



HOUSE OF COMMONS
CANADA

**CHAPTER 2, NATIONAL DEFENCE – MILITARY
RECRUITING AND RETENTION OF THE MAY 2006
REPORT OF THE AUDITOR GENERAL OF CANADA**

**Report of the Standing Committee on
Public Accounts**

**Hon. Shawn Murphy, M.P.
Chair**

December 2006



The Speaker of the House hereby grants permission to reproduce this document, in whole or in part for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

If this document contains excerpts or the full text of briefs presented to the Committee, permission to reproduce these briefs, in whole or in part, must be obtained from their authors.

Also available on the Parliamentary Internet Parlementaire: <http://www.parl.gc.ca>

Available from Communication Canada — Publishing, Ottawa, Canada K1A 0S9

**CHAPTER 2 NATIONAL DEFENCE – MILITARY
RECRUITING AND RETENTION OF THE MAY 2006
REPORT OF THE AUDITOR GENERAL OF CANADA**

**Report of the Standing Committee on
Public Accounts**

**Hon. Shawn Murphy, M.P.
Chair**

December 2006

STANDING COMMITTEE ON PUBLIC ACCOUNTS

CHAIR

Hon. Shawn Murphy

VICE-CHAIRS

Brian Fitzpatrick
Jean-Yves Laforest

MEMBERS

David Christopherson	Yasmin Ratansi
Mike Lake	David Sweet
Richard Nadeau	John Williams
Pierre Poilievre	Borys Wrzesnewskyj
Marcel Proulx	

CLERK OF THE COMMITTEE

Georges Etoka

PARLIAMENTARY INFORMATION AND RESEARCH SERVICE LIBRARY OF PARLIAMENT

Brian O'Neal
Alex Smith

**THE STANDING COMMITTEE ON
PUBLIC ACCOUNTS**

has the honour to present its

ELEVENTH REPORT

Pursuant to Standing Order 108(3)(g), the Standing Committee on Public Accounts has considered the Chapter 2 (National Defence – Military Recruiting and Retention) of the Auditor General of Canada's May 2006. The Committee as agreed to table this Report as follows:

INTRODUCTION

1. Although opinions may differ about the kind of missions the Canadian Armed Forces ought to embark upon, Canadians are united in their desire to support their servicemen and women; they want these men and women to receive all the assistance they need to do their work properly and – to the fullest extent possible – safely. The Committee was thus concerned that although the Department of National Defence (DND, the Department) had made improvements in recruiting and retaining military personnel since 2002, the Auditor General has found that “[d]espite some progress, the current system of recruiting is not addressing the needs of the Canadian Forces today,” adding that, with growing numbers expected to leave the Forces in the next 10 years, she was “concerned that plans to expand the forces are at risk.”¹

2. Due to its concern for the wellbeing of Canadians serving their country in uniform and the need for a robust defence capability given the current global security situation, the Committee decided to review the findings of the follow-up audit that led Mrs. Fraser to express the conclusions referred to above. Accordingly, the Committee met with the Auditor General, Sheila Fraser, on 17 October 2006, to discuss her observations and recommendations. She was accompanied by Hugh McRoberts (Assistant Auditor General) and Wendy Loschiuk (Principal) from the Office of the Auditor General of Canada. Rear Admiral Tyrone W.H. Pile, Chief of Military Personnel appeared on behalf of the Department of National Defence. He was accompanied by Brigadier General Linda J. Colwell, Director General, Personnel Generation Policy, and Commodore Roger J. MacIassac, Director General, Recruiting.

OBSERVATIONS AND RECOMMENDATIONS

The Previous Audit

3. When the Auditor General last audited military recruitment and retention in 2002, she discovered significant problems. There were critical shortages in most military occupations (many of them key support occupations such as doctors and technicians) at a time when deployments were increasing. At the same time, the Department was also confronted by the loss of many of its experienced and skilled military personnel as staff aged and members became eligible to leave. While the Department was aware of difficulties and was stepping up efforts to correct weaknesses in its recruiting system (which involves attracting applicants and assessing them for their suitability for membership in the Forces) and to improve its ability to retain personnel, many initiatives were recent and it was too early to judge their effectiveness. The Auditor General made four recommendations to assist recruitment and retention efforts and the Department agreed to implement all of them.

¹ Office of the Auditor General of Canada, Press Release, 16 May 2006.

