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Chair: Mr. Kelly McCauley

Standing Committee on Government Operations and Estimates

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• (1540)

[English]

The Vice-Chair (Mr. Majid Jowhari (Richmond Hill, Lib.)): I call this meeting to order.

Good afternoon, ladies and gentlemen. Welcome to meeting number 58 of the House of Commons Standing Committee on Government Operations and Estimates, or, as our chair regularly calls it, “the mighty OGGO”.

Pursuant to the motion adopted by the committee on Wednesday, January 18, 2023, the committee is meeting on the study of the federal government consulting contracts awarded to McKinsey & Company.

Today's meeting is taking place in a hybrid format, pursuant to the House order of Thursday, June 23, 2022. Members are attending in person in the room and remotely by using the Zoom application.

I would like to make a few comments for the benefit of the witnesses and members.

Please wait until I recognize you by name before speaking. I remind you that all comments should be addressed through the chair.

I believe the clerk has checked the sound and we are all clear to go.

On that note, I'd like to welcome our first and only witness. From the Union of National Defence Employees, we have Madam June Winger, national president.

You have five minutes, Madam President. The floor is yours.

Ms. June Winger (National President, Union of National Defence Employees): Thank you, Mr. Chair.

Thank you for the opportunity to appear today.

The Union of National Defence Employees of the Public Service Alliance of Canada 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 in which to live and work.

Our members are experts who work on bases in offices, warehouses, airports, labs and garages. They provide consistent and knowledgeable services so that the military can be agile and combat-ready.

Privatization, contracting out, sexual misconduct, harassment and discrimination undermine our members' work and occupational satisfaction. Aside from what we learned in listening to this committee and to the news, we have little experience with McKinsey, but the problems with McKinsey are the greater problems of the contracting out of what should be public service work.

Our 2020 report highlighted the dangers of contracting out cleaning services. It showed that budget allocation restraints forced base commanders to regularly contract out essential work, costing more and providing poorer service. For example, this is a quote from a DND briefing note from Kingston:

It was observed that in an effort to increase the profit margin the contract cleaners were using inferior and improper cleaning products which resulted in additional maintenance, environmental problems and health and safety issues resulting in unfit living conditions....

Our report also detailed the situation of a contracted minimum-wage worker who cleaned the DND medical centre. During most of her employment, she didn't have the necessary WHMIS training and didn't understand how the chemicals she used could hurt herself or others. She was instructed to water down cleaning solutions and forced to clean secure areas without proper security clearances. It wasn't her fault, but her work compromised the patients and other workers. She eventually quit for better work at a fast-food outlet.

Harassment within DND is systemic and entrenched, but it's not limited to just members of the military. Firefighters at CFB Suffield have accused the deputy fire chief of violent behaviour while the fire chief stood idly by. Complaints dating back to 2019 have yet to be resolved. Leadership ignored legislation and needlessly delayed the investigation for more than 20 months. Ultimately, the complaints were investigated, and in November 2021 all allegations of physical attacks, verbal attacks, verbal abuse and threatening behaviours were founded. DND leadership responded to this by inviting the assailant back into the workplace and offering him the freedom to determine whom he would work with and when.

DND leadership has ignored my continued pleas to provide a safe environment for these firefighters. It has been 40 months since the complaints were filed, and the CFB Suffield leadership have advised me that they have not received direction from their chain of command that their actions are not appropriate or in need of correction.

DND needs to follow the legislation outlined in part II of the Canada Labour Code, something that the CFB Suffield leadership has resisted doing. These firefighters continue to live in a toxic, poisoned work environment. National Defence needs to enforce harassment policies and ensure that those who are committing abuses face consequences, and civilian workers must be included in all aspects of any review of the current systems.

When it comes to occupational satisfaction, wage gaps are a major issue. DND's operational workers are paid less than their equivalent trades in the private sector. This is causing recruitment and retention issues, not to mention the impacts to National Defence team members' morale.

For instance, Canadian Forces Health Services employs dental hygienists to ensure military members' oral care is well maintained. The massive layoffs stemming from the government's 2012 federal budget caused the department to contract out hygienists' work. Since 2016, CFHS has attempted to bring the work back into the public service but has failed because the public service pay is so much lower in comparison with the private sector. Instead, National Defence continues to pay contractors to come in. They are working side by side with the public servants and doing exactly the same work. The only difference is that the contract hygienist is making \$6 an hour more than the public servant.

• (1545)

For some reason, National Defence seems to think that paying its contractors from a budget line that's different from the line for their public servants is saving money. They've forgotten that there's only one taxpayer.

I thank you and I look forward to any questions.

The Vice-Chair (Mr. Majid Jowhari): That was exactly five minutes. Thank you, Madam Winger.

We're going to start with the first six-minute round.

