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Contracting Balance: Alleviating Personnel Pressures During Personnel Crisis

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**CONTRACTING/BLANCE:
ALLEVIATING PERSONNEL PRESSURES DURING PERSONNEL CRISIS**

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CONTRACTING BALANCE: ALLEVIATING PERSONNEL PRESSURES DURING PERSONNEL CRISIS

AIM

1. This service paper aims to investigate how the increased employment of civilian contractors might help alleviate the Canadian Armed Force's (CAF) endemic personnel pressures in the near-term. As operational commitments increase in European and the Indo-Pacific theatres and CAF numbers decrease through insufficient recruiting and retention, there exists an imbalance between what the Government of Canada (GoC) expects and what the CAF can provide. As the CAF works through with this issue internally, it is necessary for the GoC and CAF to explore other near-term options to achieve organizational balance. This paper will provide a historic example overview of the use of contractors in the CAF. It will also consider the benefits and challenges posed by a contracted model. This service paper will provide recommendations for CAF action. Ultimately, this paper will demonstrate the compelling potential of contractors to help the CAF address its personnel pressures and ensure mission success.

INTRODUCTION

Problem Definition – Recruitment and Retention

2. The CAF is facing a fragile personnel situation due to a combination of factors such as lack of recruitment, high turnover, and a spike in operational commitments. As the CAF's domestic and international obligations rise, including in areas such as the European and Indo-Pacific, the military is unable to attract new personnel while simultaneously having difficulty retaining the skilled personnel they already have.

3. Strong, Secure, Engaged: Canada's Defence Policy (SSE), released in 2017, prescribed a long-term goal for the CAF to grow its Regular and Reserve Forces personnel to 101,500 by 31 March 2026.¹ The DND (Department of National Defence) Departmental Results Report for 2021-22 show that for the past three years, the CAF has shown negative growth. Regular Force positions were staffed at 96.5% in 2020 but now they are staffed at 91.6%--a loss of 4.9% in only two years.² Further, occupations with critical shortfalls have grown exponentially over the past three years from 17.9% in 2020 to 61.7% in 2022.³ See Figure 1 for detailed results.

¹ Standing Committee on National Defence. "Modernizing Recruitment and Retention in the Canadian Armed Forces." House of Commons – Canada. Presented to the House, October 20, 2022.

² Canada. Department of National Defence, Departmental Results Report 2021-22 - Canada.Ca. 64.

³ Ibid, 64.

Performance indicators	Target	2019-20	2020-21	2021-22
% Regular Force positions filled	95 – 100%	96.5%	93%	91.6%
% Reserve Force positions filled	At least 95%	81.5%	79.8%	76%
% Occupations with critical shortfalls	5% or less	17.9%	50.5%	61.7%

Figure 1. CAF Growth Results – Targets for 31 March 2026

Source: Canada. Department of National Defence, *Departmental Results Report 2021-22*. 64, Departmental Result 3.1.

This negative trend shows the CAF is not on target for growth as predicted by the GoC in 2017, but is instead shrinking by a significant margin. According to the Departmental Results Report it will take a significant period for the CAF to rebuild.

It is now apparent that reduced CAF strength and readiness will take upwards of 5-10 years to remedy and is severely challenging the CAF's ability to fulfill the Government of Canada's policy objectives to defend Canada and Canadians, and engage with allies abroad.⁴

4. While the pandemic has caused recruiting to stagnate at similar rates, the attrition rates have increased, suggesting there may be problems with retaining employees rather than just recruiting them. The DND has identified numerous factors that lead to members leaving the CAF. Chief among them is a lack of satisfactory family support that members must contend with during relocation, deployment, and employment. This lack of support can create an additional burden on family members, as well as financial and social problems associated with frequent relocation.⁵ Latest Departmental Results have revealed that only 58.5% of members are satisfied with the overall support their family receives from the CAF, an alarming drop from the 67.4% satisfaction rate of the previous year and a far cry from the departmental target of at least 85%.⁶ Evidently, the CAF is currently facing the concurrent challenges of recruiting and retention simultaneously.

The Proposed CAF Strategy

5. In late 2022, the Chief of Defence Staff (CDS) announced that recruiting and retention of personnel was his top priority.⁷ Subsequently, the CDS and Deputy Minister of National Defence (DM) issued a joint CAF Reconstitution Directive that outlines the two-theme approach to

⁴ Ibid, 64.

⁵ Canada. Government of Canada InfoBase, *Single Indicator Details – Canada.Ca*. “% of Canadian Armed Forces members who are satisfied with the overall support their family receives from the Canadian Armed Forces?”