Force Expansion

4. When the Auditor General last examined military recruitment and retention, the military had a ceiling on regular force (as opposed to reserves) membership of 60,000.² A total of approximately 57,600 men and women were serving in the Canadian Forces as of September 2001 and, of these, about 52,300 were trained and available for service, thus forming what the Department refers to as its trained effective strength. The gap between the size of the regular force and those available for deployment was, and is made up of men and women who are either not yet fully trained, or are on medical or retirement leave. In 2002, the Auditor General informed Parliament that the trained effective strength of the Canadian Forces (CF) was declining.

5. In the 2005 Budget, the Government announced that the Canadian Forces would be increased by 5,000. When the Auditor General initiated her follow-up audit in 2005, the ceiling on the size of the regular force had risen to 62,300 members. In the 2006 Budget, the Government indicated that, in addition to personnel increases already announced, it would recruit an additional 23,000 regular and reserve force personnel. When the Department released its Report on Plans and Priorities (RPP) 2006 -07, the Minister of Defence indicated that 13,000 of the 23,000 personnel increases would be for Regular Force personnel.³ In his opening statement to the Committee, Rear Admiral Pile testified that the new force expansion plans will see the CF grow to a total of approximately 75,000 regular force personnel. Under the plan, the CF will grow in phases that will lead to a total 70,000 regular force personnel by fiscal year 2010 – 2011. The remaining increase will occur in a second phase. (20:1530)

6. These numbers represent goals to be achieved after the recruitment phase has been completed and are to be maintained against a background attrition rate that currently rests at 6.5% and is forecast to increase over the period that the expansion is slated to occur.⁴ When viewed collectively, the challenges of expanding the force, fixing shortcomings in the recruitment process and maintaining (and if possible reducing) the current rate of attrition represent an enormous task.

The Follow-Up Audit

7. In 2005, the Auditor General revisited the issue to assess the progress being made by the Department. The Committee was pleased to learn that, for the most part, her findings were positive. The Department had managed to halt the decline in its trained effective strength (fully trained military personnel ready for deployment), had strengthened its recruiting process, and has kept attrition (losses of personnel) to within their normal limits.

² Office of the Auditor General of Canada, *Report of the Auditor General, April 2002*, Chapter 5, paragraph 5.7 .

³ Department of National Defence, *Report on Plans and Priorities 2006-07*, Minister's Statement.

⁴ Office of the Auditor General of Canada, *Status Report*, May 2006, Chapter 2, paragraph 2.23

8. The Committee is satisfied that the Department understands the nature of the challenges it faces and is fully cognisant of the urgent need to fix remaining problems. The Committee also acknowledges the Department's acceptance of the Auditor General's recent observations and its intention to fully implement her recommendations, which the Committee also wholeheartedly supports. The Committee firmly believes that the Department would facilitate implementation of these recommendations and enable Parliament to assess its progress through the development and application of an action plan. The Committee therefore recommends that:

RECOMMENDATION 1

That the Department of National Defence develop a detailed action plan for the implementation of the recommendations made by the Auditor General in chapter 2 of her May 2006 Status Report. The steps in this plan must be clearly linked to each recommendation, include implementation dates and performance indicators, and be tabled with the Committee by 31 March 2007.

RECOMMENDATION 2

That the Department of National Defence report progress in the implementation of its action plan to strengthen the recruitment and retention of military personnel in its annual Departmental Performance Report, beginning with the Report for the period ending 31 March 2007. The Department should also report progress in implementing its national recruiting attractions plan as well as its strategic guidance on national recruiting. In making this information available to Parliament, the Department must make clear reference to the outcomes that are being achieved.

Recruitment and Retention

9. The recruitment process begins with efforts to attract new members, usually through advertising, while a second phase consists of evaluating applicants to determine their suitability for membership in the Canadian Armed Forces. The follow-up audit found that approximately one third of those who apply are eventually accepted into the Canadian Forces. Although this demonstrates that successful applicants must meet high standards, it is also a sign that there are problems in the process itself.

10. Audit results show that about 28 percent of applicants do not complete the process because they have voluntarily withdrawn their applications or because

recruiters have lost contact with them.⁵ An exhibit included in the Auditor General's report (Exhibit 2.7) lists the delays in the recruiting process that can serve to discourage applicants; while some of these factors (such as security requirements) may be unavoidable, others should be eliminated or reduced. The Committee was therefore pleased to hear that the Department is streamlining parts of the process and that Rear-Admiral Pile testified that the Department will be able to make an offer to 30 percent of applicants within five days while the remainder will receive an offer within thirty days. (20:1600). This is clearly a step in the right direction and the Committee recommends that:

RECOMMENDATION 3

That the Department of National Defence establish a formal commitment to process applications for membership in the Canadian Armed Forces within thirty days, ensure that all applicants are made aware of that commitment and report its progress in meeting those goals in its annual Departmental Performance Report.