Madam Kusie, you are up first for six minutes.

Mrs. Stephanie Kusie (Calgary Midnapore, CPC): Thank you very much for being here today, Ms. Winger. It's very much appreciated.

I wanted to start off my comments in regard to your story about the firefighters. This is certainly something that we have a lot of respect for on this side of the House.

We noticed a discrepancy that existed between those firefighters across the country and those in National Defence, who are only eligible for their pensions after 30 years of service or at age 65. Really, they serve beside those who are eligible for retirement after 20 years of service.

I want you to know that I, as shadow minister for the Treasury Board, and my colleague, member of Parliament for Battle River-Crowfoot Damien Kurek, have actually sent a letter to Minister Fortier today asking her to remedy this situation and put the pensions of firefighters at National Defence on par with those of firefighters across the nation. Certainly they deserve the same rights and benefits that their brothers and sisters are receiving across the country.

I'm very excited to announce this here today in coordination with what you're saying. Thank you very much for the opportunity for me to share this good news. I do really hope that the minister will respond with what is the only correct response, which is that their work should be seen and valued the same as firefighters in other areas all across the country.

Thank you very much for the opportunity for me to share that with Canada here today.

I recognize that you have not done very much work with consulting firms or McKinsey, which you mentioned in particular. You mentioned a lot of situations in which there is great disparity between the private sector and the public sector. This is something that I think the government needs to look at even further. I believe that in addition to delivering services for Canadians, the government has to take responsibility for competitive wages for its public servants so that we can attract the best talent in addition to providing the services that people in uniform and all Canadians deserve.

Do you think that the outsourcing of work to private consultants has had any impact on your colleagues at National Defence? Could you provide any commentary on that?

It doesn't have to be in response to McKinsey specifically, but in response to the outside work of consultants at the Department of National Defence.

Thank you.

• (1550)

Ms. June Winger: Thank you for the letter about the firefighters' pension. That's a challenge we've been trying to address for 20 years, easily.

The disparity among the firefighters, federal and elsewhere, is even greater than what you described. There's the firefighters' 44-hour workweek versus the 37.5 that most other public servants work. They end up working nearly six years longer for the same pension, yet they contribute. Therefore, I very much appreciate the letter you're sending. We're cautiously optimistic.

Certainly there is a disparity between the private sector and the public service. That is blindingly obvious with the competitive wages. I'm sure you are well aware that if this matter doesn't get addressed shortly, Canada will likely see the largest strike ever in Canadian history.

As far as outsourcing goes, it's a very difficult and touchy subject for my membership. They see the work they could do, and used to do, to support the military members. Instead, they see that work getting contracted out, time and again.

There are two different ideologies when it comes to contracting. The contractors may support the military, but they're there to make a dollar. In the end, that's what their goal is, whereas the public servants' goal is to make sure that the mission is run successfully and to the best of their abilities. They conflict from time to time.

We see that time and time again. My own office is in the Counter Terrorism Technology Centre back in Suffield, Alberta. We had a building built. As I sat in my office, it was very obvious that the heating and air conditioning were not coming through into my office. I contacted DCC, Defence Construction Canada, which was overseeing the remodelling. They came back and said, "No, we checked our records. Everything is balanced." I then went to National Defence and asked a few of my friends who work in the trades to come and take a look at the building, and—

The Vice-Chair (Mr. Majid Jowhari): Madame Winger, could you wrap up quickly, please?

Ms. June Winger: Okay.

It turns out the building wasn't balanced. It was impossible that it ever could be balanced. Both the contractor and subcontractor signed off that it was balanced, but there was literally metal in the air-handling units that would have prevented it from ever balancing.

This is a very common example of things we've seen. I could sit here all night telling you about it.

Mrs. Stephanie Kusie: Thank you.

Thank you, Mr. Chair.

The Vice-Chair (Mr. Majid Jowhari): Thank you.

The next round goes to MP Housefather. You have six minutes.

Mr. Anthony Housefather (Mount Royal, Lib.): Thank you, Mr. Chair.

Thank you, Ms. Winger, for being here today and for the work you and your members do to keep our men and women in the armed forces safe and our country safe, and for doing good things.

I have to ask you a few questions before I get into the meat of what I think you want to talk about, because we've been diverted from our general study on outsourcing in order to deal with McKinsey. We've had many meetings on McKinsey, because there's been an effort by some to claim that the contracts with McKinsey were somehow untoward, that there was political interference involved, and that the contracts were given to friends of the government.

Ms. Winger, do you have any specific knowledge related to any political interference in contracts given to McKinsey?

• (1555)

Ms. June Winger: That's not something I'd be made aware of in my role.

Mr. Anthony Housefather: You have no reason to doubt the audit report that came out, which said there was no political interference related to the contracts.