⁶ Canada. Department of National Defence, *Departmental Results Report 2021-22* - Canada.Ca. 76.

⁷ Berthiaume, Lee. "Defence Chief Calls on Canadians to Rally Behind Military during Personnel Crisis." *The Canadian Press*, October 15, 2022.

reconstituting the CAF. The immediate and short-term goal is to address personnel shortages by adjusting operational commitments, increasing intake, and working towards retention. The first theme, “Recover” (2022-2025), will focus on growing the CAF's personnel levels, modernizing military personnel management, and recalibrating operations and commitments. The second theme, “Build” (2022-2030), will focus on building the future force to continue to deliver strategic effects for the Government of Canada. While the proposed strategy sets a good roadmap into the future, the personnel shortages on the current workforce in the near-term are quite urgent. While senior leadership vision casts into the future, soldiers are double or triple-hatted with the additional jobs of the positions that are vacant. This results in an increased workload for individual soldiers, a decrease in the efficiency of the organization, and an increase in attrition. This paper examines the near-term of the next two to three years to find short-term solutions while the CAF is recovering.

Thesis and Roadmap

6. With the problem defined, this service paper's thesis is to investigate how the employment of contractors might help alleviate the CAF's endemic personnel pressures in the near-term. This paper is limited to the macro-structural personnel problem of staffing Combat Service Support trades within garrison. It will consider the potential for civilianizing these services as a solution, with a particular focus on administrative trades that are most easily civilianized.

7. This paper's roadmap seeks to analyze and synthesize the use of contractors in the CAF. It will begin with an overview of the history of such engagements, followed by a discussion of the benefits, challenges, and dilemmas they present. This will be followed by a consideration of how contractors can be a useful tool for the CAF in addressing personnel pressures and achieving mission success in the near-term. The paper concludes with recommendations for further research and potential government action.

DISCUSSION

CANCAP: Canada's Military Support Firm

8. In the recent past, the CAF has employed Military Support Firms (MSF) to provide increased support when required. The end of the Cold War in the 1990s saw the downsizing of the CAF, but also the increase of deployed missions abroad, which led to a personnel shortage within the ranks. These factors strained the military, but especially those in support trades. In response, in 2002, the CAF established the Canadian Contractor Augmentation Program (CANCAP) “as a means to partially relieve the deployment burden on some support occupations particularly in stable, low-risk environments where military skills were not strictly required”.⁸ The CANCAP contract is pre-facilitated to provide a broad range of support logistics services, such as supply, transportation, food services, engineering, communication and information

⁸ Canada. Department of National Defence, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP)* (Ottawa: Chief of Review Services, 2006), ii.

systems, to CAF units deployed overseas.⁹ CANCAP was used in Bosnia-Herzegovina (Op PALLADIUM as a part of the North Atlantic Treaty Organization's (NATO) Stabilization Force at a 300:1200 CANCAP:Soldier ratio) and in Afghanistan (Op ATHENA in the NATO-led International Security Assistance Force at a 400:2400 CANCAP:Soldier ratio).¹⁰ As of February 2006, CANCAP cost DND \$262 million.¹¹

Evaluating CANCAP's Impact

9. CANCAP provided many benefits to the CAF during the personnel crisis in the early 2000s. CANCAP provides commanders with an option to overcome CAF limitations such as the lack of military resources and government-imposed troop ceilings; this is particularly relevant in occupations which are overstretched and cannot provide personnel to fulfill these roles.¹² DND assessed that CANCAP reduced the required number of military personnel to both Op PALLADIUM and Op ATHENA between 2003 and 2005 by approximately 1,300.¹³ Further, CANCAP was able to help alleviate "stressed" occupations between 2001-2005 by a significant margin. See Figure 3 – Health of Support Occupations (2001 and 2005). The status terminology changed between 2001 and 2005. The 2001 has a five-point scale using: Crisis, Very Poor, Poor, Fair, Good, while the 2005 has a three-point scale: Red, Amber, and Green. The colors in Figure 2 adjust for similar percentage criteria.

Code	Occupation	2001 Status	2005 Status
215	Signal Operator	Crisis	Red
226	Aero & Telecom Info Syst Tech	Crisis	Green
227	Land Comm & Info Syst Tech	Crisis	Green
411	Veh Tech	Poor	Amber
441	Mat Tech	Poor	Red
641	RM Tech	Very Poor	Green
642	Elect Distr Tech	Very Poor	Amber
643	Elect Gen Syst Tech	Very Poor	Amber
646	Plumb & Heat Tech	Very Poor	Green
647	Water, Fuel & Env Tech	Very Poor	Amber
648	Contr Tech	Fair	Green
651	Fire Fighter	Fair	Green
861	Cook	Good	Amber

⁹ Ibid, ii.

