



CS GROUP

The Professional Institute of the Public Service of Canada

Contracting Out Report

2021

**Contracting out of IT work at the
Department of National Defence**

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Eva Henshaw

CS Group Executive Member

Contract Out Action Team Member

The PIPSC Computer Systems (CS) Group is working hard to enforce Article 30 of its collective agreement. This article stipulates that the employer must make a reasonable effort to use existing employees or hire new full-time or term employees as needed before contracting out work to private companies or consultants. Hiring consultants to complete government IT work has a high cost and contributes to the erosion of institutional memory. Unfortunately, despite the new collective agreement language, contracting out of important government work is still ongoing at almost all departments in flagrant disregard of Article 30. One of the most problematic departments is the Department of National Defence (DND). This report analyzes the policy grievances submitted against DND between January 2018 and March 2020 for outsourcing of government work that could have been done internally. The data demonstrates how this department is not following Article 30 of the CS Group collective agreement.

The CS Group, Article 30 and the Contracting Out Action Team

The CS Group represents approximately 17,319 federal public sector Information Technology (IT) workers employed by the Treasury Board of Canada. There are CS members working in 62 federal departments, in every Canadian Embassy and supporting operational missions worldwide for the Department of National Defence and the Canadian Space Agency.

Information Technology has evolved in the workplace and is required to support all ranges of professions in today's society. The workings of the federal government and all Canadians rely on the systems and software that is researched, managed and maintained by CS members. CS members not only protect the systems but data that they hold as well. The scope and importance of CS work has grown at an exceptional rate; the same rate at which technology changes in our world today. CS members provide support services, architecture and application development, infrastructure operations, database and project management and creation of specialized systems. CS Group members can be found in a variety of places; from IT help desks to artificial intelligence business solutions initiatives.

Table - Distribution of CS Members by Department – Departments with 300 or more CS employees as of March 31, 2018

Department/ Ministère	Number of members
Shared Services Canada/ Services partagés Canada	3,595
National Defence/ Défense nationale	1,904
Employment and Social Development Canada/ Emploi et Développement social Canada	1,454
Statistics Canada/ Statistique Canada	789
Public Services and Procurement Canada/ Services publics et Approvisionnement Canada	650
Canada Border Services Agency/ Agence des services frontaliers du Canada	624
Global Affairs Canada/ Affaires mondiales Canada	455
Environment and Climate Change Canada/ Environnement et Changement climatique Canada	378
Health Canada/ Santé Canada	371

Correctional Service Canada/ Service correctionnel Canada	352
Innovation, Science and Economic Development Canada/ Innovation, Sciences et Développement économique Canada	342
Immigration, Refugees and Citizenship Canada/ Immigration, Réfugiés et Citoyenneté Canada	327
Fisheries and Oceans Canada/Pêches et Océans Canada	300

During the 2014 round of collective bargaining negotiations, PIPSC focused on improving some issues specific to the CS Group; outsourcing of public service work, the role of CS members to preserve institutional knowledge and skills in technological change and addressing the problem Departments were experiencing in recruiting and retaining qualified IT professionals. [Article 30 of the CS Group collective agreement, titled “Contracting Out”, was modified.](#)

The Contracting Out Action Team

In order to ensure that the new Article 30 language was being respected, the CS Group formed the Contracting Out Action Team (COAT). The COAT reviews every IT-related contract published by departments employing CS Group members. After reviewing and seeking information on whether or not the department followed the requirements of the collective agreement, the COAT decides whether or not a policy grievance should be placed against the Government with regards to each contract. Since launching in January 2018 through to September 2020, the team has looked at over 1850 service offers and contracts.

Methodology

The CS Group analyzed a total of 194 tenders or contracts. The group submitted inquiries by email to the department about 174 of these tenders or contracts, asking the department to describe the reasonable effort that was carried out to respect the outsourcing provisions of the collective agreement.

A refusal to disclose

The CS Group only received 88 responses out of the 174 inquiries. A total of 151 grievances were subsequently filed for contracts published during the studied timeframe. From the responses that were received, National Defence stated the following reasons to contract out:

- no skill set in-house to carry out the work
- no specific funding for public servant salaries
- there is a recruitment and retention issue within the field of CS work
- the timeline to hire permanent or term staff is too long to meet the deadlines of the work
- the augmentation of staff resources with contractors is necessary
- the complexity of the staffing process

Outsourcing means higher cost, lower quality services for Canadians – less transparency, less accountability, and the loss of institutional knowledge and skills.