Ms. June Winger: Again, that's not anything I would be brought into. It's outside my scope.

Mr. Anthony Housefather: I totally understand, but these are hearings about McKinsey. That's why I have to ask you these questions. You can feel free to say you don't have any information.

With respect to the contracts, I understand and in fact sympathize very much with your views related to cleaners, because that would be a core function employees would normally be called upon to perform. The contracts with McKinsey were, for example, for benchmarking services, which are not core functions of the Department of National Defence.

Would you agree that there's a difference when the Department of Defence is dealing with something that would be outside the core function of employees, a difference between cleaning services and benchmarking services?

Ms. June Winger: I would say that there's a difference between cleaning and benchmarking services. I think most people would agree with that; however, I would say that benchmarking services are something that the membership could provide. These are members who have worked at National Defence for well over 30 years. They have seen people come and go and they've seen all the new plans come and go. They've seen the leadership turn around, yet we still see the exact same thing with our work. We are quite familiar with what the challenges are with our work and what paths need to be taken.

I think that we do have a lot to offer with the benchmarking and, with proper consultation, I think that a lot more could be done.

Frankly, it's more an issue of listening and actioning and not just sitting and looking for the narrative that you want to hear and then proceeding with that. That's part of the challenge that we have at National Defence. It's steeped in tradition, and they like to protect it and maintain it.

Mr. Anthony Housefather: I understand. I think that a dialogue on both sides is always very important. I think you have to hear one another, and I think that in this case, for example, I understand what you're saying, but benchmarking also involves looking at what is happening outside of Canada, looking at foreign practices that might be best practices that are similar. Would department officials have that expertise?

Ms. June Winger: Certainly we would have a great deal of expertise in that, because we do collaborate with other militaries on a regular basis—not just the military members, but also the civilians. In my work, I would often collaborate with others within NATO. That's a common thing to do.

I'm not saying that this is their expertise; I'm not saying that at all, but I am saying that nobody knows their work better than the workers—nobody.

Mr. Anthony Housefather: I agree that nobody could possibly know somebody's own work better than the person who performs it. I always believed, when I was a manager, that you had to make sure that you knew that work as well as your subordinate did, because you had to be able to justify why you were there. You have to be able to understand what they were going through every day, so I get that.

I just think that this is a little bit different, again because it involves a profound knowledge that wouldn't be the day-to-day contact between our forces. I guess I would just ask the question. I understand, and I think we all acknowledge, that there has to be a good look now at how outsourcing works within our federal government and a look at where, outside of surge capacity or outside of specialized services that would not be core services, we need to examine how much we outsource. You would agree that there are some times it's needed—for example, for surge capacity or for specialized services that would be not everyday services. It would be inconsistent and you need it once or twice a year, but there are calls sometimes to have outsourcing, correct?

• (1600)

Ms. June Winger: Certainly there are occasions for outsourcing when the work is going to require a specialized field that's not normally required and will not be required on an ongoing basis, definitely, but it's nearly impossible to figure out what that is, because the information that is shared with us on what that outsourcing entails is so limited. Even when we were doing our 2020 report, I put in 45 ATIP requests. I'm still waiting on 27.

I've seen, from the discussion around this table earlier this week, forms being fully redacted and pages being completely blank. This is an ongoing frustration. Frankly, I don't know that there is a lot of coordination in determining what the outsourcing is at National Defence.

I'm reminded of the time when I was a vice-president for Alberta in the north, and I met with the land forces western area commander at the time and asked him to provide me with the list of all the contracting out that he had underneath him. He told me that he would have to stop his entire office working for a full year and work only on that, and they still wouldn't be able to tell me how many contracts they have ongoing, so I'm not sure that we'll be able to necessarily agree on this.

The Vice-Chair (Mr. Majid Jowhari): Thank you, Madam Winger.

The next six-minute round goes to Madam Vignola.

Madam Vignola, you have the floor for six minutes.

[Translation]

Mrs. Julie Vignola (Beauport—Limoilou, BQ): Thank you very much, Mr. Chair.

Ms. Winger, last Friday, virtually on the sly, the Treasury Board Secretariat issued an update on the McKinsey contracting investigation. A number of issues were raised: missing signatures, missing key documents for several awards, payments to the firm before it had even rendered its services, and so on. I have a list of a dozen items. It's a long list of failures, and it looks like this is just the beginning.

Are you aware of any orders given to your members to expedite contracts if they have to, including to McKinsey or any other firm, ignoring existing regulations and policies related to the awarding of those contracts?

[English]

Ms. June Winger: I don't have that information.

[Translation]

Mrs. Julie Vignola: Thank you.

If any of your members ever came to you with reports of breaches of procedures or application of regulations and policies, what would you be able to do to support them and ensure that contracting is done properly?

