



Fifteenth Annual Report

to

the Prime Minister

on

the Public Service of Canada

Kevin G. Lynch

Clerk of the Privy Council and
Secretary to the Cabinet

For the year ending March 31, 2008

Canada

BACK COVER



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Clerk of the Privy Council and
Secretary to the Cabinet



Greffier du Conseil privé et
Secrétaire du Cabinet

Ottawa, Canada
K1A 0A3

March 17, 2008

Dear Prime Minister:

In my role as Head of the Public Service of Canada, I have the honour to submit to you the Fifteenth Annual Report to the Prime Minister on the Public Service of Canada, in accordance with the provisions of section 127 of the Public Service Employment Act.

The theme of this document, as it was for the Fourteenth Annual Report, is renewal of the federal public service. It reports on progress achieved over the last year on the renewal agenda, and sets out the areas we will concentrate on over the coming year.

The second report of the Advisory Committee on the Public Service, which was released in February 2008, is included as an annex to this Report. As you know, the Committee has been active in challenging us and identifying priorities on public service renewal.

The public service operates in an increasingly complex environment marked by demands for faster, smarter responses, and greater accountability. At the same time, we are adjusting to increased retirements of experienced public servants and recruiting and developing the next generation. Meeting these challenges is the essence of renewal.

Your support, Prime Minister, for public service renewal to ensure that the Public Service of Canada is a non-partisan, excellent, diverse and dynamic institution is essential and appreciated. You can be assured of the strong commitment within the public service to renewal so that we can continue serving Canadians with integrity and distinction.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Kevin G. Lynch".

Kevin G. Lynch

Canada 

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Serving With Pride, Delivering on Excellence

I. Introduction

This is the fifteenth report by the Clerk of the Privy Council to the Prime Minister on the Public Service of Canada, and the third since I became Clerk of the Privy Council and Head of the Public Service in March 2006.

In my first two reports, I spoke of my personal commitment to the federal public service and my belief in its fundamental importance to Canada and Canadians. The opportunity to serve our fellow citizens, to try to make a difference to our country, is what has long attracted Canadians to public service.

To continue to attract and retain such Canadians in the Public Service of Canada, and to provide high quality public services and policy advice in the years to come, is why public service renewal is so important to all of us, both public servants and the Canadian public.

Purpose of This Report

In last year's report I set out what I saw as the future direction of the federal public service, and the priorities for public service renewal. This report reaffirms the necessity of renewal, reports on our progress, and looks forward to where we need to focus over the coming year and beyond.

Renewal is not about fixing something for all time but updating what we do and how we do it in order to remain relevant and effective now and into the future. It is about keeping the institution of the public service dynamic, fresh and respected. And renewal is not something others do; the

impetus for renewal has to come from within, and it has to involve all of us.

Last year, underscoring the importance of renewal, the Fourteenth Report said:

...if the Public Service, as a core national institution, does not renew itself for the future as well as current service to the government and people of Canada, it risks becoming less relevant, less useful and less respected as the years go by. If we do not commit ourselves to a continuing process of renewal, the Public Service will not remain a creative national institution, central to the governance and development of our country.

The reaction to the challenge of renewal from across the public service over the past year is very encouraging. The Deputy Ministers Committee on Renewal is focusing senior-level attention on priorities for renewal. As well, from departmental management groups, to Federal Councils and networks of functional communities and youth, to individual public servants, awareness is rapidly rising, and progress is being made. This reflects a real team effort.

Renewal in the public service has benefited greatly from the work of the Prime Minister's Advisory Committee on the Public Service, which released its second report in February 2008, and the Advisory Committee on Senior Level Retention and Compensation, which delivered its ninth report in January 2008. I am very appreciative of the time and commitment of the distinguished Canadians who serve on these Committees.

Structure of This Report

This report has six sections and three annexes.

Following this introduction, Section II elaborates on why renewal matters, and the factors driving renewal. Section III sets out the framework for renewal, organized into four priority areas.

Section IV summarizes the progress we have made over the past year in regard to the action plan to which Deputy Ministers committed following last year's report. It also highlights some examples of innovative departmental initiatives.

Section V looks forward to 2008-09 and beyond, including our response to the second report of the Prime Minister's Advisory Committee. It is followed by a brief concluding section.

Finally, the three annexes contain a demographic profile of the public service over the last 25 years, a detailed progress report on 2007-08 renewal commitments, and the Second Report of the Prime Minister's Advisory Committee on the Public Service.

II. Why Public Service Renewal Matters

Throughout my career I have made a practice of meeting across the country with leaders from all sectors of our economy and society. While they have never hesitated to share their criticisms of government, including the public service, I have been struck always by their recognition of the importance of a top-notch public service to Canada's success as a country.

International research certainly supports this view, most recently expressed by the OECD [Organization for Economic Cooperation and Development], that “good, effective government is crucial to a well-functioning economy and society.” And distinguished journalists and commentators such as Thomas Friedman have also echoed this view: “One of the most important and enduring competitive advantages that a country can have today is a lean, efficient, honest civil service.” A professional, competent, and non-partisan public service has been, and must remain, part of the Canadian advantage.

Renewal is about making sure that the federal public service preserves and strengthens its capacity to contribute to Canada’s successes through the delivery of excellent public services and policy advice. We face two key challenges in this regard: first, an aging workforce nearing retirement in substantial numbers, especially at the senior levels; and second, the increasing complexity of the issues affecting Canada and its place in the world.

The Prime Minister’s Advisory Committee neatly captured the challenges we face: “The world in which the federal Public Service operates has become more complex and ...unpredictable....This new environment is characterized by an aging population, a globalized economic landscape, ever-changing information and communications technologies, the emergence of new horizontal issues, and changing public attitudes to government.” To continue to serve Canadians with excellence in the 21st century will require new approaches, new thinking and a new generation of public service leaders.

The Demographic Imperative

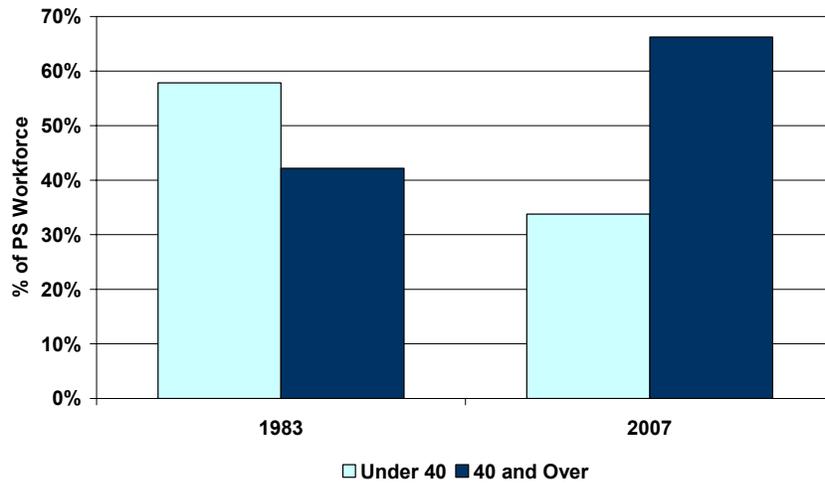
The federal public service is facing major demographic pressures. While the core public service of today is the same size as it was in 1983, we have aged considerably.

Today, 66% of the public service is over 40 years of age compared to 42% in 1983 (see Figure 1). Moreover, more than one-quarter of the public service population will be eligible to retire without penalty by 2012, and almost half of our current executives will be eligible to retire in the same time frame. While actual retirements usually lag eligibility by a few years, we are clearly facing major staff turnover.

In Annex 1, a detailed perspective is provided on the demography of the public service and its executives over the 25-year period from the early 1980s to today. This sets out a comprehensive picture of important trends in the Public Service of Canada.

Managing renewal must take account of three key demographic factors. First, the public service is competing for talent in the strongest national labour market in 35 years. There are many other organizations, from businesses to universities to non-governmental organizations that are actively competing to recruit Canada's top university and community college graduates. At the same time, the information revolution and new areas for government involvement have combined to increase government demands for knowledge workers. Second, as the demographic profile indicates, Canada is becoming more diverse and the public service needs to make additional efforts to reflect this growing diversity. Third, the low level of recruitment during the 1990s means that we have a largely missing generation of future leaders, and hence we will be managing a transition to a considerably younger and less experienced generation of managers and leaders.

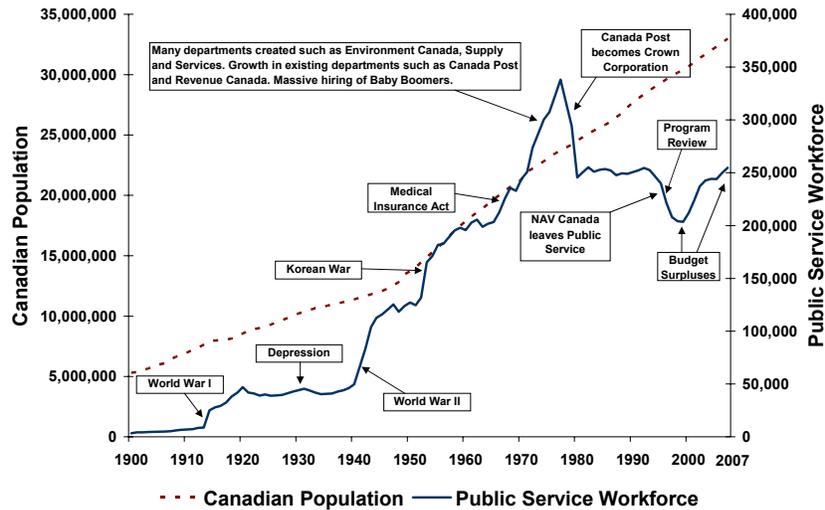
**Figure 1: Change in Public Service Age Profile
1983 versus 2007**



The Dynamic Imperative: The Only Constant is Change

Each generation of public servants has been stretched to meet new demands dictated by the circumstances of the times. Figure 2 portrays the size of the federal public service relative to the Canadian population as these have evolved over the past century. From this perspective, size is an indicator, albeit imperfect, of the waves of change in the public service resulting from wars, the growth of social programs, organizational restructuring, and the impact of deficits and surpluses.

