

# **4 MARCH 2002 MEETING UNION MANAGEMENT CONSULTATION COMMITTEE CONFERENCE ROOM A, NATIONAL DEFENCE HEADQUARTERS**

## **Co-Chairs:**

Mr. J. Judd, Deputy Minister

Mr. J. MacLennan, National President, Union of National Defence Employees

## **Members:**

Cmdre D. McNeil, representing Vice Chief of the Defence Staff

LGen J.M.C. Couture, Assistant Deputy Minister (Human Resources- Military)

Mr. A.S. Williams, Assistant Deputy Minister (Materiel)

Cmdre J.J. Gauvin, representing Chief Maritime Staff

BGen V. Kennedy, representing Chief Land Staff

LGen L.C. Campbell, Chief Air Staff

Mr. R.M. Emond, Assistant Deputy Minister (Finance and Corporate Services)

Mr. R.C. Westland, representing Assistant Deputy Minister (Infrastructure and Environment)

Ms. S. Siegel, Assistant Deputy Minister (Human Resources - Civilian)

RAdm W. Gibson, representing Assistant Deputy Minister (Information Management)

Mr. S. Morin, representing Assistant Deputy Minister (Science & Technology)

Ms. K. Beres, Vice President, Professional Institute of the Public Service of Canada

Mr. N. Kemp, President, Federal Government Dockyard Trades and Labour Council (East)

Mr. H. Price, President, Federal Government Dockyard Trades and Labour Council (West)

Mr. D. Roode, President, Federal Government Dockyard Chargehands Association

Mr. P. Morse, Business Agent, International Brotherhood of Electrical Workers, Local 2228

Mr. M. Hosking, President, Association of Public Service Financial Administrators

Dr. P. Dunnett, Vice President, Canadian Military College Faculty Association

Mr. L. Dempsey, representing President, Canadian Merchant Service Guild

Absent:

LGen G. MacDonald, Vice Chief of the Defence Staff

VAdm Buck, Chief Maritime Staff

LGen M. Jeffrey, Chief Land Staff

Mr. B. DiBartolo, Assistant Deputy Minister (Infrastructure and Environment)

Mr. H. Dickson, Assistant Deputy Minister (Information Management)

Mr. M. Sjoquist, President, Canadian Merchant Service Guild

## **OPENING REMARKS**

1. Mr. Judd welcomed the members to the first meeting of the UMCC with the new management structure and in a setting which is more conducive to open discussion. He advised that the management team had been changed to include those members of DMC who employed the majority of the civilian work force or were responsible for programs which have significant impact on civilians. Mr. MacLennan recognized the smaller structure and thanked the department for making the changes. He viewed the changes as real progress.

## **ACCEPTANCE OF MINUTES OF THE PREVIOUS MEETING**

2. Mr. MacLennan proposed that the minutes of the 5 March 2001 meeting be accepted. The members concurred.

## **DND CORPORATE PRIORITIES**

3. The DM addressed this issue. A copy of the document entitled "Corporate Priorities 2002-2003" is attached. Mr. Judd explained that they had been developed, by both the civilian and military leadership of DND and the CF, in advance of the next fiscal year to identify issues of concern, to prepare for the Report to Parliament and the public and to provide guidance for resource allocation. He went on to briefly outline each one of the main headings.

4. The first, "Responding to the new security environment" came about, first and foremost, as a result of 11 September 2001. The priority given to this concern was evident in the December budget where funds were specifically directed to initiatives related to this priority. The second deals with the very substantial people agenda, both military and civilian. Examples of initiatives related to this priority are the emphasis on professional development and leadership, internal health care reform for the CF, improvements to HR service delivery, classification reform and participation in the government wide initiative on HR reform.

5. "Optimizing defence and security capabilities" involves acquisition projects and is related to the Defence Services Review which is expected to be completed this fall. The review involves consultation with DFAIT and CIDA. Modernizing comptrollership, performance measurement and management processes are some of the initiatives related to the "Maximizing management effectiveness" priority. The last one recognizes DND's need to enhance relationships and communication with the public, Parliament and the media. It also deals with our external relationships, with the United States, NATO, etc.

6. Mr. Williams announced that he and Ms. Siegel had had taken on the challenge of dramatically altering the staffing process, outside the parameters of HR reform. The aim is to improve the process so that the right people can be hired, promoted and deployed in a timely fashion. He recognized that consultation with unions will be vital to the success of the project.

7. Mr. Roode asked if the reductions at the Treasury Board Secretariat would have any impact on the various initiatives that were being undertaken by the Department. The DM advised that the reductions were the result of time limited projects coming to an end, the deferral of others and the migration of some to departments. He also advised that he did not anticipate any impact on workload or resource transfer to DND.