[English]

Ms. June Winger: This becomes a bit of a challenge. Certainly our members are invited to bring their observations up through the chain of command, up to management. They can also come through over to me. As I raise things with my counterparts at the Department of National Defence, I can raise my observations to them. I can raise the members' concerns to them, but there is no leverage there to force them to do anything about it. We are left with the same routes as everybody else—perhaps bringing up a complaint to the office of wrongdoing, the ombudsman or these sorts of groups.

I will say that when members have raised concerns previously, they have felt dismissed. They have felt that their concerns were not going to be strongly considered and that it would probably be in their best interest for their career progression to just consider other things, but I couldn't speak to the specifics.

[Translation]

Mrs. Julie Vignola: So among your members, there are people who in the past have made observations that could have led to improved practices and operational efficiencies, but ultimately didn't feel heard and didn't feel there was a desire to improve from higher up. Either that, or they simply did not speak up. Did I get that right?

• (1605)

[English]

Ms. June Winger: Yes.

[Translation]

Mrs. Julie Vignola: In the past, it was brought to my attention that within the public service itself, employees were getting a contract, but then being laid off for a few weeks before being rehired. This had the effect that these individuals did not have access to a pension fund or certain protections, among other things.

To your knowledge, is this a practice that still occurs in the Department of National Defence?

[English]

Ms. June Winger: I'm sorry. I'll need you to repeat that. I'm not sure I got it all.

[Translation]

Mrs. Julie Vignola: It was brought to my attention a few months ago that people were being given temporary contracts for a few weeks or months and then laid off for two or three weeks before being rehired. These people spend their working lives like this, but ultimately cannot receive pensions or other benefits.

To your knowledge, is this practice still going on in the Department of National Defence?

[English]

Ms. June Winger: That is a practice that I am quite familiar with. It's hard to find out exactly how common it is, because these employees are very worried that they will not be picked up for the next contract.

[Translation]

Mrs. Julie Vignola: All right.

[English]

Ms. June Winger: What you're talking about is typically casual workers. They work up to 90 days on a particular contract in a calendar year.

I can think of an instance in Gagetown. They had a whole group of maybe 30 of these casual workers who were having their names placed on boards. If anybody used any leave or didn't come in for a certain day, they would literally erase their name on the board and put it at the bottom so that they would know that they would be the last to be called in. It was a very mean-spirited way of managing people.

[Translation]

Mrs. Julie Vignola: Does this management method make these people feel less accountable than a public servant who is there year-round? I don't question their competence or desire to do a good job, but I wonder if we see a difference in their motivation and involvement in the public service.

[English]

The Vice-Chair (Mr. Majid Jowhari): Thank you, Madame Vignola.

Could I have a very quick response, please? I gave you extra time because I know you had to repeat your question, so could we have a quick 10- or 15-second response? Thank you.

Ms. June Winger: These employees feel incredibly vulnerable and feel they have to agree to pretty much anything that is asked of them, regardless of the reasonableness of it.

The Vice-Chair (Mr. Majid Jowhari): Thank you.

The next six minutes go to MP Gord Johns.

Mr. Gord Johns (Courtenay—Alberni, NDP): Thank you, and thank you, Ms. Winger, for being here. Thanks for the advocacy on behalf of all your members. I want to thank your members for the incredible service they do every day to support our country and the best interests of Canadians.

We learned through DND's documents that it gave McKinsey a contract to—I'm going to read this—"advise and assist in the development of a transformational staffing plan." Basically, McKinsey will be analyzing roles, responsibilities, training and more for all personnel categories, including public service workers and contracted employees.

McKinsey will also be making recommendations for organizational and workplace changes, even for elements of the Canadian Joint Operations Command services that the government believes would be best suited for contracting out.

Can you tell me whether the union was consulted prior to this contract, as is required? I also want to know your response to the contract. Do you have concerns with this? Do you believe there's a conflict here?

Ms. June Winger: There was no consultation in this regard, and certainly there should have been.

We have union and management consultation committee meetings. We have terms of reference that are very clear. They define consultation and when it should take place. It's supposed to be the ability, as much as possible and as soon as possible, to be aware that there is going to be something coming up.

What was part two?

● (1610)

Mr. Gord Johns: It was in terms of the concerns you might have with it in response.

I also have a hard time, and would like to hear your perspective. A highly paid consulting company is basically making recommendations for organizational workforce changes, both for outsourced workers and personnel decision-making around public workers. Do you have concerns that decisions are being made around contracted employees and public workers?

Ms. June Winger: Absolutely, and without a doubt I have concerns.

I have never seen contractors take a look and say that they should be going with the public service. I have never seen strong evidence for that. There always seems to be a reliance on skewed evidence that is not reasonable and doesn't consider the full context or appreciate what the challenges would be.