Figure 2: Changes in the Public Service Workforce: 1900-2007



In a February speech to public servants in Vancouver, I underscored this dynamic: “The reality is that the Public Service of today is Canada’s largest, most complex institution, with over 250,000 employees, more ‘lines of business’ than any Canadian private sector organization, more ‘points of service,’ both nationally and internationally, and ongoing pressures to revamp our ‘product lines’ in response to demands of a changing world.”

The public service of 2008 is not the same public service I joined in 1976—consider, for example, the progress toward greater gender balance in senior management (fewer than 5% of executives in 1983 were women, compared to 40% today), the much more diverse workforce, a sharper focus on service standards, and much greater public accountability to name a few changes.

But the public service needs to adapt more readily to change. We deliver services to citizens and advice to government. Citizens expect timely, efficient and fair access to information and services, as well as good value for money spent. The government seeks policy advice that is objective, imaginative and well-informed. While this is not new, what have been changing are the circumstances. Citizens want the public service to meet or exceed standards of accessibility, speed and quality prevalent in the best parts of the private sector. Policy makers see the increasing complexity, interconnectedness and global nature of issues, and expect us to be ahead of the pack, not just average. Parliamentarians and the public want greater transparency and accountability.

And expectations for the public service matter. Like any large organization, the public service cannot be error free. Over the years, we have shifted from a culture of risk management to a restrictive “web of rules,” which impedes our effectiveness and piles up checks and hurdles out of all proportion to the risks they are aimed to prevent. Finding the right balance is crucial.

III. The Framework for Public Service Renewal

In last year’s Report, four broad priority areas for renewal were identified. These were *planning, recruitment, employee development and enabling infrastructure*.

Planning

The foundation for shaping the public service workforce we need is a clear understanding of what skills and knowledge are needed to meet departments’ business objectives, both now and into the future. Business planning and human resource planning have to go hand in hand. Without this,

recruitment and employee development will be largely ad hoc and short term.

As an example of the importance of integrated planning, over the past 25 years there has been a striking shift in the occupational makeup of the public service toward more “knowledge intensive” work. Indeed, as Figures 3A and B indicate, computer specialists are now five times more numerous than in 1983 and economists three times. Conversely, clerical positions have declined from about 24% to 14% of the public service and there are 95% fewer secretarial workers. However, business and human resource planning in the public service has tended to lag rather than shape these changes.

Figure 3A: Relative Growth of Key Classification Groups

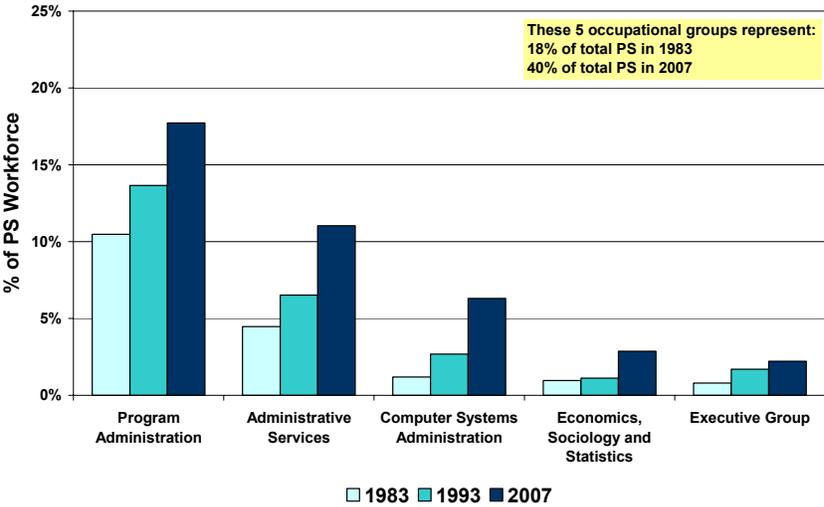
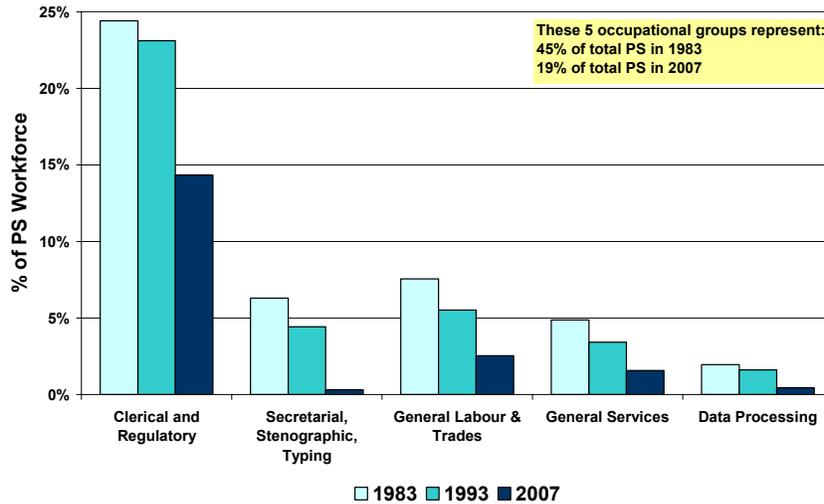


Figure 3B: Relative Decline of Key Classification Groups



Recruitment

Recruiting the best possible talent to the public service is indispensable to our long-term capacity to serve Canadians with excellence. Between replacing retirees and responding to increased demands in such areas as security and health, we have been recruiting between 12,000 and 15,000 new employees per year since 2000.

To attract Canada's best to the public service we need to restructure our approaches to recruitment. There has to be more emphasis on direct hiring by departments, especially of recent post-secondary graduates, into indeterminate positions. Our interaction with prospective employees has to change by making our processes faster and better, and deploying senior officials on university and college campuses to explain what we do and why it matters. And, we need to cast a wider recruitment net, ensuring that our hiring reflects the diversity that is Canada.

Employee Development

The development of public servants as leaders, managers, professionals and empowered employees is central to a high performance institution. This demands targeted investments by the Public Service of Canada, as well as the personal commitment of employees. Such development must occur in the context of careful attention to assessing performance, and managing talent.

Our performance in coming years will depend hugely on the skills, knowledge, seasoning and judgment of our employees, and on how well they grow as leaders and knowledge workers. We need to intensify our attention to employee development.

Enabling Infrastructure

Management in the public service is hampered by a weak enabling infrastructure—neither our tools nor our systems are efficient, let alone best-in-class.

Correcting this deficiency will take some years, and significant effort. We need to improve the governance of human resources, simplify reporting, and make sure that the basics in areas like staffing and information systems work much better.

IV. Progress on Public Service Renewal During 2007-08

Consistent with this framework for renewal, and after extensive consultations with the Deputy Minister community, 14 specific renewal commitments were established for 2007-08. Setting measurable objectives and monitoring progress are essential elements of our approach to renewal.

The commitments for last year are listed in detail in Annex 2, along with the results achieved on each. Below is a summary of our progress.

With respect to **Planning**, Deputy Ministers committed to prepare plans that integrate their human resources requirements with their business objectives and financial realities.

- 35 Deputy Ministers (out of 36 covered by these commitments) reported having such integrated plans in place, as well as distributing them to their employees and putting them on their website, or have undertaken to do so by the end of March 2008.

For **Recruitment**, we set a goal of 3,000 for direct indeterminate hiring of recent post-secondary graduates, as well as specific targets for hiring within the human resources, information services and financial communities.

- As of March 2008, at least 4,000 recent post-secondary graduates have been recruited or given offers for an indeterminate appointment in the public service. I am pleased by the increased personal involvement of senior public servants in recruitment. However, some specific recruitment targets for functional specialties have slipped a bit.

With respect to **Employee Development**, the focus was on instilling the practice of employees and their supervisors agreeing on learning plans, on creating talent management plans, on providing top level leadership development, and on strengthening performance management.

- 30 of 36 Deputy Ministers have indicated that at least 90% of their employees will have learning plans in place by March 2008.

- Talent management plans for over 300 Assistant Deputy Ministers or equivalents were completed by March 2008.
- The Advanced Leadership Program for promising leaders was launched in October 2007, with 25 participants.
- Performance management assessments for Deputy Ministers and Associates were dramatically overhauled over the past year, and the Advisory Committee on the Public Service views them as among best-in-class.

For **Enabling Infrastructure**, progress has been slower. We set several modest targets relating to the speeding up of access to second language testing, transfer of employee records, greater use of generic job descriptions, and lighter reporting demands on departments.

- The Public Service Commission has exceeded the goal of reducing wait times for access to second language oral interaction testing by 50%.
- Generic job descriptions have been completed for the Computer Science group (distilling 1,500 job descriptions into 37), and similar work is well advanced in the Personnel Administration group (reducing 2,000 job descriptions to as few as 19).

In addition, departments have undertaken their own renewal initiatives. Among the more noteworthy department-specific examples are:

- *Collective staffing at Health Canada* – Health Canada recently completed a large collective staffing process for clerical and junior administrative staff. About 8,000 external applicants were screened, tested,

interviewed, security cleared, and tested for second language capacity in a matter of four months, resulting in over 400 qualified candidates.

- *Executive development at Citizenship and Immigration Canada* – This program addresses the crucial transition to the executive level. Over the first two years after appointment, new executives are required to complete activities that build a shared understanding of the department’s business.
- *Service Canada College* – As the federal government’s premier delivery channel for direct services to Canadians, Service Canada established its own “corporate university” with high quality courses and a uniform curriculum contributing to building solid customer relations management skills for front-line staff.
- *Technology for collaboration at Natural Resources Canada* – The department has used state-of-the-art information and communications technology to promote collaborative approaches to work. Creative use of podcasting and blogs, and the experimental use of “wikis” in developing briefing notes are helping to break down silos, and engage younger employees.
- *Succession planning at the Canada Revenue Agency* – The Agency has extended succession planning beyond executives to include mission-critical positions at all levels. Formal discussions among senior managers each year ensure that top talent is spotted early and nurtured.
- *Targeted recruitment at the Canadian Food Inspection Agency (CFIA)* – As Canada’s largest employer of veterinarians, CFIA has moved to build long-term recruitment relations with the major

veterinary colleges using internships, summer employment and bursaries (in return for focusing on academic work directly relevant to CFIA) to attract promising students.