8. Several of the union representatives asked the Department to influence the Treasury Board Ministers to increase the bargaining mandates of the Employer's representatives during negotiations. In their view, this is essential to ensure that DND and the Government can attract and retain highly qualified and motivated employees. This is especially true in many of the skilled occupations where there is a shortage and where the DND employee demographic information projects shortages within the next five years. Both the Mr. Judd and Ms. Siegel appreciated the comments.

## **UNION PERSPECTIVES ON HR REFORM**

9. There was discussion around the degree of union support for the recommendations of the Fryer Report on labour relations reform in the public service. Many of the unions expressed concern over the collective bargaining dispute resolution process recommended in the report. Additionally they expressed concern over the timing of the HR reform legislation which had been expected this summer. However, there appeared to be indications that the legislation would be delayed until the fall.

10. Mr. MacLennan offered the perspective that DND could initiate its own reform of HR practices, outside the ambit of legislative change. Mr. Judd offered his personal views on the three large issues which need addressing. The first is classification reform. Departments are expecting an announcement on the way ahead for the

Universal Classification System or other classification reform. From DND's perspective, classification reform is essential to be able determine and validate that DND employees had been fairly classified. The second deals with the HR reform resulting from the Quail Task Force. Much work has been completed but the introduction of legislation in Parliament has been delayed. It is expected that it will now not be introduced until the fall. The third area of concern for him, as suggested by Mr. Williams and Mr. MacLennan, is maximizing the current flexibilities available to reform our own internal HR practices and processes. Ms. Siegel reinforced that there are many areas where dramatic improvements can be achieved without legislation. She also recognized that it was essential for DND to hear what is important to the unions.

11. Mr. Roode expressed the view that there is change and re-engineering fatigue amongst employees. Mr. Morse advised that staffing is a major issue for the unions. Mr. Kemp, Ms. Beres and Mr. Taylor all supported the initiative for improving HR processes and advised that they wanted to be involved. They recommended the UCS governance structure as a model for this initiative. The DM emphasized that the Department wanted progress in reforming its own HR processes and asked the unions for their ideas and priorities.

## **DND/CF FINANCIAL FUTURE**

12. Cmdre McNeil set the scene for his briefing by presenting an overview of DND/CF in 1994-95 and 2001/02 and by putting Canadian Defence in context with NATO and the United States. He also described the resources challenges facing DND/CF, diminishing capital expenditures, rising operational tempo, and inability to register expected savings from personnel reductions, alternate service delivery and base closures. He also demonstrated that though Strategy 2020 calls for increased spending on capital equipment, it is exceedingly difficult with the vital people initiatives underway.

13. Cmdre McNeil outlined the considerations for next fiscal year. Primary among them are the Defence Services Review, program affordability and sustainability, integration of OCIPEP and other security issues in partnership with other government departments. He concluded by advising that money was still very tight and would continue to be so for the foreseeable future, especially with the operational tempo at its current pace. However he did point out that Canada, unlike other NATO nations, is increasing the funding line to Defence.

14. Mr. MacLennan recognized that much of our infrastrucutre is old and inefficient. He asked if new infrastructure would be built. The DM expressed the view that with DND's surplus of property and buildings, it was highly unlikely that any new

infrastructure would be approved and constructed. Mr. Westland advised that DND was trying to achieve a 10% reduction in its infrastructure and was developing consolidation strategies.

15. Mr. Emond wanted to ensure there was no confusion on DND/CF funding for 2001/02. DND/CF is working with the \$12.4 billion announced by the Minister.

### **UPDATE ON THE SUPPLY CHAIN PROJECT**

16. Mr. Williams gave an update on this project. In August 2001, the Department entered into a contract with Tippet and Britain Group (TBG) for determining the scope and the viability of the business case for the contracting out of the supply chain. He advised that there had been extensive efforts to ensure employees and CF members were aware of the project and its various steps. However communication remains a challenge. He recognized that there are HR concerns around the issues of pensions, the treatment of term employees and the protection of public service status of employees close to retirement.

17. When questioned by Ms. Beres about the status of employees within one to two years of retirement, Mr. Williams stated that he would do his utmost to keep them, though he did not guarantee how close to retirement an employee had to be. Ms Beres expressed concern over the length of time it was taking to determine the scope of the project as it was having a detrimental effect on the employees she represents and their willingness to remain in their positions. She also described her surprise at the change to the messages being delivered by the representative from TBG in various townhall meetings with employees. It was quite clear that he did not understand the benefits currently enjoyed by public servants. She advised that PIPSC no longer had confidence in the potential new service provider.