I'm mindful of my counterpart in the U.K., who tells me many stories about the contracting out of the defence department in the U.K. and all of the challenges that have come as a result of that. Absolutely none of that contracting out has been to the benefit of the citizens of the U.K. or the department within defence there. These are ongoing issues.

These kinds of companies always seem to lack transparency. We never get to see exactly what it is they were looking at. We never quite know who exactly they spoke with. It's always difficult to rely on any of the results they provide us.

You also have to consider the loyalty of the companies. Public servants take an oath. We swear loyalty to Canada and we are always looking for the best for national defence. We have to abide by a code of ethics. We continue to follow employment equity plans. All of this gets skirted when it comes to the private sector. Its end game is to make a dollar at the end, and it can. That's fine, but that's not providing the best value for Canadians.

Mr. Gord Johns: I think the end game is for them to create work for themselves in the future.

One thing we heard from government members was that they tried to justify the surge in hiring outsourcing. Sure, we understand that, but earlier you talked about the hygienist working alongside the other hygienist and making more money. This isn't about surge capacity; this about them doing this on a regular basis.

Can you speak about that?

Ms. June Winger: We have a great number of challenges. When we had the massive layoffs back in 2012—I think they were aiming for about 19,000—the layoffs that happened were not upper management and they weren't the directors; it was all the worker bees.

It's these very same workers, those who do all of the work, who are now missing. We have this skeleton staff of tradespeople left, who are rushing about trying to assist the contractors. That's what they end up doing.

The contractors come in and do the work that's being asked of them, and sometimes it's not quite exactly as it's being asked for. The public servants are relied upon to go in there and finish it up, do the corrections and do whatever it takes. We see that time and time again.

The Vice-Chair (Mr. Majid Jowhari): Thank you. That completes your time.

We are done with the first round. We are going to the five-minute round now. We're going to start with MP Barrett.

You have the floor for five minutes.

• (1615)

Mr. Michael Barrett (Leeds—Grenville—Thousand Islands and Rideau Lakes, CPC): Thank you very much, Mr. Chair. Thank you, ma'am, for joining us today.

What does it do to the morale of your members when they see millions of dollars in contracts going to single companies? As we're discussing today, McKinsey was getting \$15 million from DND amidst a wide number of other contracts as well.

What does that do to the culture and morale of the workplace of your members?

Ms. June Winger: It's very disheartening for the members when they know that they are being underpaid for what they are doing. They see the people standing right next to them doing similar work and most often being paid much more than they are. It makes them feel like their work is being diminished and not being appreciated. They're always trying to push through that.

Mr. Michael Barrett: Of the nearly \$4.6 billion that was spent on outsourcing by DND, the \$15 million that went to McKinsey was about culture. They were supposed to drive culture change.

We've highlighted several times why a company with a record like McKinsey's is not one that I would want coaching my team on culture. Having served in the Canadian Forces and having worked alongside non-uniformed employees of DND, I know they wouldn't take any real lessons on culture from a company like McKinsey. They would have an awareness of and appreciation for hearing from their peers on where changes need to be made. They recognize when things aren't right and that just because things have been done a certain way for a long time doesn't mean that there aren't opportunities to improve on them.

At this committee I highlighted for the minister the state of the living quarters at CFB Kingston, and specifically at the Canadian Forces School of Communications and Electronics, where repairs aren't being done to the living quarters for members who are stationed there. It is also the workplace for your members, and it includes mould, rodent infestations, water infiltration and inadequate bathroom facilities.

With the government shovelling money out the door to high-priced consultants who are making more than both the uniformed members—certainly more than the non-commissioned members who are staying in those accommodations that I referenced—and your members who work in these facilities, does that have a negative impact on their morale? If it does, in your opinion, do you believe that investments in the infrastructure there and the leadership of legacy members could improve both the culture challenges that exist and the depressing physical workspace that is, frankly, destroying the morale of DND employees and uniformed members of the Canadian forces?

Ms. June Winger: CFB Kingston is a really hard one. Around Christmastime, I received a phone call from the local president there, who told me that one of our members was in the hospital in a medically induced coma. It was suspected that he had contracted legionnaires' disease. Shortly thereafter it was confirmed, and we found legionella in the workplace. Now that member is a double amputee as a result of this, for just trying to go to work.

Is it a negative impact on their morale? You bet it is. It's shocking that it has come to this sort of level. It's absolutely shocking and disgraceful, to be quite blunt. Do we need investments to improve the morale and the space? Certainly. However, we're getting another report. This is what National Defence does: We get another report, and a report after that and a report after that. At some point, they have to action these reports—

• (1620)

The Vice-Chair (Mr. Majid Jowhari): I'm sorry, Madam Winger. Can you quickly wrap up?