- *Increased focus on outreach beyond government at International Trade* – The Deputy Minister for International Trade has embraced the importance of active outreach as a key aspect of renewal. Working with her management team, they have participated in close to 200 meetings with companies across Canada and abroad, with universities and industry associations, as well as in roundtables and major international conferences.

These 2007-08 renewal results are encouraging, at both the corporate and departmental levels.

V. Focus of Renewal Efforts for 2008-09 and Beyond

For the coming year, our approach will be to deepen and extend our renewal actions in the four priority areas set out in the framework for renewal, and to respond to the recommendations of the Prime Minister's Advisory Committee in its Second Report. As last year, we will establish specific commitments for 2008-09 after consultation with the Deputy Minister community and other key stakeholders. But as well, to be effective on renewal, we need to encourage the active engagement of managers and employees throughout the public service.

Pushing Ahead on the Framework for Renewal in 2008-09

The **Planning** objective will be to extend the coverage and improve the quality of the plans of departments and agencies, in terms of rigour, concreteness and clarity of the link between business and people management goals.

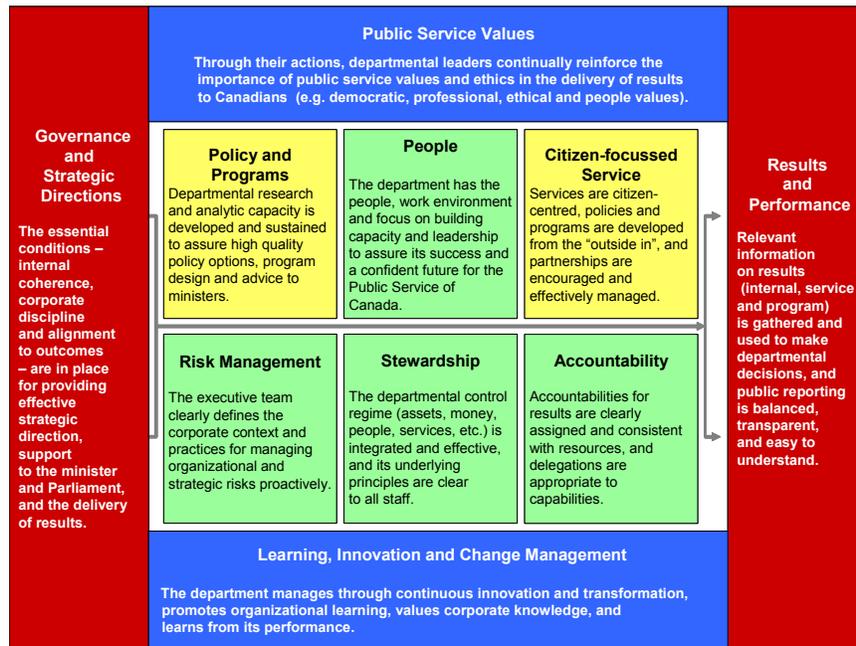
Branding is a way of expressing the total value proposition to current, new and prospective employees. A public service 'brand' is a clear articulation of who public servants are and what they do – professional, ethics and values driven employees who deliver sound policy and advice to the Government and services to Canadians. The public service brand should promote a culture of pride and engagement across the public service and help attract future employees, and public service renewal.

Ninth Report of the Advisory Committee on Senior Level Retention and Compensation, January 2008

Having exceeded our 2007-08 target of 3,000 for direct indeterminate **Recruitment**, we will set a higher recruitment goal for this year. We will also emphasize ensuring the development of essential skills and experience among new recruits. Finally, we will follow up on the advice of the Advisory Committee on Senior Level Retention and Compensation (cited in the box above) that defining and communicating the public service brand – who we are and what we do – is critical to successful recruitment and retention.

Development will focus on improving employee learning plans, as well as strengthening performance management for executives in response to the recommendations of the Prime Minister's Advisory Committee on the Public Service. With the Management Accountability Framework (MAF) now in place, we believe we have a sound conceptual foundation on which to manage performance and accountability.

Figure 4: Management Accountability Framework



This year we will focus on setting clearer performance objectives, on reviewing performance throughout the year, on refining our evaluation of people management, and on dealing more rigorously with weak performance.

Enabling Infrastructure is an area that has so far received less attention than it deserves. Three areas will be the immediate focus of our attention.

- *Staffing* – This year, we will work closely with line managers to build a thorough understanding of how to accelerate getting the right people into jobs at the right time, using the flexibility offered by the new Public Service Employment Act. We will also broaden the use of generic job descriptions to reduce the burden of classification, spread the use of “fast tracking” for more routine staffing transactions, and

deploy the new technology for the electronic transfer of employee records.

- *Systems* – This year, as one element of scaling back the web of rules, we are implementing the recommendations of the 2007 Blue Ribbon Panel on Grant and Contribution Programs, reducing the administrative burden for both recipients and government. We will also start to tackle our outmoded back-office processes, including modernizing our pay system to ensure that all employees get paid on time.
- *Employee Surveys* – The federal public service invited employees to respond to a comprehensive workplace questionnaire in 1999, 2002 and 2005. This year we will undertake a fourth round of the Public Service Employee Survey of all employees. In line with best practice, we will also develop a targeted, on-line annual survey, which will begin by the first quarter of 2010.

Responding to the Prime Minister's Advisory Committee

A key recommendation of the Second Report of the Prime Minister's Advisory Committee on the Public Service is the necessity of getting human resources governance and accountability right. Their conclusion is that the "authority and accountability for human resources management in the Public Service should be primarily the responsibility of Deputy Ministers," and that the current overlap and duplication among departments and agencies dealing with human resources has to be cleared up.

I believe that the Advisory Committee's critique of the excessive complexity and lack of clarity of the current arrangements for human resources governance is well founded.

...the Human Resources governance structure is overly complex, with multiple players and a resulting burden of duplicative and often unnecessary rules....In government, it is Deputy Ministers...who are the managers of people. The principal role of Central Agencies should be to establish expectations...without the heavy hand of excessive control.

Second Report of the Prime Minister's
Advisory Committee on the Public Service,
February 2008

First, there should be no ambiguity about Deputy Ministers having the primary responsibility and accountability for managing their employees. They are best placed to identify the skills and knowledge their business requires, to select those most suitable to meet these needs, to see to their employees' development, and to assess and manage performance.

Second, central human resource agencies should only undertake those roles that must be carried out corporately, and the overlaps and unclear accountabilities among these agencies need to be sorted out. Necessary central roles include defining the broad framework for people management, tracking and assessing overall performance and the state of the public service, establishing common systems, and being responsible for the compensation framework.

Third, implementation of this realignment of roles and responsibilities will permit a shift of resources from these central agencies to departments.

The second recommendation of the Advisory Committee focused on strengthening performance management, particularly the importance of establishing clearer objectives, and dealing more rigorously with poor performance.

The current governance structure for human resources management, with its lack of clear accountabilities, is not sustainable. We will act to simplify the structure and clarify the accountabilities as recommended by the Advisory Committee. We will also develop specific initiatives to strengthen performance management, including dealing better with poor performance. This will build on last year's work which strengthened the performance management system for Deputy Ministers and Associates.

Looking Forward

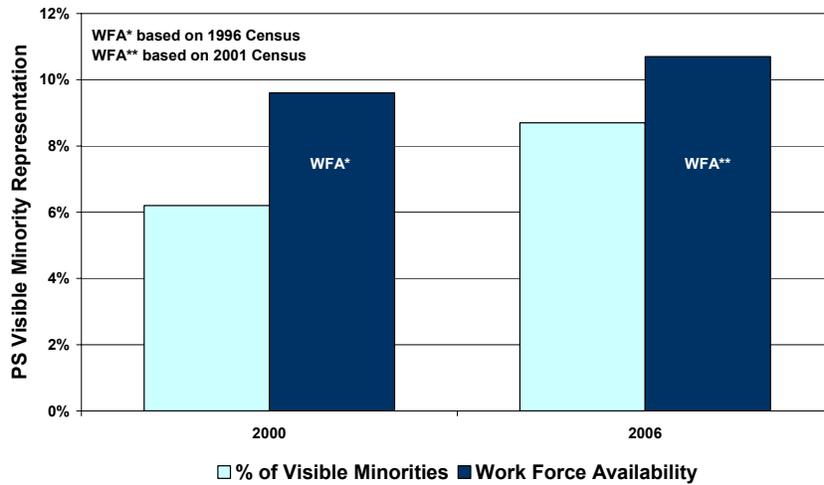
Actions on the four priorities of this renewal agenda will better position the public service over time to deliver integrated business, human resource and financial planning, to attract and retain Canada's most promising graduates and mid-career talent, to hold managers and employees to a high standard of performance, and to put in place infrastructure that will support good management.

But ensuring excellence in public service now and for the next generation will require more. In addition to the active involvement of Deputy Ministers and their management teams, renewal needs the engagement of managers and employees at all levels, the persistent setting of renewal commitments, and then delivering on them year after year.

- *We need a better balance between risk taking and accountability.* This requires reducing the current web of rules that saps initiative and stifles innovation. Effective organizations have robust and effective risk management systems. This means creating an environment that encourages the reasonable use of discretion by managers and employees within a framework of risk management and accountability for the results.

- *We need a public service workforce that is more broadly representative of the Canadian population.* While the public service of today is much more diverse than the one I joined in the 1970s, we must do better still, particularly with regard to the participation of visible minority Canadians at all levels.

Figure 5: Visible Minority Representation in the Public Service versus Workforce Availability



- *We must make it easier to come and go from the public service through the course of a career.* Our prevailing career model has seen employees spend all or most of their careers in the public service. While this will likely remain the choice of most public servants, constant changes in the challenges we face will make it essential that more Canadians share their knowledge and expertise with us for varying periods of time, or join us for a second or third career.
- *We need leaders and employees at all levels to stay with their jobs long enough to make a meaningful contribution.* This is especially true for senior public

service leaders who set the tone and direction for organizations. Attaining this goal at the Deputy Minister and Assistant Deputy Minister levels will be difficult over the next few years, as we work through our demographic realities. As circumstances permit, however, we want to move to a norm of Deputy Ministers and Assistant Deputy Ministers serving no less than 3 years in an assignment.

