June Winger: In light of what was just said, I can't agree that every international contractor could end up being a risk. We do a lot of work with international companies.

Mr. Pat Kelly: I don't think she said every one, and neither did I. Rather, international research and co-operation with contractors is a possible risk.

Ms. June Winger: It could be a risk.

Mr. Pat Kelly: All right. Thank you.

Mrs. Kramp-Neuman talked about contracting out as an expedient when dealing with the recruitment and retention crisis that has reduced the capacity of the Canadian Armed Forces.

On December 7, the deputy minister said, “I would also stress that we are in an environment where we are down in numbers on the military side. We’re already asking civilians, where possible, to pick up some of that slack”.

I want to make sure this is clear in the testimony. When he said “civilians”, did you believe this meant contractors being given this additional capacity work, or that it hasn’t increased on the civilian...?

Ms. Jennifer Carr: Yes, it might be taken out of context.

The “one defence team” motto means that, whenever we need all hands on deck, civilians will come in and help. I can’t say, without having the context in which that was said, whether or not they’re using those jobs.

• (1900)

Mr. Pat Kelly: Okay.

I think her question was, “Are you seeing a shift of work from CAF members to DND civilian employees or contractors?”

Do you think this might be going to contractors, or do you not know?

Ms. Jennifer Carr: I can’t say.

Mr. Pat Kelly: Okay.

Ms. June Winger: We’ve always worked side by side with CAF members. That’s a great deal of our work. There is opportunity when there are fewer CAF members available. There’s a potential that this could be contracted out when they simply don’t have enough people to do the work.

Mr. Pat Kelly: A response to a question earlier—I don’t remember which one, but I want to make sure I have this clearly—said it was Deloitte that was given a consulting contract with the question, “Should there be more consulting contracts?” They in fact affirmed this would be a good thing.

Was it Deloitte that did this for the CAF?

Ms. June Winger: Yes.

Mr. Pat Kelly: Okay. We’ve heard of other contractors being given that same thing. I think McKinsey was tasked with the same thing. It was a similar response, as well.

Do you have any more comments on this type of expenditure by the Crown and whether there’s value for service in something like that?

Ms. June Winger: Well, this is certainly a case of the fox guarding the henhouse. It’s ridiculous to even ask this sort of thing from that group. I think their report very much illustrates their recommendation for why all of this work should be contracted out.

However, when we looked at the raw data from the department that was shared with us, their report was missing key information.

Only the things that fit their narrative and drew the conclusion they wanted—which was supportive of contracting out—were included in the report, yet we saw all sorts of data that wasn’t.

Mr. Pat Kelly: The current government is in the midst of cutting the defence budget by a billion dollars.

Do you think there’s a billion dollars? Where are these cuts going? Who’s going to be affected by them? Are you concerned that your own members are at risk, given that the government has announced a billion-dollar budget cut for the department?

The Chair: Answer very briefly, please.

Ms. Jennifer Carr: So, 100%, we’ve been asking questions about who and where. We learned the lessons of the last deficit reduction action plan, and we want to make sure that operational services are maintained. The department has not come to the table with those jobs for us to do an analysis.

The Chair: Thank you, Mr. Kelly.

I just want to ask something for my own clarification here. When the deputy minister says, “All hands on deck,” is he referring to employee civilians, to contractor civilians or to both?

Ms. Jennifer Carr: I can’t say without the situation. I can say that if we had a shortage at the base or had an incident and they were calling all hands on deck, that would mean that I, as an environment officer, could be helping stock shelves, or I could do other things. I need more context about what is being referred to in order to be able to tell you.

Obviously, the department should not be directing contractors to do things that are outside of their contracts. It does happen, and they do treat them like employees.

The Chair: Okay. Thank you.

Mr. Collins, you have the final five minutes.

Mr. Chad Collins: Thanks, Mr. Chair.