11. The Committee notes that the Department has had difficulties in meeting its targets for recruiting Aboriginal Canadians, women, and visible minorities. As Rear-Admiral Pile pointed out, as Canada becomes more diverse and relative size of the Department's traditional source for recruits becomes smaller, more attention needs to be paid to new sources for military personnel. Yet the follow-up audit clearly shows that the Department's efforts to attract recruits from diverse groups are not meeting with success. Indeed, the evidence portrayed in exhibit 2.5 demonstrates that the recruitment of women, visible minorities, and Aboriginal groups is below the Department's own targets and is declining.

12. When asked by the Auditor General, the Department was unable to produce a policy to attract diverse members from specifically identified groups.⁶ The Committee believes that the Department's activities in this regard are hindered by the absence of a policy that would direct and co-ordinate its efforts. Accordingly, the Committee recommends that:

RECOMMENDATION 4

The Department of National Defence develop a policy to guide its efforts to attract recruits from specifically identified groups. This policy must include a clear accountability framework for achieving results and be completed and begin implementation by 1 April 2007.

⁵ Ibid, paragraph 2.35.

⁶ Ibid, paragraph 2.30.

13. Rear-Admiral Pile informed the Committee that the Department has recently increased its advertising budget from \$5 million to \$15.6 million in order to attract more applicants. Nevertheless, he had to admit that the Department does not have “scientific performance measurements that show the return on investment for advertising dollars spent.” (20:1530) Indeed, the Auditor General did not find a link between a 2001-02 drop in advertising expenditures and a decline in applications to join the military and evidence shows that applications continued to increase in the face of reductions.⁷ In order to justify a three-fold increase in advertising expenditures and to ensure that these expenditures achieve desired goals, the Department should know more about the impact of advertising on its recruitment activities. The Committee thus recommends that:

RECOMMENDATION 5

That the Department of National Defence record and evaluate the results of its advertising activities, report the results in its annual Departmental Performance Reports beginning with the Report for the period ending 31 March 2007, and make the appropriate changes to its advertising campaign and related expenditures.

14. During the meeting with witnesses, Committee members expressed concerns about the Department’s ability to recruit and retain military personnel whose first language is French. The Auditor General indicated that her audit had not examined this aspect of recruitment and retention and was thus not able to provide information or comment. For its part, the Department asserted that the selection process is conducted in the language of the applicant’s choice, that training is provided in both official languages but that there are limitations as recruits progress through the Canadian Forces, and that it was unaware of whether the availability of first language education for the children of CF members is a factor in decisions to leave the forces. From the Committee’s perspective, the relationship between the ability to function in one’s first language and recruitment and retention deserves consideration. The Committee therefore recommends that:

RECOMMENDATION 6

The Department of National Defence confirm that all of its recruiting offices have the capacity to deal with potential recruits in the official language of their choice and, where it finds gaps, take immediate corrective action.

⁷ Ibid, paragraph 2.32, Exhibit 2.6.

RECOMMENDATION 7

That, in the surveys it conducts among those leaving the Canadian Forces, the Department of Defence include questions designed to determine whether language issues or problems linked to the availability of first language educational facilities are factors in decisions taken to leave the Forces before full service is completed. Immediate corrective action should be taken depending on survey results.

15. The Committee notes that the Department has not been able to meet its recruitment targets for women and that the number of women recruited into the military has steadily declined since 2002.⁸ Despite assurances from Rear-Admiral Pile that women “generally ... are very happy with the way they are treated in the Canadian Forces,” (1615), the Committee was unable to obtain confirmation or denial that their rate of attrition is higher than men’s, or explanations of the factors behind their decisions to leave. Accordingly, the Committee recommends that:

RECOMMENDATION 8

The Department of National Defence determine the rate of attrition for female members of the Canadian Forces and, in its exit surveys, seek to establish which factors prompt female members to leave the Forces before full service is completed. The results, along with corrective measures taken to encourage women to complete their full service should be reported in the Department’s annual Performance Reports, beginning with the Report for the period ending 31 March 2008.