VI. Conclusion

In concluding this, my third report, I would like to emphasize one main message: Renewal is essential to the future of the public service; the status quo is not an option.

We are just at the beginning of what must be a multi-year, sustained renewal enterprise. We will set out, year after year, tangible renewal commitments, and deliver on them. And this renewal challenge has to involve all of us.

Finally, I want to pay tribute to my fellow public servants. Day in and day out, you provide consistently good public service to millions of Canadians and on occasion you do truly amazing things.

In February, I had the privilege of speaking to over 1,300 public servants at a town hall meeting in Vancouver. We talked about the critical “behind the scenes” roles that federal public servants play in moving Canada forward, in helping make this such an attractive country in which to live and work and raise a family.

From members of the Armed Forces just back from a tour in Afghanistan, to fisheries officers and meteorologists, to our border services and coast guard, to frontline service staff and research scientists, there was a strong sense of pride in the work they do and why it matters. In the words of Nicole Côté, Manager of Aboriginal Affairs at Environment Canada in British Columbia, a public servant participating in this event: “When you work for the public service, you really do feel that you are making a difference for your country.”

It’s hard to add to that sentiment.

Annex 1: A Demographic Picture of the Federal Public Service

Introduction

This Annex summarizes extensive recent work to establish a comprehensive demographic picture of the federal public service.¹ This profile not only depicts the current public service workforce as of March 2007, but also provides consistent historical comparisons back to 1983. Part I of this Annex focuses on the public service as a whole; Part II deals with executives.

Demographic Profile of the Public Service of Canada (March 31, 2007)
<ul style="list-style-type: none">• 255,000 employees (251,000 in 1983)• 54.5% women (42% in 1983)• 40% of executives are women (less than 5% in 1983)• 60.6% of employees in the regions and 39.4% in the National Capital Region• 85.3% indeterminate employees; 10.2% term employees; 5% casuals and students• 70.5% declare English their first official language; 29.5% declare French• Average age 44 years (39 in 1983)• Average age of executives 50.6 years (48.7 in 1983)• Public service 0.8% of the Canadian population (1% in 1983)• Size of the public service almost unchanged compared with 1983; government program spending (constant dollars) up 30%

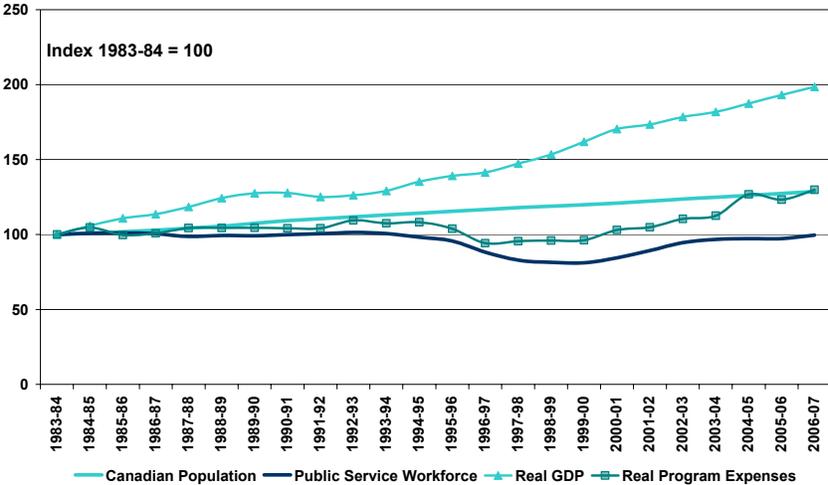
1. By “public service” we mean the core public administration (those departments and agencies for which the Treasury Board is the employer) and the separate employers (principally the Canada Revenue Agency, Parks Canada, the Canadian Food Inspection Agency, and the National Research Council).

Part I – Demographic Profile of the Public Service

1. Context

- There were nearly the same number of public servants in 2007 (254,600) as there were in 1983 (250,800). For comparison, the Canadian population increased from 25.6 million to 33.0 million in this period. Thus, as a proportion of the Canadian population, the public service decreased from 1.0% in 1983 to 0.8% in 2007. Looked at from another perspective, between 1983 and 2007 real GDP doubled and total federal program spending in constant dollars increased by 30%, while the public service was essentially the same size at the beginning and the end of this period.

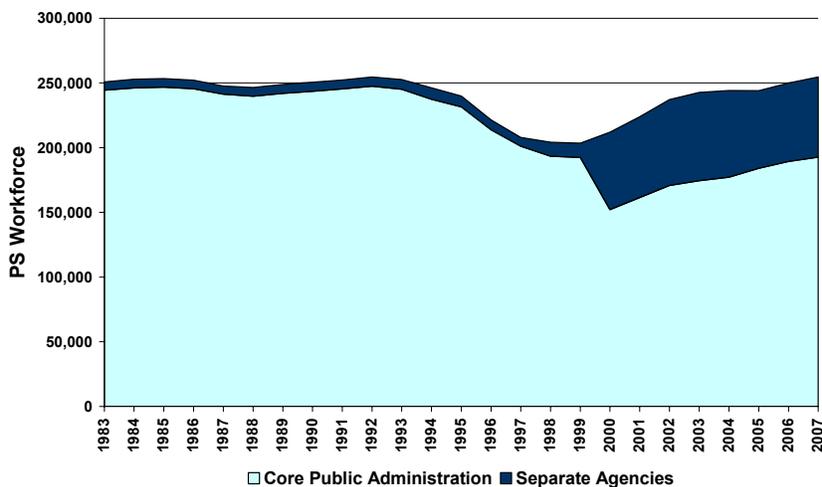
Figure 1: Trends in the Economy, Population, Federal Program Spending and Size of the Federal Public Service, 1983-84 to 2006-07



2. Population Size of the Public Service

- The size of the public service has varied considerably over the 1983-2007 period. After remaining fairly steady in the 1980s, it declined by 19% as a result of Program Review budget reductions in the mid 1990s. Between 1999 and 2007, reflecting a total program spending growth of 35%, public service employment increased by 25%. Much of this growth (19%) occurred from 1999 to 2003, as a result of investments in areas such as security.
- During the past 25 years, there have also been many changes in the structure of the public service. For example, in the late 1990s the Canada Customs and Revenue Agency, Parks Canada and the Canadian Food Inspection Agency became separate employers. Other activities such as air navigation, airport management and labour market programs were devolved outside the federal public service.

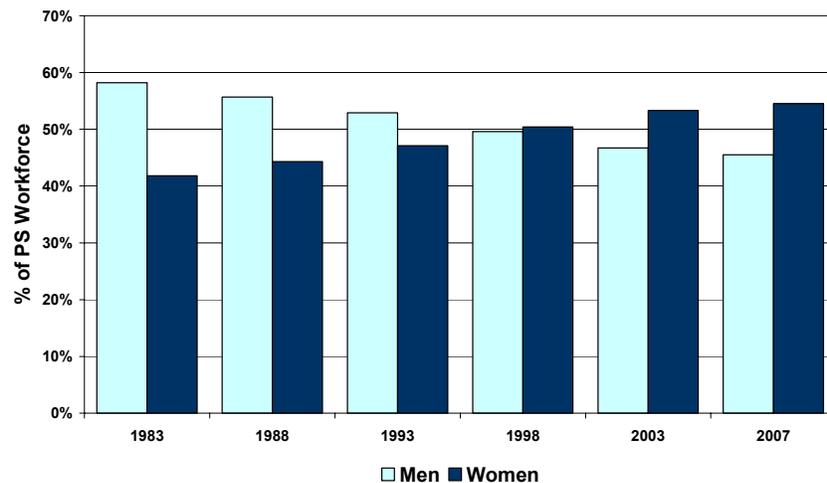
Figure 2: Total Employee Population of the Federal Public Service - 1983 to 2007



3. Public Service Diversity

a) Gender

Figure 3: Proportion of Men and Women in the Public Service - Selected Years, 1983 to 2007



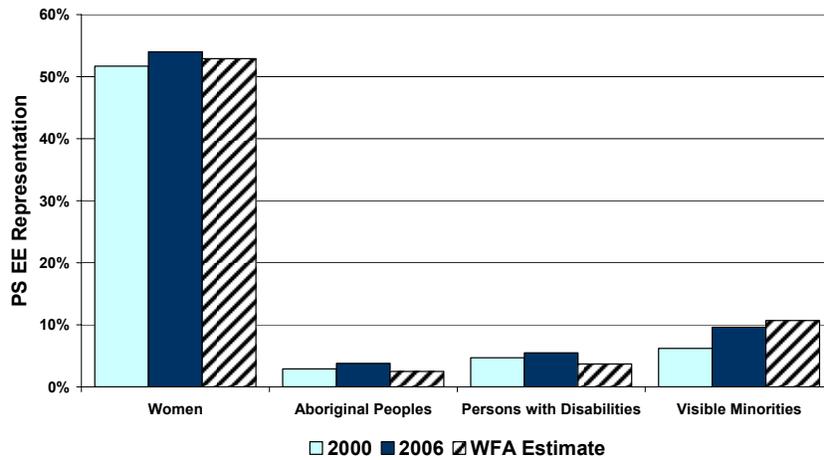
- One of the most striking changes in the public service over the last 25 years has been the reversal in gender representation. Women are now the majority of public servants (54.5%), versus 42% of the public service in 1983.

b) Employment Equity Groups

- The representation of all designated employment equity groups has been steadily increasing. All groups except visible minorities now exceed their labour market availability based on the 2001 Census.
- As noted above, women were at 54% in 2006 (workforce availability 52.9%); Aboriginal peoples at 3.8% (availability 2.5%); persons with disabilities at

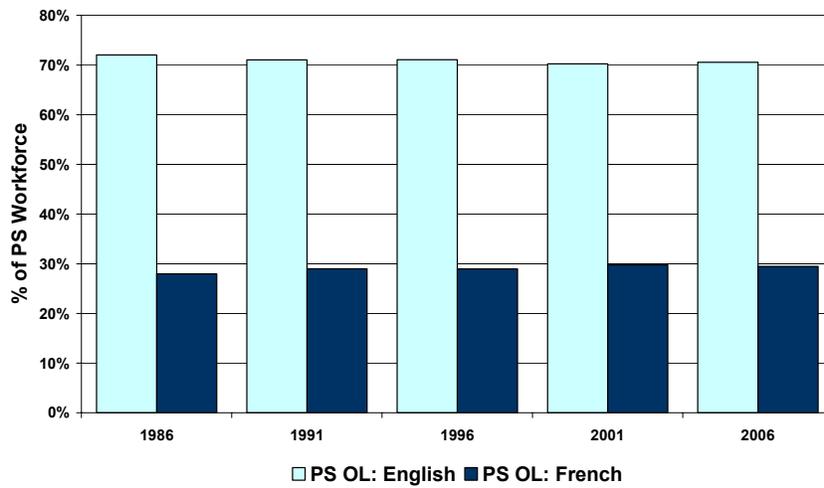
5.5% (availability 3.7%); and visible minority employees at 9.6% (availability 10.7%).