Lack of training – part of the problem

The lack of in-house skill set was the most frequent reason cited by DND for contracting out. It is PIPSC's position that it is the responsibility of DND to ensure that proper, timely training is received by the CS members in order to meet not only the present requirements, but any future technological demands required to support public services. Investing in employees is a cost-effective way of ensuring institutional knowledge and skills are maintained and the department is able to keep up with the ever-changing demands of technology. The amount of funding available

to ensure proper training is delivered is a direct responsibility of DND when developing annual budgets.

High cost of contracted out work

Of the tenders and contracts examined:

- 55 had unknown cost values
- 53 were described as tier 1 contracts (meaning the value could be up to \$3.75 million each)
- 2 were described as tier 2 contracts (meaning the value is greater than \$3.75 million).

The value of the remaining contracts that we were able to find amongst these tenders totalled over **\$414 million**.

Recurring needs should be staffed with permanent positions, not contracted out

Although 40% of the contracts were for a one year period, 90% had renewal clauses that could normally extend the contract from one additional year to up to four additional years. 10% of the contracts were for 4-year periods. A significant number of contracts were to replace incumbent contractors doing the same work. Some work has had a contractor doing the job for ten years or more and continues to be contracted out.

Far too many contracted out personnel

1316 contractors were being recruited in tenders analyzed during the studied timeframe, or **1316** personnel resources. This high number shines a light on DND's shortage of necessary IT staff to carry out requirements. The types of IT work most sought after by DND during this period were architecture, analysts, and security. Other CS job types frequently contracted out were project managers, programmers, help desk and network support.

Insufficient staffing efforts at DND

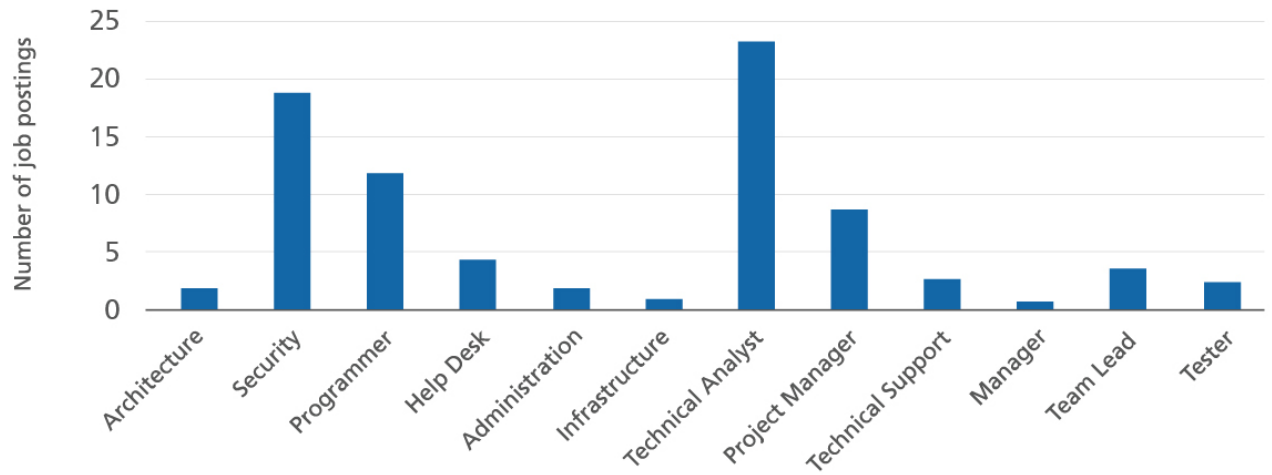
From November 2017 until March 2020, the amount and types of advertising to fill regular or term staff positions within DND were examined on the Government of Canada job site.

During this timeframe, DND advertised 26 times seeking approximately 60 personnel in security, programming, technical support, analysts, help desk, tech analysts, and network administration.