¹⁰ Ibid, 1.

¹¹ Ibid, iii.

¹² Ibid, 4.

¹³ Ibid, 13.

911	Supply Tech	Crisis	Green
935	Mobile Support Eqpt Operator	Good	Green

Figure 2. Health of Support Occupations (2001 and 2005).

Source: Canada. Department of National Defence, *Evaluation of the Canadian Forces Contractor Augmentation Program (CANCAP)* (Ottawa: Chief of Review Services, 2006), 14, Table 1. Health of Support Occupations (2001 and 2005).

Many trades in 2001 had improved by 2005—while there is no evidence to demonstrate a causal relationship between CANCAP and the recovery of stressed trades, it was able to assist in alleviating the pressure.

10. Despite CANCAP's success, it also presented some latent challenges. First, overseas CANCAP employees are limited in their role and cannot contribute to military capability; plainly, a civilian contractor is not a soldier and does not possess the same flexibility of employment or unlimited liability. This causes undue friction on the battlespace that forced military planners to revisit their doctrine concerning the employment of civilians. Second, CANCAP's use created dissatisfaction amongst those soldiers who were prevented from deploying overseas because a CANCAP contractor was available. It can be inferred that CANCAP does alleviate some of the personnel pressure for certain support occupations. At the same time, however, it does not reduce the personnel stress experienced by other occupations, and may even have unintended negative effects by limiting expeditionary deployment opportunities for those serving in uniform.¹⁴

11. In 2006, the DND ordered an evaluation of CANCAP to assist CAF leadership determine the effectiveness and possible continuation of the program. CANCAP was found to have:

proven its worth as a viable support option for consideration by military leaders against other options such as employing military personnel...while CANCAP does indeed free up military personnel, it does not replace on a one-for-one basis, and tasks remain that can only be performed by military personnel.¹⁵

Benefits of the Contracted Approach

12. Contracting-out military services has several advantages for the CAF. In this section, I highlight a benefit and then contrast the differences between employing a military Material Management Technician (MMT) and hiring a civilian General Services - Stores Services (GS-STs), which at the entry-level completes similar tasks.¹⁶

¹⁴ Ibid, 15.

¹⁵ Ibid, ii.

¹⁶ I used MMTs and GS-STs because they are typically interchangeable in garrison roles. Note that this approach would not work well in all trades given the nature of military occupations (specifically combat trades). Note that this same logic applies to Human Resource Administrators (HRA), Financial Support Administrators (FSA) and Mobile Support Equipment Operators (MSE Ops).

13. First, contracting civilian personnel conserves fighting strength and allows civilians to fulfill non-combat functions allows the military to retain uniformed personnel for field roles. Hiring additional GS-STs for garrison-specific roles allows the CAF to surge their uniformed MMTs into roles where their specialized military training is required in austere conditions.

14. Second, the monetary and temporal costs of recruiting and training military personnel to perform specific tasks are greater than hiring a civilian. The military can hire a GS-STs for far less salary and benefits than recruiting and training a military MMT.¹⁷ Similarly, the military recruiting process is much slower than the civilian hiring process, military members must take many more tests of suitability than civilian employees. In the same vein, once recruited, military members are required to complete basic training and element-specific training before they enter their trade training.¹⁸ For the civilian, once hired, there is only the trade training to complete. Hiring civilians is more efficient and more inexpensive than recruiting soldiers.

15. Third, once trained, the civilian employee does not have the distractions of training. Soldiers require routine and constant training throughout their careers, such as: physical fitness training, individual military competence training, collective military training (such as field exercises). Also, military members participate in military routines such as parades, ceremonies, and social events that would take them away from their post. A GS-STs is more productive regarding direct labor outputs than the MMT who is constantly pulled away for aspects of military life.

16. Fourth, once employed, the civilian employee is more likely to remain in their position for longer than the soldier, which provides institutional continuity and corporate knowledge within their section. Military members are routinely geographically relocated to gain experience and balance within their roles as they advance; once they leave, their experience in that sections leaves with them. In contrast, civilian employees tend to remain geographically static as they are not routinely moved and are able to provide an abundance of historically relevant knowledge to their section on a continuous basis.