Ms. June Winger: I'm sorry.

The Vice-Chair (Mr. Majid Jowhari): That's okay. Go ahead.

Ms. June Winger: At one point, they have to action these reports. They have to do something with them, and not just continue to look for what fits the narrative or goes to their predesigned destination.

Continuing to look for other ways of addressing this isn't the problem. The problem is actually doing something.

The Vice-Chair (Mr. Majid Jowhari): Thank you.

Mr. Michael Barrett: Chair, if I may, I think that I can comfortably say that all members of the committee express their sorrow for your member. That's terrible, and I'm so sorry that this happened to them. I want to offer my sympathy to you.

The Vice-Chair (Mr. Majid Jowhari): Thank you, MP Barrett. It is duly noted. I think we are all in the same boat. Thank you for that acknowledgement.

The next five minutes go to MP Thompson. The floor is yours, ma'am.

Ms. Joanne Thompson (St. John's East, Lib.): Thank you, Mr. Chair.

I want to begin by thanking your members for the work that they do. It's incredibly important.

If I could switch back to the McKinsey contracts, what kind of expertise does outsourcing let the government access that it doesn't have in-house?

Ms. June Winger: I wouldn't know what they do. Whenever I go for an ATIP to find out this information, I either get no response or it's so heavily redacted that it's nearly impossible to find out.

Some of these outsourced contracts have our own members. We try to gather information from both sides and compare them so that we can figure out what the contract's supposed to hold.

Ms. Joanne Thompson: Thank you.

The audit has identified four recommendations so that improvements to the procurement process can be made. The department has provided management action plans to address these issues.

Do you believe that there are any parts of the current procurement process that could be strengthened with respect to the decision-making process that haven't already been identified in the audit?

Ms. June Winger: I'm sorry. I don't have that information.

Ms. Joanne Thompson: Okay, that's fine.

Some of the McKinsey contracts were sole-sourced, due to the proprietary nature of McKinsey & Company's offerings, for which there were no resellers. Do you believe that this is an acceptable reason for sole-sourcing?

Ms. June Winger: National Defence likes to sole-source a lot of contracts. I question the validity of the rationale for doing so from time to time.

Ms. Joanne Thompson: Thank you.

Reservists have always been expected to hold a regular job. Do you believe reservists should be blocked from all DND contracts,

or are there circumstances in which they can do contract work for the department without being in a conflict of interest?

Ms. June Winger: We have a number of reservists who come in and work with National Defence. I don't know why we would hire them as a contractor when we can use their skill set as a reservist within National Defence.

Ms. Joanne Thompson: Thank you.

Mr. Chair, how much time do I have?

The Vice-Chair (Mr. Majid Jowhari): You have one minute and 15 seconds.

Ms. Joanne Thompson: Okay. I just wanted to ask another question and not have it be cut off.

The current integrity regime puts five- and 10-year bans on companies deemed to be in violation of an ineligibility and suspension policy. Are these appropriate penalties for unethical conduct?

Ms. June Winger: This is not my area of expertise.

Ms. Joanne Thompson: That's fine.

The second half, just to have it on the record, is this: Is Canada's regime out of step with international peers?

Ms. June Winger: Again, that's outside my area.

Ms. Joanne Thompson: That's okay.

Does our regime incentivize concealment when problems are discovered?

Ms. June Winger: I'm sorry. I didn't catch that part.

Ms. Joanne Thompson: Would you like me to repeat that?

Ms. June Winger: Yes, please.

Ms. Joanne Thompson: Certainly. Does our regime incentivize concealment when problems are discovered?

● (1625)

Ms. June Winger: Absolutely. Absolutely.

Ms. Joanne Thompson: If I could just reference briefly the work that McKinsey described in committee that they were doing in the department around the cultural shifts that need to happen within the department, would you speak to how your members would be able to conduct that work?

Ms. June Winger: I would expect that the way our members would be able to assist with the cultural shift work would be in being able to speak from their experiences of exactly what the challenges are from their perspective and the consequences to some of the actions that are considered as recommendations moving forward.

Ms. Joanne Thompson: Thank you.

I absolutely agree that you need all voices at the table. I've certainly lived that throughout my career. With your understanding of the complexity of the shifts and changes that need to happen in DND, who else do you see would need to be at that table to really get a robust understanding of the depth and the extent of the challenges and then the plan moving forward so that it truly becomes one that transforms the department?

The Vice-Chair (Mr. Majid Jowhari): Please make it a very quick response. Thank you.

Ms. June Winger: I think a whole host of partners need to be there. It's not just one single group, for certain.

The Vice-Chair (Mr. Majid Jowhari): Thank you.

Now we'll go to our next two-and-a-half-minute round.

Madam Vignola, the floor is yours for two and a half minutes.