16. A key to resolving problems in the area of retention is knowing why members of the Canadian Forces leave before completing their full service. As noted, the Department is making use of exit surveys for this purpose, an endeavour which the Committee supports. The Committee believes that parliamentarians require access to the information generated by such surveys in order better understand the challenges facing the Department and the efficacy of its corrective measures. The Committee therefore recommends that:

⁸ Ibid, paragraph 2.28, also Exhibit 2.5.

RECOMMENDATION 9

The Department of National Defence begin to report the results of the exit surveys it conducts among members of the Canadian Forces in its Departmental Performance Reports beginning with the Report for the period ending 31 March 2007. References to the methodology and scope of the surveys should be included.

17. The Committee recognizes that keeping military personnel until the age of retirement represents a considerable problem for the Department. Considerable amounts of money and time are invested in training personnel to the point at which they become ready for deployment. After the post-basic training has been completed, members of the Canadian Forces have skills that are in high demand outside the military. The active involvement of Canadian Forces in combat operations has strengthened the need for fully trained personnel while making careers elsewhere more attractive.

18. The Committee is pleased to note that the Department has been developing measures to combat attrition; the age of compulsory retirement has been raised from 55 to 60, terms of service have been updated, the eligibility to receive a pension has been extended from 20 to 25 years of service, and the practice of giving lump sum payments who leave after nine years of service has been ended. The Department has also directed that all eligible members who have completed 20 years of service be offered an extension. The Department needs to monitor and assess the outcomes it is achieving through these measures and adjust its tactics accordingly. The Committee accordingly recommends that:

RECOMMENDATION 10

That the Department of National Defence establish a target for the maximum acceptable rate of attrition of its trained effective strength and monitor the performance of the package of measures it has instituted to meet that target. The Department should begin to report its progress in its annual Departmental Performance Report beginning with the report ending 31 March 2007.

19. A factor which further exacerbates attrition is the effort, from 1994 to 2000, to reduce the size of the Canadian Forces as one of the steps taken to eliminate the government's deficit. To meet its targets for smaller armed forces, the Department implemented a force reduction plan which encouraged members to take early retirement. In addition, during this period, the Canadian Forces recruited fewer than half the number of people it lost. The combined effect of lower recruitment and earlier retirement created a force reduction plan bubble

whose effects are now beginning to be felt. Since members with 15 years or more service are, or soon will be, eligible to retire constitute approximately 50% of the Canadian Forces, this leaves open the very real possibility that the CF will lack sufficient numbers of trained, experienced personnel to replace those that are leaving.

20. In response to questioning about this problem, Rear-Admiral Pile stated that the Canadian Forces is advancing qualified individuals into managerial positions and “bringing in people that have retired back in as reservists to fill some of these positions.” (20:1605) The Committee believes that it is imperative that the Department increase its efforts to address problems associated with the force reduction plan bubble, and recommends that:

RECOMMENDATION 11

The Department of National Defence take all appropriate measures needed to compensate for the effects of the force reduction bubble, including recruitment of individuals already possessing the skills needed to fill key positions and accelerating the promotion of qualified individuals already serving in the Canadian Forces to fill vacant positions.

21. The Committee was also pleased to learn that the Department has clarified and consolidated authority and accountability for military recruitment in the hands of the Chief Military Personnel (formerly the Assistant Deputy Minister of Military Human Resources) and located this officer in a new entity, Military Personnel Command.

22. However, the Committee also notes that the Department failed to make satisfactory process in implementing a recommendation from the Auditor General’s 2002 Report that it “ensure that its human-resource management information is accurate and up-to-date.”⁹ In testimony before the Committee, the Auditor General pointed out that the Department has three different human-resources management information systems and that all contained different data. (20:1710)

23. The lack of an accurate source of human-resources data cannot facilitate the work of the Chief Military Personnel and stands in the way of Parliament’s ability to obtain information needed to properly understand and scrutinize the Department’s challenges and successes in attracting and retaining military personnel. The Committee therefore recommends that, as a priority,

⁹ Ibid, Exhibit 2.1 .

RECOMMENDATION 12

The Department of National Defence take immediate steps to consolidate and strengthen its human-resources management information system based on a detailed action plan that includes a target implementation date. The Department should provide the Committee with a copy of this plan no later than 1 April 2007.