Figure 4: Representation of Employment Equity Groups in the Public Service, 2000 and 2006, with Estimated Workforce Availability Based on the 2001 Census



c) Language

Figure 5: Official Languages Profile of the Public Service - Selected Years, 1986 to 2006

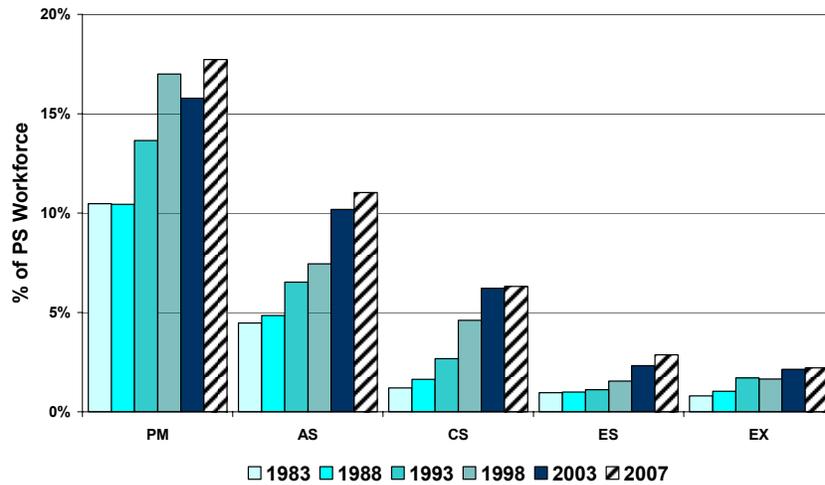


- The proportions of those whose first official language is French and English have been fairly steady over the last 25 years, albeit with a slight increase in the share of francophones. Between 1986 and 2006, those identifying French as their first official language grew from 28% of the public service to 29.5%.

4. Shift to more “knowledge-intensive” work

- Since the early 1980s, there has been a clear trend toward more knowledge-intensive work in the public service. Comparing today’s workforce with 1983, there are five times as many computer and systems specialists; four times as many lawyers; and three times as many economists and physical scientists.
- The five largest knowledge-intensive occupations have all increased in size proportionately since 1983. In 2007, they represented 40% of the public service workforce, more than double their share of about 18% in 1983.

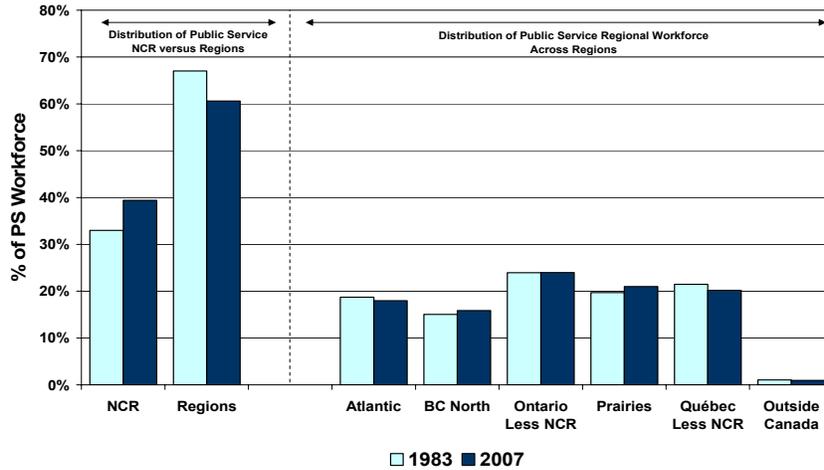
Figure 6: Share of Key Occupations in the Public Service - Selected Years, 1983 to 2007



5. Regional Distribution

- Approximately 61% of the public service workforce today is located in the regions, somewhat lower than the 67% in 1983. An important factor in this decrease has been the devolution of air navigation, airport management and labour market programs, whose employees were largely concentrated in the regions.

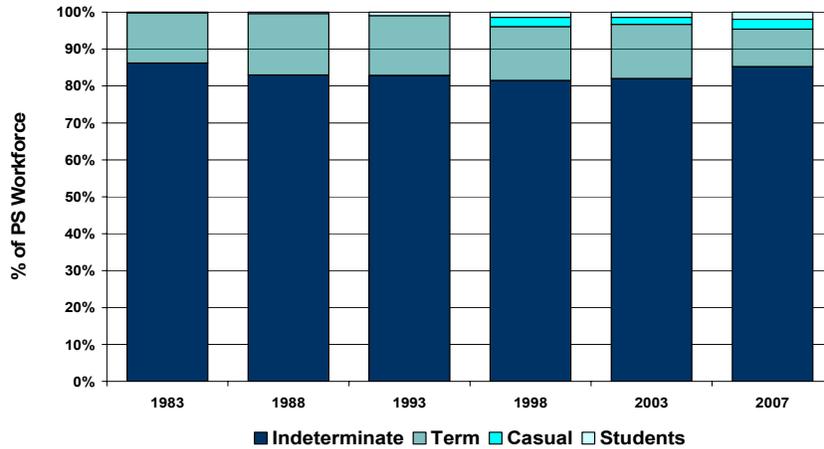
Figure 7: Regional Distribution of the Public Service - 1983 and 2007



6. Employment Status

- Over the past 25 years, the percentage of indeterminate staff has remained relatively constant, fluctuating between 86.2% in 1983 and 81.6 % in 1998. In 2007, the proportion was 85.3%.

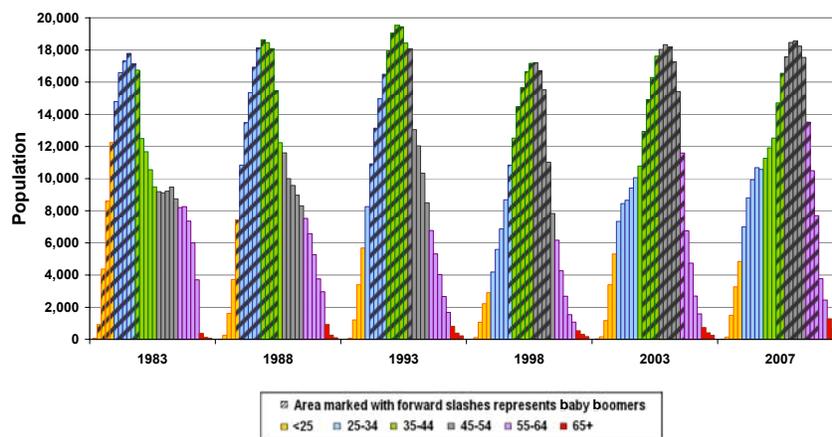
Figure 8: Proportion of Public Service Population by Employment Status - Selected Years, 1983 to 2007



7. Shift in Age Profile

- The distribution of employees by age over the last 25 years is illustrated in Figure 9. The average age of public servants in 1983 was 39.2, compared with 44.3 in 2007. The median age increased even more from 36 in 1983 to 45.4 in 2007.

Figure 9: Distribution of Public Service Employees by Age - Selected Years, 1983 to 2007



- In Figure 9, each vertical bar represents two years of age. Age bands are distinguished by different colours. The areas identified with “forward slashes” highlight the “baby boom” generation.
- This figure shows the demographic dominance of the “baby boom” cohort. This cohort has been driving public service demographics for the past 25 years, and its aging signals the urgency of renewal.

8. Retirements

- Figure 10 shows annual departure rates from the public service² for retirement and other reasons over the period from 1990-91 to 2006-07.
- As the Figure indicates, retirements were just over 2% per year in the early 1990s, fell during Program Review to just over 1%, and since that time have risen steadily to more than 3% per year. Other separations, voluntary or involuntary, have been around 2% per year since Program Review. The large bulge in the middle of Figure 10 resulted from “Program Review” staff reductions.

Figure 10: Departures Related to Retirement or Other Separations - 1990-91 to 2006-07



- Projecting these trends forward conveys a clear demographic message. The percentage of public servants who were eligible to retire without a penalty

2. Data covers only the “core public administration,” that is, the departments and agencies for which the Treasury Board is the employer.

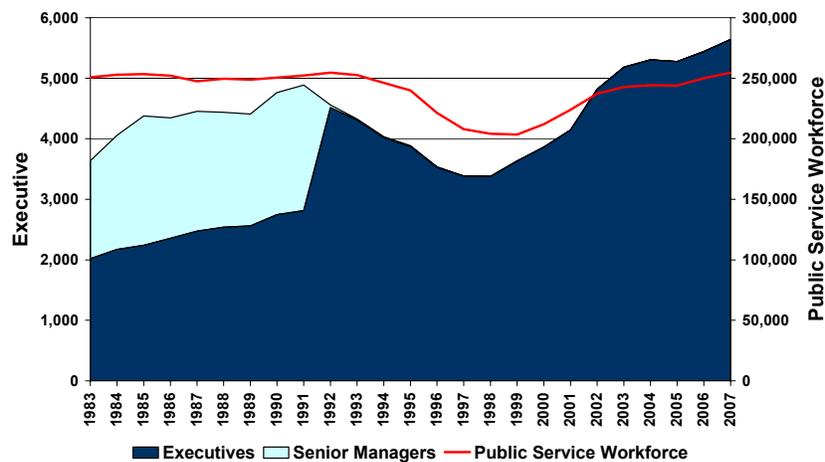
has significantly increased since the late 1990s, rising from 3.5% in 1998 to 8% in 2007. Over 25% of the March 2007 population will be eligible to retire by 2012. Approximately one third of those who are eligible to retire typically retire in the first year of eligibility.