18. Mr. Roode asked whether TBG would be using CFSS Upgrade and MASIS, in the event DND proceeded with Phase 2. Mr. Williams advised that these systems would continue.

19. Mr. Price advised that TBG and the Project staff had not consulted with the his union and they have not been invited to a town hall meeting. He also asked whether or not TBG had decided if any elements of the FMF Cape Breton would be within the scope of the supply chain. Mr. Williams assured Mr. Price that his union would be consulted. He also advised that decisions had not yet been taken about the scope. Two of the major considerations in determining the scope of the project are security and appropriateness of devolution in this era of heightened interest in international security.

20. Mr. Kemp inquired about the level of savings DND would expect and cautioned that often costs increase after a contract has been signed because it does not cover all that was intended or desired. Mr. Williams reiterated that the contract would not proceed unless DND was satisfied that there would be an annual savings of \$70 million.

21. Mr. Morse and Mr. Taylor advised that they believed that IBEW has only a few members who may be affected by the supply chain project. However, they asked how much the people issues were affecting the decision to proceed to Phase 2. In other words, they asked, salaries aside, if TBG intended to reduce other benefits, would DND find this to be a significant enough factor not to proceed. Mr. Williams stated DND would look into the matter and that it could be viewed as serious enough to prevent the next phase. He reminded the members that our employees are very much valued by the Department.

22. Mr. Kemp asked if there would be a dispute resolution process built into the contract. Mr. Williams advised that there would be.

23. Mr. MacLennan expressed his concerns over the messages being delivered by TBG representatives. It has become obvious to UNDE that TBG has not done its research, that it does not intend to respect core benefits, that they did not realize the size and complexity of the organization and the activity. He stated that, since 11 September 2001, employee morale has increased and employees are asking why DND/CF would be continuing with this project to contract out one of the most integral parts of the CF and its ability to participate in the War on Terrorism. He took the opportunity to announce that UNDE had commenced a Fight Back campaign and that resistance to the project was growing. He also stated that if the answers to the many questions from employees and unions were acceptable, then the resistance might diminish. Mr. Williams acknowledged that he was concerned by the comments from the unions. He reiterated DND's position that Phase 2 would not proceed unless DND was satisfied that the IM/IT, the people and business case issues were resolved, in place and acceptable.

## **WAR ON TERRORISM COMMUNICATIONS STRATEGY**

24. LCol Rouleau, Acting Director Public Affairs Plans and Operations, briefed the members on the public affairs operations in support of Operation Apollo. The DND/CF public affairs tempo has been steadily increasing since 1990, with unprecedented media and public interest in the CF since 11 September 2001. To respond to this interest, public affairs officers (PAOs) are now available on a 24/7 basis and are being deployed with units. In addition, members of the units being deployed are receiving public affairs training. The purpose of this increased attention

to public affairs issues is to provide Canadians with a better understanding of the professionalism, dedication, accomplishments, challenges and sacrifices of the CF members serving as part of Op Apollo.

25. The unions were very supportive of the CF and thanked Lcol Rouleau for his briefing. Mr. Roode pointed out that DND/CF should be more pro-active and provide operational briefings on daily or weekly basis. LCol Rouleau advised that the plans for such briefings were under consideration and that one was planned in the near future. He thanked the unions for their support.

## **NATIONAL QUALITY INSTITUTE**

26. Mr. Kemp introduced the National Quality Institute to the members of the Committee. It is a not-for-profit organization created in 1992 and is recognized by Treasury Board. The Institute has three frameworks for excellence - National Quality Institute in Canada, European Foundation for Quality Management and the Malcolm Baldrige Awards Program in the USA. Mr. Kemp briefed on the military agencies which are committed to excellence - Norfolk Naval Shipyard, the Royal New Zealand Navy, the British Warship Support Agency and the US Navy Public Works Center. He recommended that DND should consider utilizing this standard rather than contracting out. He believes that DND/CF would achieve much higher productivity in a very transparent manner, using the human and holistic approaches of the NQI.

27. LGen Campbell thanked Mr. Kemp. He stated that the Air Staff was committed to quality management and, in fact, had its own program, Air Force 9000. Mr. Kemp advised that FMF Cape Scott was ISO 9001 and 14001 certified but that he had greater confidence in the National Quality Institute.

## **CLOSING REMARKS**

28. Mr. Judd reiterated his request to the unions for their ideas on and their priorities in improving HR practices and processes within DND.

Jim Judd

Co-Chair John MacLennan

Co-Chair