CONCLUSION

24. Effective recruitment and retention have assumed an even greater importance in light of Canada's commitment to provide combat troops in Afghanistan. At the time of writing, approximately 42 Canadian armed services personnel have lost their lives while on mission in Afghanistan; numerous others have been wounded and families, loved ones, communities, and, indeed, all Canadians have been deeply affected. During deployments, such as the one in Afghanistan, military personnel must be able to rely on one-another for their safety, survival, and ultimately, for their success. This, in turn, means that an adequate recruitment and retention process must be in place to ensure that military personnel have the properly trained, experienced support that they need to do their jobs. Any breakdown or shortcoming in these processes compromises the safety of in-theatre personnel and makes it more difficult for them to complete their mission. Poorly functioning recruitment and retention systems in such circumstances, quite simply cannot be tolerated.

25. The Auditor General's findings and the response of the Department of National Defence are encouraging, as is the Department's willingness to provide an accurate description of the challenges it is facing in its reports to Parliament. However, the Department responded positively to all of the Auditor General's 2002 recommendations and made commitments to implement them. The follow-up audit found that satisfactory progress had only been made on two of the four recommendations. Now that the Department is again responding positively to the latest series of observations and recommendations, it must ensure that good intentions are matched by implementation and performance that is both measured and reported. The safety and effectiveness of Canada's men and women in uniform deserve no less.

Witnesses List

Chapter 2 of the May 2006 Report of the Auditor General of Canada on National Defence - Military Recruiting and Retention

Organizations and Individuals	Date	Meeting
Department of National Defence Linda Colwell Director General Personnel Generation Policy	2006/10/17	20
Department of National Defence Roger MacIsaac Director General Recruiting	2006/10/17	20
Department of National Defence Tyrone Pile Chief Military Personnel	2006/10/17	20
Office of the Auditor General of Canada Sheila Fraser Auditor General of Canada	2006/10/17	20
Office of the Auditor General of Canada Wendy Loschiuk Principal	2006/10/17	20
Office of the Auditor General of Canada Hugh McRoberts Assistant Auditor General	2006/10/17	20

REQUEST FOR GOVERNMENT RESPONSE

In accordance with Standing Order 109, the Committee requests that the Government table a comprehensive response to the report.

A copy of the relevant *Minutes of Proceedings* ([Meetings Nos. 5, 13, 19, 20, 28, 29 and 30 including this report](#) is tabled).

Respectfully submitted,

Hon. Shawn Murphy, M.P.
Chair

MINUTES OF PROCEEDINGS

Meeting No. 30

Tuesday, November 28, 2006

The Standing Committee on Public Accounts met at 3:27 p.m. this day, in Room 269, West Block, the Chair, the Hon. Shawn Murphy, presiding.

Members of the Committee present: David Christopherson, Brian Fitzpatrick, Jean-Yves Laforest, Mike Lake, Hon. Shawn Murphy, Richard Nadeau, Pierre Poilievre, Yasmin Ratansi, David Sweet, John Williams and Borys Wrzesnewskyj.

In attendance: Library of Parliament: Brian O'Neal, Analyst; Alex Smith, Analyst.

Witnesses: As an individual: Arthur Kroeger.

Pursuant to Standing Order 108(2), the Committee resumed its study on the Review of the Roles and Responsibilities of the Treasury Board Secretariat.

The Committee proceeded to the consideration of matters related to Committee business.

Arthur Kroeger made an opening statement and answered questions.

At 4:31 p.m., the sitting was suspended.

At 4:32 p.m., the sitting resumed *in camera*.

The Committee resumed consideration of draft report no. 11, Chapter 2, National Defence - Military Recruiting and Retention of the May 2006 Report of the Auditor General of Canada.

It was agreed, — That the final report (as amended) on Chapter 2, National Defence – Military Recruiting and Retention, of the May 2006 Report of the Auditor General of Canada be adopted as the Eleventh report of the Standing Committee on Public Accounts.

That the Clerk be authorized to make such editorial and typographical changes including the approved ones as necessary, without changing the substance of

the Report.

That the Chair be authorised to table the Report in the House.

That, pursuant to Standing Order 109, the Committee request that the Government provide a comprehensive response to this Report.

The Committee resumed consideration of draft report no. 12 on Public Accounts of Canada 2006.

It was agreed, — That the final report (as amended) on Public Accounts of Canada 2006 be adopted as the Twelfth report of the Standing Committee on Public Accounts.

That the Clerk be authorized to make such editorial and typographical changes including the approved ones as necessary, without changing the substance of the Report.

That the Chair be authorised to table the Report in the House.

That, pursuant to Standing Order 109, the Committee request that the Government provide a comprehensive response to this Report.

At 5:09 p.m., the Committee adjourned to the call of the Chair.

Georges Etoke
Clerk of the Committee