[*Translation*]

Mrs. Julie Vignola: Thank you, Mr. Chair.

Ms. Winger, the Department of Defence has reportedly awarded McKinsey numerous contracts to improve its technologies and enhance its readiness, among other things. McKinsey also reportedly provided advice to U.S. defence and information technology companies, raising questions about possible conflicts of interest. This advice was provided and information was gathered, not only in the United States, but elsewhere as well.

Are you concerned that McKinsey will use data collected in other countries to provide advice to Canada and that they will use Canada's data to advise other countries, including countries that may not be allies of Canada?

[*English*]

Ms. June Winger: Certainly I have concerns on bias.

Earlier they spoke about how these weren't state secrets that were being shared, but we know that state secrets don't need to be shared for opposition forces to create failures. Just look at something like the January 6 insurrection, right? No state secrets were probably shared at that time, but you can do enough to impact the government by managing how the government operates. I think this is part of the concern that we have.

I can think about the U.K. ammunition back in the nineties. They used to make their own ammunition. Then they decided as a cost saving that they would get rid of that and contract that out. They laid off all the employees. They sold all the equipment. They sold the land that the equipment was on. They ended up getting their ammunition from an international dealer. Then, when they were going into the Gulf War, they couldn't get their ammunition. The country that the company was from wouldn't allow the sale of it because they were trying to protect the Saudis.

There's a challenge that we see when companies end up having different affiliations and this impacts the end results.

The Vice-Chair (Mr. Majid Jowhari): Thank you. That was exactly two and a half minutes.

The next two and a half minutes go to MP Johns.

Mr. Gord Johns: Ms. Winger, I want to give you the opportunity to speak a little bit about the history of the challenges you and your members are facing regarding staffing vacancies, cuts and outsourcing. Can you tell us a little bit about what these problems would look like under this government, and under the previous one as well?

• (1630)

Ms. June Winger: We have a great deal of challenges when it comes to vacancies.

Certainly National Defence is not unlike any other department. They have a salary wage envelope that they draw the monies from to pay for their public servants and they have an operations and management budget that they use to pay for all their contractors and so forth.

Since the 2012 reduction, our numbers of public servants and our salary wage envelope have been insufficient—definitely insufficient—to support the work that the military members so dearly need. When we do that, we end up not being able to staff the positions properly.

I'll give another firefighter example, but I want to be very clear that these aren't limited to just firefighters. I think everybody understands what a firefighter does and how they work, so I like to use them as an example.

The National Defence fire marshal's office does compliance reviews on all of their halls about every five years. For the last three reviews—so 15 years—National Defence has outlined that their fire hall in Dundurn, Saskatchewan, is under-manned, yet when we ask the department when they are going to staff it, we hear about the different budgetary concerns that they have.

These are basic jobs—firefighters. They're putting \$4.6 billion into outsourcing, but they can't hire another five firefighters, who their own leadership tells them they need to hire. They're breaking their own rules. They do things like this.

At defence research, we do many trials, and we used to have machinists and welders and all sorts of tradesmen who were available to assist us in that, because we're doing new, innovative work. We need to use tools that have never been used before, have never been invented. That's part of our work. When we are in a trial and we want a certain widget, we can't just ask the machinist or the welder or whoever is at work to do it; we have to go to town and see if we can find somebody who's willing to drop everything and make it. In the meantime, the trial just sits there. All the people who have travelled from across the world are all sitting there twiddling their thumbs waiting for the widget to get built, when before we had it—

The Vice-Chair (Mr. Majid Jowhari): Thank you, Madam Winger.

I'm sorry. I keep interrupting you, but we are making lots of allowances to make sure that you finish your thoughts. Thank you for representing your employees and your members very well.

The next five minutes goes to Madam Block.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much, Mr. Chair.

I join my colleagues in welcoming you here, Ms. Winger. I think it's important that we hear from you on this issue from the perspective of the union that you are representing.

I don't know if you outlined in your opening comments all of the different skill sets or professions that you represent. I just quickly went to the website and saw that UNDE is actually one of the largest components of PSAC. Your members cover a wide range of occupations, and I'm going to list them: labourers, firefighters, ship crews, various skilled trades, administrative services, cleaning services, food services, technologists, technicians, linguistics, computer programmers, logistics specialists, engineers, medical administrators, mathematicians, librarians, financial analysts, recreation sports specialists, retail clerks.... The list goes on. That's a huge number of services that you represent.

I want to ask you a question in regard to something that we heard from the president of the Treasury Board. We heard from her that the percentage of government expenditures for professional services has remained relatively consistent with the size of the public service. In other words, their contracting out for services remains the same with the size of the public service.

Do you agree with that statement? Do you believe that the proportion of outsourced labour is relatively the same as the public service, or is it outpacing the size of our public servants?