Challenges of the Contracted Approach

17. The overreliance on contracted support has proven to be problematic when the demands of the military exceed the industry's capabilities. The shortage of resources during the COVID-19 pandemic and the war in Ukraine highlighted the limitations of relying on contractors, as they are often unable to provide the necessary depth of coverage to adequately support military requirements. Furthermore, contracting out support in a logistically contested environment can be expensive and can cause delays in the military's ability to respond to contingencies, as

¹⁷ GS-STs at the entry level (Level 1, Step 1) receive ~\$34,435.50 annually based on 2,087 hours of work. MMTs at the entry level (Private Trained, Standard, Pay Incentive 1) receive \$38,016 annually based on twelve months of work, a difference of \$3,581 annually. This disparity in pay only increases with seniority and does not consider the additional benefits received by CAF members.

¹⁸ Note that each of these military also presents a potential point of failure where the military member will have to recourse and be retrained, ultimately slowing the training process.

contract personnel may not be as readily available as military personnel.

18. The hiring of contractors can have a detrimental effect on personnel staffing when uniformed personnel opt to leave the military and compete for the same job, but in a civilian capacity.¹⁹ This is often seen in senior ranks where soldiers release to join again as civilians in the same job to avoid the perceived disadvantages of military life (austere conditions, geographic moves, etc.).

19. The civilian hiring process presents several potential security risks to the military due to its straightforward nature. Specifically, the rapidity of the process and the reduced number of checks can create conditions wherein individuals with malicious intentions can slip through the cracks. As such, it is imperative that the military be vigilant in ensuring that all individuals with access to sensitive information meet the highest standards of security clearance.

CONCLUSION

20. The CAF has faced a personnel crisis for some time now, and the lack of recruiting and retention, combined with the rise in operational commitments will ensure that the CAF remains under-resourced for the foreseeable future.²⁰ The CAF Reconstitution Directive aims to restore the CAF to its pre-crisis personnel status in the long-term, but in the near-term, the CAF must look for immediate solutions. CANCAP provided a historical model of how contractors provide a force-multiplying effect that helped to alleviate personnel pressure and enabled organizational balance. This paper has discussed the potential benefits and challenges of the contracted approach and ultimately highlighted that, while the contracted approach can be a viable short-term solution to the CAF's personnel crisis, it is not without its challenges and should be used judiciously. As such, it is essential that a thorough analysis be undertaken to determine the suitability of this solution before it is implemented.

RECOMMENDATION

21. This service paper has reasoned that increased contracted support might alleviate pressure in the personnel crisis. But how? And so what? Given the magnitude of the personnel crisis, it is imperative that all potential solutions be thoroughly explored simultaneously to abate near-term and long-term issues. This includes expanding the use of contractors to the highest extent possible. The following recommendations are made to ensure the success of increased contracted support to the CAF:

- a. Develop incentives to increase the amount and ease of civilian hiring to provide near-term relief while the strategic reconstitution unfolds. Hiring should focus on contracted support in the stressed administrative trades, such as MMTs, HRAs,

¹⁹ Gifford, Shane, and Canadian Forces College. "The Armed Private Military Company and the Canadian Forces: The Next Step in Contractor Support?" Canadian Forces College, 2007, 36.

²⁰ Perry, David. "The Privatization of the Canadian Military: Afghanistan and Beyond." *International Journal* 64, no. 3 (09, 2009), 702.

FSAs, and MSE Ops trades, to free up soldiers for field roles.

- b. Civilianize military trades that perform garrison functions and surge the excess military personnel into field deployable / operational roles. This has yet to be fully explored by the CAF and needs more fulsome study; several of the administrative trades need not be military trades in the contemporary operating environment. Moreover, some can be done remotely, online from outside the field environment.
- c. Deploy civilians on expeditionary tasks. A CANCAP-like program might be reinvigorated to allow military members to surge on military training institutions to increase the training of new recruits while the deployed services are provided by contractors. With this recommendation, comes the requirement to develop doctrine to ensure that civilians are effectively utilized and integrated into military operations based on the lessons learned from the CANCAP era.
- d. Implement flexible work arrangements such as part-time or remote work options for administrative trades. This could help attract and retain skilled civilian personnel who may not be able to commit to a full-time position or who prefer to work from home.
- e. Create a job-sharing program where two or more individuals share the responsibilities of a full-time position. This could help attract and retain skilled civilian personnel who may not be able to commit to a full-time position.
- f. Leverage technology such as artificial intelligence and automation to streamline administrative tasks and reduce the workload on military personnel.

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