Part II – Demographic Profile of Executives

1. Population Size of the Executive Group

- As of March 31, 2007, there were 5,600 executives in the federal public service.

Figure 11: Changes in the Size of the Public Service Executive Population in Comparison with the Overall Public Service - 1983 to 2007



- The number of executives grew through the 1980s, and then declined during Program Review, along with overall reductions in the public service. Since the late 1990s, the executive workforce has grown faster than the public service as a whole. (The large increase in executives in 1991-92 resulted from combining the

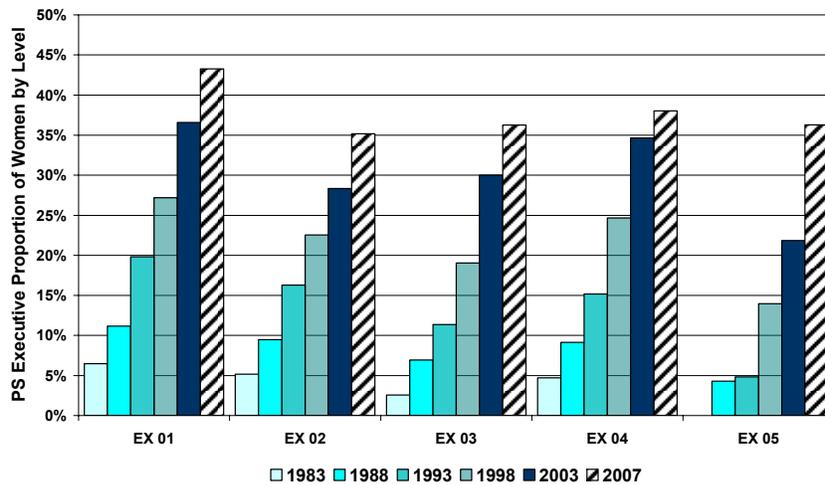
former senior manager group with the executive group.)

2. Executive Diversity

a) Gender

- Shifts in gender representation in the public service have been very significant over the last 25 years, and even more so at the executive level.
- Overall, the proportion of women among executives has increased from less than 5% in 1983 to about 40% in 2007. This pattern applies fairly consistently across all executive levels.
- Women held 38% of Deputy Minister and Associate Deputy Minister level positions in 2007, compared to less than 2% in 1983.

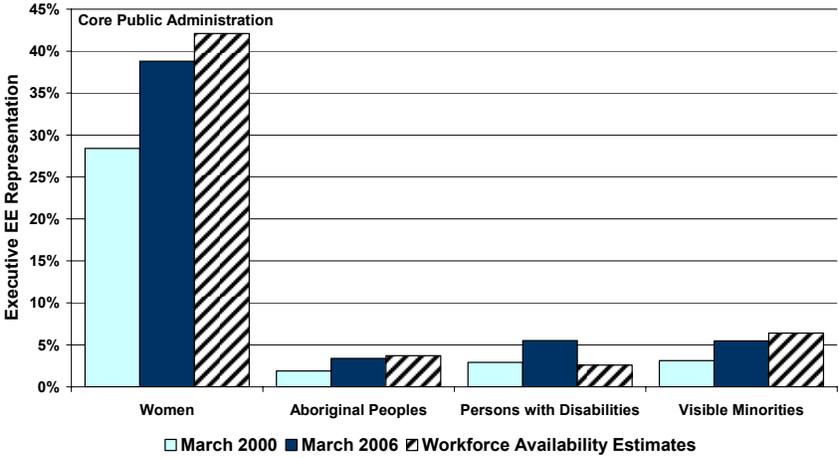
Figure 12: Proportion of Female Public Service Executives by Level - Selected Years, 1983 to 2007



b) Employment Equity Groups

- Representation of designated equity groups among executives has increased since 2000. As of March 31, 2007, it was above Workforce Availability (WFA) estimates for persons with disabilities, but below for women, Aboriginal people and visible minorities.

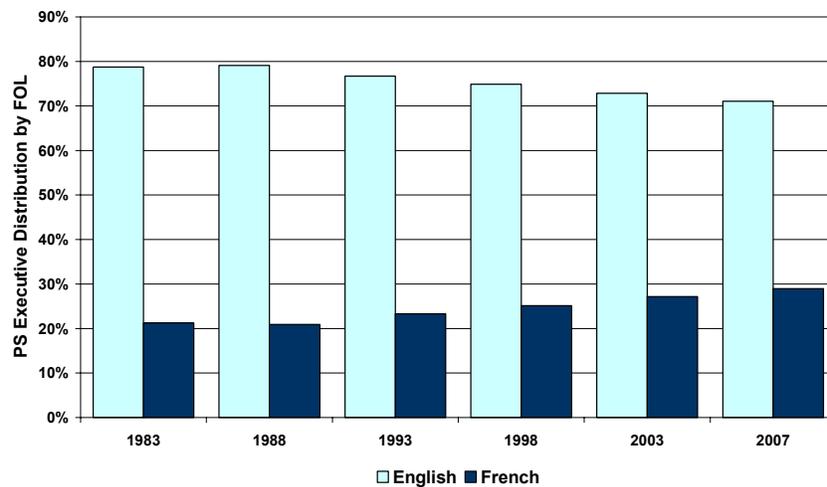
Figure 13: Representation of Equity Groups Among Executives in 2000 and 2006, With Estimated Workforce Availability Based on the 2001 Census



c) Language

- The proportion of executives declaring French as their first official language has increased from 21% in 1983 to 29% in 2007.

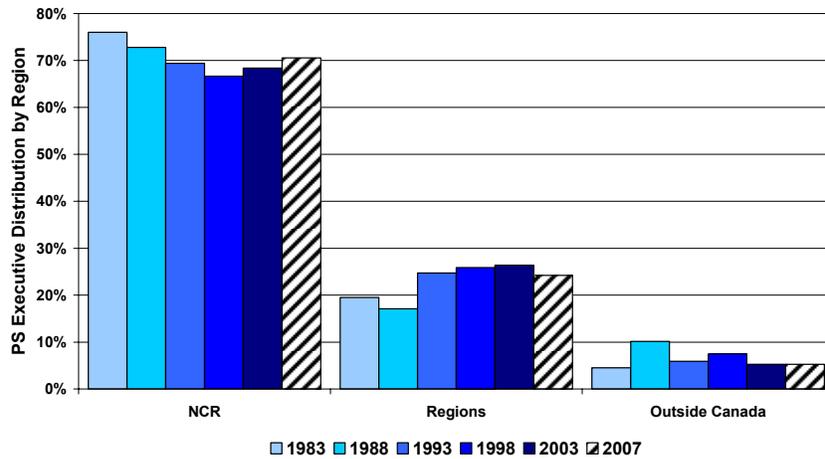
Figure 14: Proportion of Public Service Executives by First Official Language - Selected Years, 1983 to 2007



3. Regional Distribution

- While executives are predominately located in the National Capital Region (about 71% in 2007), this proportion is somewhat lower today than in 1983 (76%).

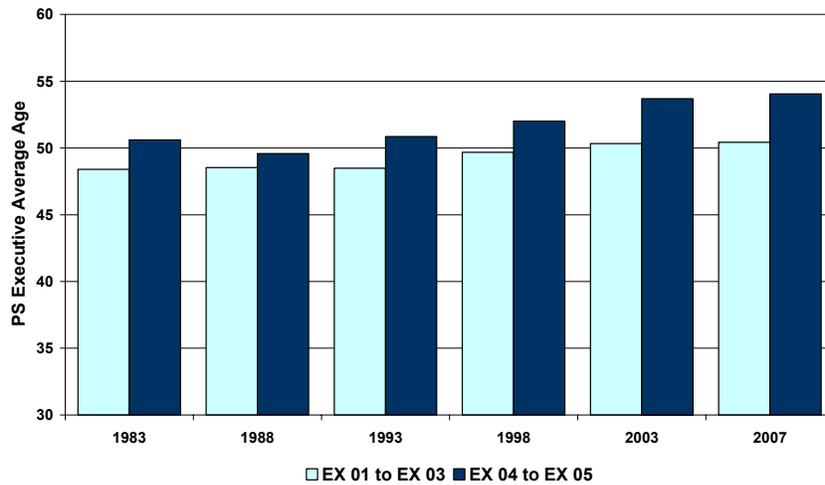
Figure 15: Geographic Distribution of Public Service Executives in the National Capital Region, Other Regions in Canada, and Outside Canada - Selected Years, 1983 to 2007



4. Age of Executives

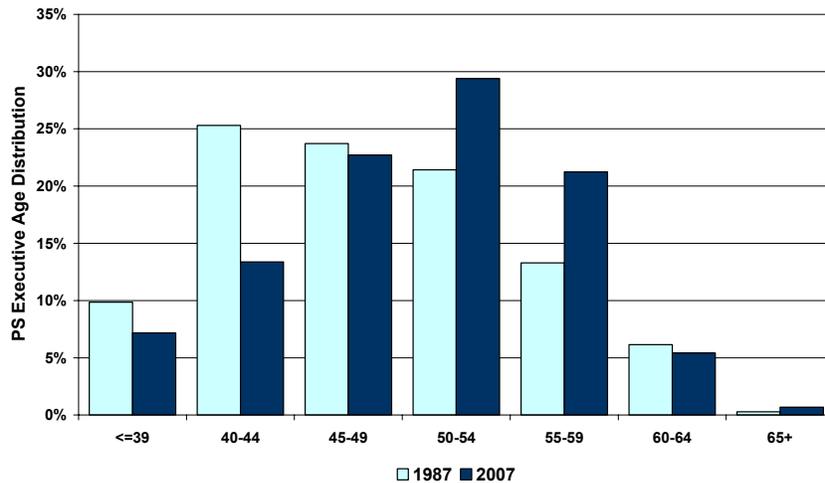
- The average age of executives in 1987 was 48.7 years. By 2007, this had risen to 50.6 years.
- The average age of level 1 to 3 executives had increased to 50.4 years in 2007, while the average age of Assistant Deputy Ministers (levels 4 and 5) had increased to 54 years.