• (1635)

Ms. June Winger: I think it's much higher than it needs to be. We could have the work done by public servants who are just as well trained and who are even more experienced and even more aware of the needs of the department, and we could be managing it so much better than by just going to the contracting piece.

I think that we have a challenge in that most of our management are military members and, while they are excellent in their responsibilities to the CAF, I've never met a military member who enlisted because they wanted to manage public servants.

As a result of that, it's very easy to move towards a contracting-out position as opposed to trying to build up the workload and having to manage.

Mrs. Kelly Block: Thank you.

The Professional Institute of the Public Service of Canada, which represents IT workers at National Defence, did an analysis of 194 National Defence tenders between January 2018 and September 2020, and what was noted was that there were 151 grievances filed for outsourced work. The reasons for contracting out that were given were that there was no skill set in-house, that there were recruitment and retention issues and that the federal staffing process was lengthy and complex.

Maybe you've touched on some of that already, but I guess my question to you would be this: Has your union filed any grievances related to outsourcing?

Ms. June Winger: We have not filed any grievances because we weren't able to get the Treasury Board to agree to allow us to bring that language into our collective agreement, as it is with PIPSC's collective agreement.

Mrs. Kelly Block: Thank you.

The Vice-Chair (Mr. Majid Jowhari): Thank you.

The last round goes to MP Bains. MP Bains, you have the floor for five minutes.

Mr. Parm Bains (Steveston—Richmond East, Lib.): Thank you, Mr. Chair.

Thank you, Madame Winger, for joining us today, and thank you for your service.

The audit of the procurement ombudsman recommended that due diligence be strengthened, which the department agreed to. Do you believe that this will rectify future compliance issues in the administrative process?

Ms. June Winger: It will depend on how they do that, right? We have a large number of contracts at National Defence, but when we filed our access to information request to be able to review the reports on whether the work was completed correctly, or at all, we weren't able to find those. National Defence told us that we had to go to the public works department. We went to public works, and public works told us that the reports are held by the contractor, so the compliance reports aren't even something we can review. Unless they're going to make significant changes to allow for that, I can't see much changing. I can't see any motivation to change it.

Mr. Parm Bains: Public access to government information is essential to our democracy, as you've mentioned. The DND audit indicated a need to ensure compliance with proactive disclosure and to provide access to information correctly and promptly.

Does the department's management action plan toward improving proactive disclosure of contracts indicate a step in the right direction at all?

Ms. June Winger: Again, I'll believe it when I see it. I see lots of reports being written on behalf of National Defence and by National Defence, and the problem isn't not having the right ideas or having the reports written; the problem is having them actioned and doing something with them.

Mr. Parm Bains: Departments are required to consider internal staff before outsourcing projects. Some say that doesn't happen enough. How could those make-or-buy policies be strengthened?

• (1640)

Ms. June Winger: Can I ask you to repeat the question, please?

Mr. Parm Bains: Departments are required to consider internal staff before outsourcing a project. Some say that doesn't happen enough, and I think we've heard from you today as well about that. How could those make-or-buy policies be strengthened?

Ms. June Winger: Our previous deputy minister, Jody Thomas, had indicated that she was no longer going to allow a free rein among local management in determining what public service work would be contracted out. She said essentially, from my perspective, that she wanted a business case demonstrating the need for and the value in contracting out, and that otherwise the default would remain within the public service.

We had this written in minutes. We passed this along. We raised it at every local union-management meeting that we could, but still management was not inclined towards it. They may put forward new rules and they may put forward obligations, but until there's an actual negative consequence for not following those rules, not much is going to change at all. That can go for nearly everything within National Defence.

Sometimes if the carrot approach doesn't work, you need the stick, but I think that sometimes, although we find that they're willing to use the stick with our members, it's not being used so much with management with respect to their own rules.

Mr. Parm Bains: You're saying there is no negative consequence at that level.

Ms. June Winger: I haven't yet seen one in regard to the contracting work.

Mr. Parm Bains: Okay. Thank you.

Mr. Chair, do I have any more time?

The Vice-Chair (Mr. Majid Jowhari): You have 30 seconds.

Mr. Parm Bains: Thank you, Madam Winger, for joining us today, and again, thank you for your service.

Those are all the questions I have today. Thank you.

The Vice-Chair (Mr. Majid Jowhari): On that note, thank you, colleagues.

Thank you, Madam Winger, for joining us today. I'd once again like to acknowledge the fact that you were put in a very compromising position. You answered the questions very professionally. You shared the perspective of your members with the committee, and we thank you for that. Thank you for coming and joining us in person.

Colleagues, we're going to suspend to move to the in camera portion of our committee.

Thank you again, Madam Winger, for joining us.

[Proceedings continue in camera]

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