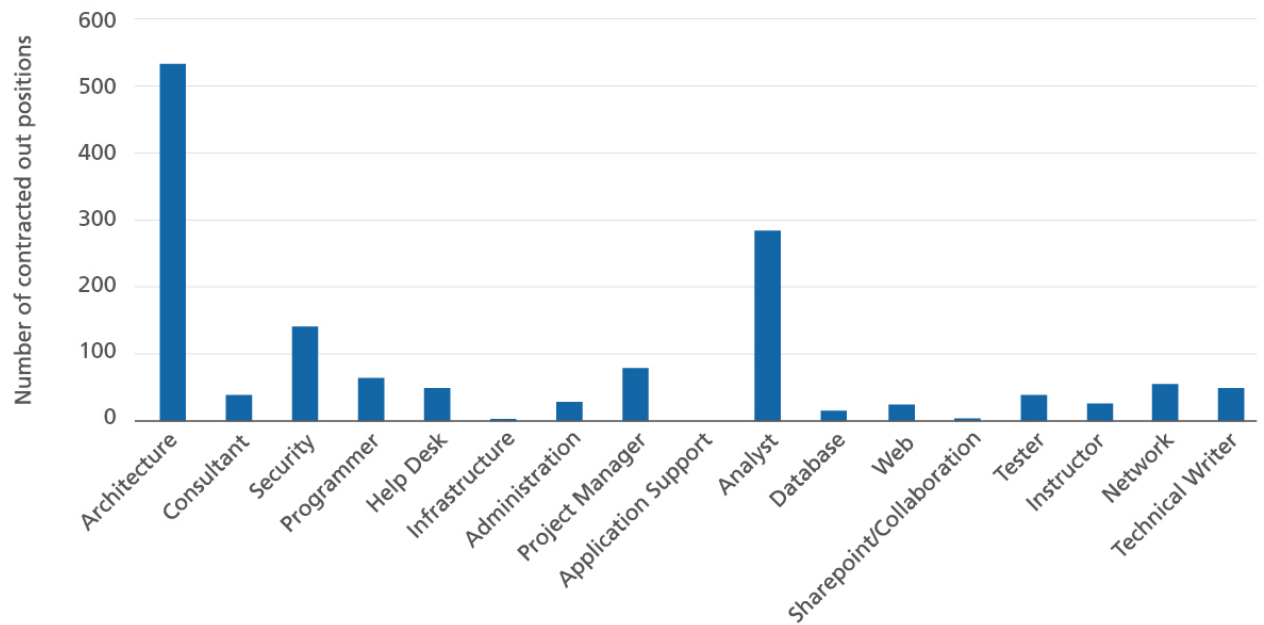
82% of these advertisements were for the CS-02 and CS-03 levels. A large number of the advertisements stated that DND would create a pool of candidates for future use. Although PIPSC is pleased to see that over 50% of the advertisements were advertised to the public, it is still clear that the DND is not staffing with regular permanent or term positions to reduce the number of contractors, which would ensure that public service professionals are carrying out the ongoing and recurring IT work required by DND.

The following charts give us a clear picture of how DND did not attempt to staff jobs with permanent or term employees, preferring to contract out for specific skill sets. For example, DND contracted out over 500 resources in network architecture work, while seeking permanent or term employees for that job type in only two job advertisements. PIPSC sees the volume of contracted resources that are constantly working for the department as too high. There were 1316 contractors recruited during this period while DND sought only 60 permanent and term public servants. It is clear that DND is not trying to hire employees, nor making reasonable efforts to hire permanent or term employees to complete required IT work in the department.

Staffing Advertisements at Department of National Defence from November 2017 to March 2020



Contracted Out Work



The collective agreement must be upheld

PIPSC has seen an increase in responses from the Department of National Defence (DND) in the last year, although the responses continue to describe little or no reasonable effort to hire permanent or term employees before contracting out as required by the CS Group Collective Agreement. The sheer amount of grievances filed against DND is very high and causes unnecessary work for both PIPSC and the Treasury Board of Canada Secretariat (TBS).

The data is showing us that DND is a department that prefers to contract out IT work at extremely high costs on a continual basis. The length of time and the sheer number of contractors in a position to do work that is established as permanent is staggering. The data shows a high amount of security work being contracted out. Work involving the security of IT systems and the data that they house should be carried out by public service professionals. The work is not temporary in nature and it is of high importance. If there were to be a security breach, public service professionals could be held responsible for the breach, rather than an external contractor who cannot be held accountable.

Although this report does not look at training, PIPSC sees DND as a department that should be training their employees in order to meet the future demands of the government. This may help to reduce its reliance on contracting out.

The result of this internal report solidifies why DND is the second worst department within the Government of Canada with regards to adherence to Article 30 of the Computer Systems Group Collective Agreement. PIPSC is dedicated to bringing these matters to light and using the means necessary to ensure that the collective agreement is adhered to by all departments and agencies.