Figure 16: Average Age of Public Service Executives and Assistant Deputy Ministers - Selected Years, 1983 to 2007



- In 1987, the majority of executives (59%) were under 50; today the majority (57%) are over 50. The largest proportion of executives in 1987 were between 40 and 44 (25.3%); now the greatest number are those 50 to 54 (29.4%).

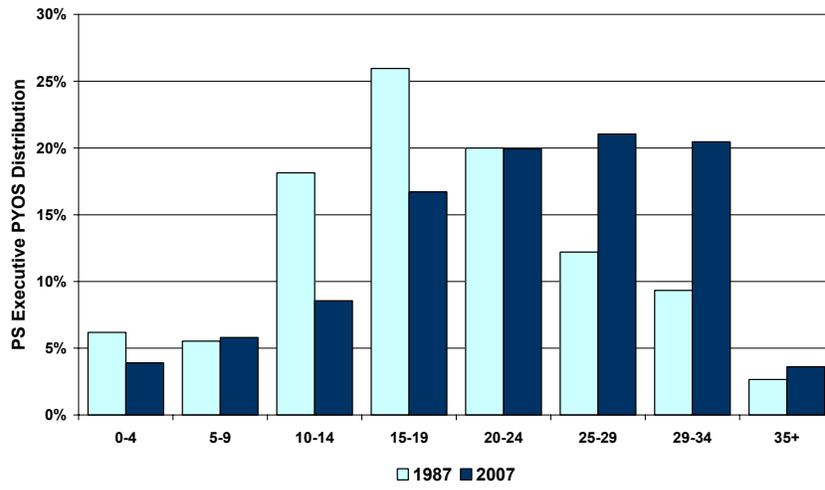
Figure 17: Distribution of Public Service Executives by Age, 1987 and 2007



5. Retirements

- In March 2006, approximately 17% of the executive population was eligible to retire. The actual retirements in 2006-07 were approximately 7.5%.
- By 2012, almost half of those in executive positions in March 2007 will be eligible to retire.
- Figure 18 illustrates the fact that executives have significantly more pensionable years of service now than they did in 1987. In that year, 44% of executives had more than 20 years of pensionable service; by 2007 this figure had risen to 65%.

Figure 18: Years of Pensionable Service for Public Service Executives, 1987 and 2007



Annex 2: Progress on Public Service Renewal Since the 2007 Report

This table summarizes progress on key 2007-08 Public Service Renewal commitments as reported by the 36 major departments and agencies. The left column states the commitments that were set out in June 2007, following consultation with the Deputy Minister community. The right column distils the achievement reports submitted in January 2008, and updated where appropriate as of early March.

2007-2008 PS Renewal Commitments	Progress and Results
Planning	
By March 2008, all departments and agencies will have distributed to their employees and put on their website their integrated plan.	As of March 2008: <ul style="list-style-type: none"> • 17 departments/agencies met this commitment; • 18 departments/agencies indicated that they are 'on track' to meet this commitment by the end of March; and • 1 indicated that it will not meet the commitment in 2007-08.
Recruitment	
By March 2008, deputy ministers will increase the number of post-secondary graduates appointed directly to indeterminate positions to at least 3,000—up from about 2,100 last year—and will ensure that the new entrants have orientation and development plans.	As of March, 2008: <ul style="list-style-type: none"> • At least 4,000 post-secondary graduates have been appointed or offered appointments directly to indeterminate positions. All new entrants attend the Orientation to the Public Service program offered by the Canada School of Public Service in addition to department-specific orientation and development programs.

<p>By March 2008, the Canada Public Service Agency (CPSA) will work with functional communities, departments and agencies to implement recruitment plans to address the needs of the following functional communities:</p> <ul style="list-style-type: none"> • Human Resources (recruitment of 75 PEs [Human Resources Professionals] and 100 compensation specialists); and • Information Services (recruitment of 100 ISs). 	<p>As of March 2008:</p> <ul style="list-style-type: none"> • 75 PEs (Human Resources Professionals) have been hired as a result of a PE Recruitment Initiative, and 109 compensation specialists have been hired; and • 85 IS-04 and IS-05 positions have been filled.
<p>The Office of the Comptroller General has established prequalified pools from which departments and agencies will appoint:</p> <ul style="list-style-type: none"> • 7 Directors General or Executive Directors (EX-03); • 130 mid-level financial officers; and • more than 200 entry-level candidates. 	<p>As of March 2008:</p> <ul style="list-style-type: none"> • 7 Director General/ Executive Director positions have been filled; • less than half, 54 FI-03 and FI-04 candidates, have been hired; and • 191 entry-level financial officers have been hired through the Financial Officer/Internal Auditor Recruitment and Development Program.

<p>In order to support longer term succession planning, deputy ministers will ensure that the requirements for entry-level executive jobs take full account of potential contribution to the Public Service into the future in order to achieve a demographic profile (for example, age, gender, employment equity groups) appropriate to future needs.</p>	<p>Departments and agencies are at various stages of succession planning, from conducting preliminary analyses of their workforce to identifying potential successors in their organizations.</p> <p>Baseline executive and feeder group demographics have been developed against which progress can be measured.</p>
<p>Employee Development</p>	
<p>By March 2008, deputy ministers will ensure at least 90% of Public Service employees have learning plans in place and that a corresponding discussion and an assessment of the plans between employee and supervisor occurs annually in connection with performance review.</p>	<p>As of March 2008:</p> <ul style="list-style-type: none"> • 11 departments/agencies met this commitment; • 19 departments/agencies indicated that they are 'on track' to meet this commitment by the end of March; and • 6 departments/agencies indicated that they will not meet this commitment in 2007-08.
<p>In 2007-08, the Committee of Senior Officials (COSO) and deputy ministers will implement talent management plans for all assistant deputy ministers.</p>	<p>95% of Assistant Deputy Ministers and equivalents will have a talent management discussion with their Deputy Minister by the end of March 2008.</p>
<p>In 2007-08, COSO and the Canada School of Public Service will launch an Advanced Leadership Program.</p>	<p>The Advanced Leadership Program was launched in October 2007 with 25 participants.</p>

<p>In 2007-08, working with the Treasury Board Secretariat, the Canada Public Service Agency will:</p> <ul style="list-style-type: none"> • revise the performance management regime for excluded managers and unrepresented employees to be more in line with the approach taken for executives; and • develop a performance management approach for all managers with substantial people management responsibilities that recognizes people management, based on the Canada Revenue Agency model, for consideration in the context of this round of collective bargaining. 	<p>The existing Performance Management Program for Senior Excluded and Unrepresented Managers and Staff will be aligned with the approach taken for executives beginning in 2008-09.</p> <p>An approach for all managers with substantial people management responsibilities is being developed for consideration.</p>
<p>Beginning in 2007-08, all executives, including deputy ministers, will be formally assessed on people management. The Canada Public Service Agency will develop tools to support the assessment.</p>	<p>As part of a substantially more rigorous approach to the performance assessment of Deputy Ministers and Associate Deputy Ministers, all Deputy Heads were assessed on people management beginning in 2006-07. Beginning in 2007-08, all executives are also being formally assessed on people management.</p> <p>The Canada Public Service Agency has developed new standards and tools to support robust and consistent assessment of people management by executives.</p>

Enabling Infrastructure	
In 2007-08, the Public Service Commission will reduce the time it takes to access second language oral interaction testing by 50%.	The wait time for second language oral interaction tests has been reduced by more than 50%. As of March 2008, wait times are: 1 to 2 days for urgent service requests, and 1 to 2 weeks for non-urgent service requests.
In 2007-08, the Canada Public Service Agency will produce a web-based tool to facilitate the secure electronic transfer of an employee's HR record from one department or agency to another, thereby reducing processing time from six months to six minutes.	The Canada Public Service Agency produced and tested a Government of Canada web-based tool, the Employee Passport, which can securely transfer employee records rapidly and with minimal errors.
In 2007-08, the Canada Public Service Agency will enable the adoption of the "Fast Track" staffing model developed by Agriculture and Agri-Food Canada in at least two other departments as a first step toward system-wide application.	Environment Canada, the Department of Fisheries and Oceans, and the Canadian Food Inspection Agency have adopted the "Fast Track" staffing model.

<p>In 2007-08, the Canada Public Service Agency will deliver preclassified generic work descriptions, reducing the number of work descriptions for:</p> <ul style="list-style-type: none"> • the Computer Science (CS) group from 1,500 to 37 in medium and large IT organizations; and • the Human Resources (PE) functional community from 2,000 to 20, covering 80% of the PE population. 	<p>As of March 2008:</p> <ul style="list-style-type: none"> • computer science generic work descriptions have been reduced from 1,500 to 37. Fifteen departments (representing over 50% of the computer science population) are implementing the new description and organizational structures; and • human resources generic work descriptions have been reduced from 2,000 to 19. Eleven departments (representing over half of the human resource professionals population) are implementing these work descriptions.
<p>In 2007-08, the Canada Public Service Agency in collaboration with the Treasury Board Secretariat and the Public Service Commission will review reporting requirements, including the alignment of the Management Accountability Framework (MAF), the People Component of the MAF and the Staffing MAF, to reduce requirements to the greatest extent possible.</p>	<p>In 2008-09, important work remains to align and rationalize the overall reporting requirements of Central Agencies for human resources management.</p>

Annex 3: Second Report of the Prime Minister's Advisory Committee on the Public Service

Pursuing a High Performance Public Service

MESSAGE FROM THE CO-CHAIRS

The Advisory Committee on the Public Service is pleased to present to you, Prime Minister, this second annual report which provides our advice on the renewal and future development of the Public Service of Canada.

Our first report provided our preliminary analysis of the federal Public Service environment and initial observations on various Human Resources areas, such as recruitment, leadership development, performance management and governance.

In this report, we offer remarks and proposals on the Human Resources management framework and accountability structure, and on performance management. In addition, we have identified a number of issues we intend to examine in the future.

We appreciate your personal commitment to this endeavour and the support we have received from senior public servants. As the report says, we believe the Public Service plays an important role in positioning Canada in today's globalized economy. We look forward to continuing our work.

The Right Honourable
Don Mazankowski

The Honourable
Paul M. Tellier

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PART I: SETTING THE CONTEXT

The Public Service, with 250,000 Canadians employed in 200 departments and agencies, is the largest and most complex enterprise in Canada. Federal public servants work in diverse areas that range from food inspection to public health to international security. They develop policies, provide advice to government and deliver services and programs directly to Canadians. The non-partisan and competent federal Public Service contributes to the future of Canada; no other organization is so engaged in so many areas of Canadian life. Public servants are committed and proud to serve their fellow Canadians.