We haven’t talked a lot about grievances tonight. You have collective agreements that have language in them, I’m assuming, that deals with some of the matters that you’ve brought to the table. Can I ask about that in terms of the trends related to grievances as they relate to contracting-out provisions?

Ms. Jennifer Carr: Staffing is within the authority of the government and is not part of our contract. We definitely sit at the labour management table to try to address this, but the department says that it is within its sole prerogative.

Mr. Chad Collins: Even when you have workplace issues, as you’ve described, in terms of people in the office, some of the....

Ms. Jennifer Carr: With regard to the low morale, the interplay, yes.

Mr. Chad Collins: Okay.

Would the same apply, President Winger, in your area?

Ms. June Winger: Yes. We were not able to achieve the same contracting-out language that PIPSC was able to get. Simply, the government was not interested. By the time we came to the bargaining, I think it saw the challenge with that. We don't even have the ability to grieve this. However, it is something that is an ongoing discussion when we have our union management meetings.

• (1905)

Mr. Chad Collins: In terms of the contracts that are let out, one of the issues that always bothered me was that we're bound by a procurement process that says...low bid oftentimes and that those who meet the specs get the contract. You kind of get what you pay for is the old saying. However, we'd find, municipally, over a period of time that there would be certain chargebacks that then increased that contract value. I know you've done some studies—I think maybe with both unions—in terms of showing that this is a growing problem. I think it's not unique to the federal level. It's something that, I think, happens at all three levels of government. The private sector looks for ways and means in which to bump the value of the contract, in which to bump the value in terms of the revenues that come back to it in terms of the services it's providing or the products it's providing.

Do you have recommendations that would help the committee address that issue? That seems to be an area of concern for both unions.

Ms. Jennifer Carr: One of the solutions is to bring as much in house as possible. We don't have to rely on adding more to contracts if we have the in-house services.

One of the things, especially when looking at contracts, is that big corporations look at the contracts and look for voids. They look for what you haven't put in the contract. They know when they put their bid in that you haven't specified that, and they will go after those extra charges. It is known. They actually have people who comb through government contracts to find those loopholes.

Ms. June Winger: Yes, I totally agree. I think that is a significant issue that we have going on.

I think of Goose Bay. The base is being run by a contractor out there, Serco. Continuously, they are having these add-ons. They think they have the contract nailed down, but then they find out that

they have additional cost after additional cost. They ended up having to go to court over snow removal and ended up losing. Now they're paying additional for the contractor.

Mr. Chad Collins: Okay.

You talked about the apples-to-oranges comparison as it relates to the standards that the private sector is held to. Then I think you raised your members' equity, diversity and inclusion. Can you expand upon that in terms of what you would like to see written into contract language when it has been determined that those services, then, will be offered by the private sector?

Ms. Jennifer Carr: Yes, 100%. I think if we are going to rely on contractors, they should play by the same rules. I think that language requirements.... You know, one of the biggest barriers for some of our professional...or hires is language. If they can't find someone, they'll hire a contractor who is not bilingual. Therefore, it's saying, "I'm set to allow you to have a worker who can't work in both languages if they're contracted out."

So, apply the same rules. Actually give the public servant a fair market rate. If you are willing to pay a contractor \$10 more per hour, you should be able to pay the public service worker the same amount. Those are key. You have to apply the same accountability and transparency rules to contracts.

Mr. Chad Collins: President Winger, go ahead.

Ms. June Winger: You've taken the words right out of my mouth. I think that's it perfectly in a nutshell. With the indigenous contracts, when they were supposed to have a certain number of staff who were indigenous—and this was in the news just this week—they were finding that that wasn't even being monitored and that the oversight did not exist. Frankly, I can think of contracts at National Defence in which that is not being upheld.

The Chair: Thank you, Mr. Collins.

That does bring our time together to an end. I want to thank you for your flexibility and your patience with us. I also want to thank colleagues for their flexibility in maximizing the time, given the votes that were in front of us.

The meeting is adjourned.

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