What has the Committee done over the last 12 months?

Our Committee members are engaged in the development of the Public Service. We:

- *have been in regular dialogue with the Prime Minister on the Committee's work through meetings and periodic reports*
- *worked closely with the Clerk of the Privy Council, Heads of Central Agencies, Agents of Parliament, and Deputies from line departments*
- *discussed issues with interested experts (e.g., the Advisory Committee on Senior Level Retention and Compensation)*
- *visited Regional Councils and met with various groups of public servants*
- *used our own networks to expand the pool of ideas.*

The world in which the federal Public Service operates has become more complex and in many ways more unpredictable over the last 15 years. This new environment is characterized by an aging population, a globalized economic landscape, ever-changing information and communications technologies, the emergence of new, "horizontal" issues and changing public attitudes to government.

The Public Service today must address a significant demographic challenge. For the first time, it has more employees over 45 than under, and it is facing the imminent retirement of a generation of valued employees. It must renew its workforce in the strongest labour market in over 35 years, with many public and private

sector competitors for top-quality graduates from our universities and colleges. In this context, how can we ensure that Canada continues to have a strong and effective Public Service to help Canadians meet the important challenges facing the country in the years ahead?

A “HIGH PERFORMANCE” PUBLIC SERVICE

If the Public Service is to advise Ministers and deliver programs and services to the highest standards of excellence, it must be creative in its thinking, efficient in its work processes, effective in risk management, and fully accountable for its performance. These are the characteristics of a “high performance” Public Service.

“One of the most important and enduring competitive advantages that a country can have today is a lean, efficient, honest civil service.”

Thomas L. Friedman: *The Lexus and the Olive Tree*

To achieve these goals, the federal Public Service will require:

- ▶ active and transparent recruitment practices based on sound planning
- ▶ strong leadership and a commitment to developing talent
- ▶ a clear regime for Human Resources governance and accountability
- ▶ rigorous performance management practices.

What is a “high performance” Public Service?

A “high performance” Public Service:

- *has the encouragement and the ability to innovate*
- *is creative in its thinking, efficient in its processes, and has a culture of effective risk management*
- *demonstrates non-partisanship, excellence and pride in all facets of its work*
- *is structured to manage Human Resources effectively, enabling departments to deliver results for Canadians*
- *plans, measures and is accountable for its performance*
- *has the respect and support of Parliament and the public.*

ACHIEVEMENTS

On March 31, 2007, shortly after the Prime Minister announced the creation of our Committee, we published our first report: *Public Service Matters*.

In that document, we chose to focus our detailed comments on recruitment. The Public Service demographic imperatives provide an opportunity to recruit the best of the next generation of Canadians to the Public Service. They will infuse the institution with new ideas and energy to build on existing skills and talent.

We are pleased to observe that the Public Service has taken the issue of recruitment seriously. The Clerk of the Privy Council and individual Deputy Ministers have made specific commitments for action in the short term in relation to university and college recruitment, integrated business and Human Resources planning, talent management and succession planning.

For example, for 2007-2008 the objective has been to appoint at least 3,000 post-secondary graduates directly into permanent full-

Why is recruitment an urgent issue for the Public Service?

The Public Service needs to:

- *compete for talent – the most competitive labour market in 35 years*
- *be a truly representative workforce – diversity of origins and perspectives*
- *expand and invest in the pool of leaders – ensure strong leaders are in place*
- *have the right skills and required specialized expertise in its workforce.*

time positions. This will reduce the current reliance on casual, temporary and term hiring and better enable the Public Service to compete for talent. Departments and agencies are also required to have integrated business plans and implement talent management plans for all Assistant Deputy Ministers.

This is the right approach. However, we encourage the Clerk and senior Public Service leaders to push

harder on these issues, to increase their personal involvement and to ensure recruitment approaches are competitive.

In addition, we have been impressed by the range of programs, both new and existing, for developing future leaders. We take particular interest in the new Advanced Leadership Program for senior officials.

We believe that an investment in leadership development will pay large dividends in terms of the future performance of the Public Service. We realize that linking recruitment to business needs requires time and effort from senior leaders. There is no doubt, however, that this is the way to proceed. Focused recruitment of full-time, indeterminate employees is essential to ensure departments and agencies continue to have the skills and expertise to fulfill their mandates over the longer term.

PART II: OBSERVATIONS AND RECOMMENDATIONS

Over the past 12 months, we explored the current environment and considered a broad range of thinking on the federal Public Service from outside government. We looked at opportunities for improvement based on our research and our respective experiences in the private sector.

In this context, the Committee has chosen to focus its observations and recommendations on two areas:

- ▶ **Human Resources governance and accountability structure** — the whole picture of institutional responsibilities and accountabilities in Public Service Human Resources management.
- ▶ **Performance management** — a key component of an effective human resource strategy to attract, develop and retain leaders.

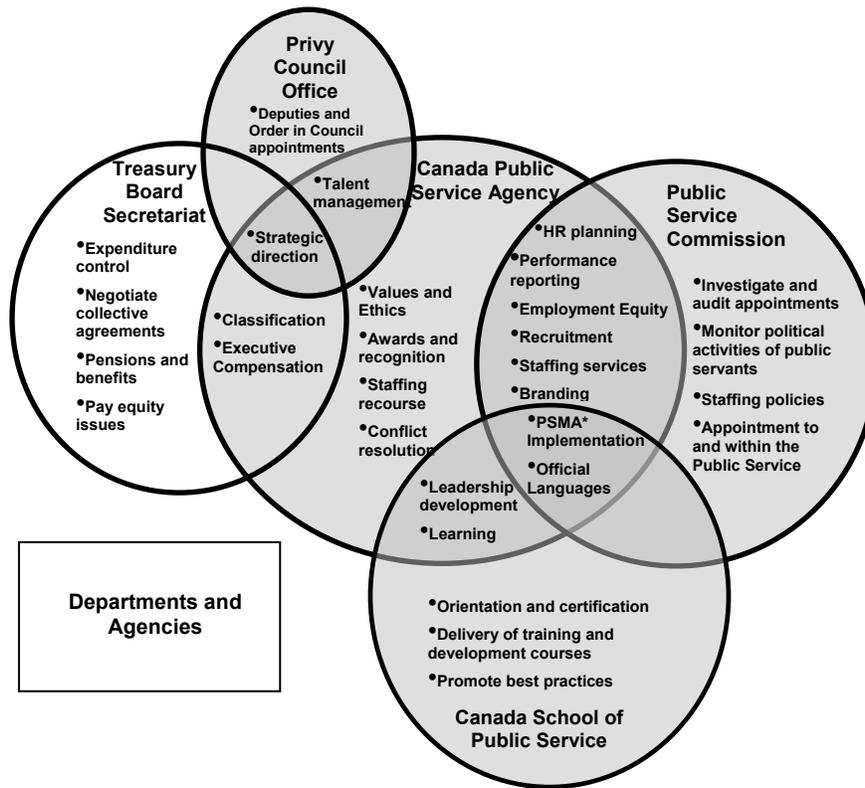
We spent a good deal of time researching and discussing these issues. In the following pages, we provide our observations and a set of recommendations that we believe will enable the federal Public Service to advise Ministers and deliver services to Canadians with a high standard of excellence.

HUMAN RESOURCES GOVERNANCE AND ACCOUNTABILITY STRUCTURE

In the federal Public Service, four Central Agencies (Canada Public Service Agency, Canada School of Public Service, Treasury Board Secretariat and Privy Council Office) and one independent agency (Public Service Commission) are responsible for the various dimensions of Human Resources management. They carry leadership responsibility for recruiting, staffing, developing, paying and managing public servants.

In addition, the Human Resources management regime of the Public Service, unlike those in the private sector, is subject to extensive external oversight by Parliamentary committees as well as by the Auditor General and other independent agents of Parliament.

— KEY INSTITUTIONAL PLAYERS —



*PSMA: *Public Service Modernization Act*

This chart shows that the Human Resources governance structure is overly complex, with multiple players and a resulting burden of duplicative and often unnecessary rules. This complexity slows down every internal process and prevents efficient Human Resources operations across the Public Service.

In government, it is Deputy Ministers and Agency Heads who are the managers of people. The principal role of Central Agencies should be to establish expectations and to provide policy frameworks and guidance to departments and agencies, without the heavy hand of excessive control.

We realize that organizational change is never easy. Yet in the present circumstance we believe it essential. We have four recommendations for change affecting the governance regime for Human Resources management that we believe can serve as the foundation for the further evolution of the system in ways that will benefit managers and employees alike.

- ▶ First, Deputy Ministers should be clearly recognized as having primary responsibility and accountability for Human Resources management. They have line authority over programs and services; they should have lead responsibility for managing the people who deliver them.
- ▶ Second, there should be a single, smaller Central Agency to support the leadership responsibility of departments and agencies on Human Resources management. Such an agency would be mandated to ensure the integrity and the effectiveness of the Human Resources management system in the government.

How long does it take to staff an indeterminate position in the federal Public Service?

The internal staffing process is comprised of six main steps:

- *preparation and planning*
- *advertising*
- *screening of applications*
- *assessment and selection*
- *notification of results and recourse rights*
- *appointment*

Three to four agencies may be involved at different stages (in some cases more than once).

The process can take, on average, 22.4 weeks. Factors including the area of selection, number of applicants, linguistic and security requirements may all affect the time it takes to fill a position.*

* Based on a Statistical Study by the Public Service Commission of Canada: *Time to Staff in the Federal Public Service – May 2006*. (Does not reflect all the benefits of the *Public Service Modernization Act* - all the Act components came into force in December 2005.)

- ▶ Third, immediate steps should be taken to simplify and integrate data collection and systems for both planning and reporting on people management, across the Central Agencies.

This will better enable departments and agencies to carry out their distinct responsibilities, while reducing cost and complexity, and making information more accessible to Parliament and Canadians.

- ▶ Fourth, we believe it essential to reaffirm responsibility of the Public Service Commission for safeguarding merit in appointments and the non-partisan character of the federal Public Service.

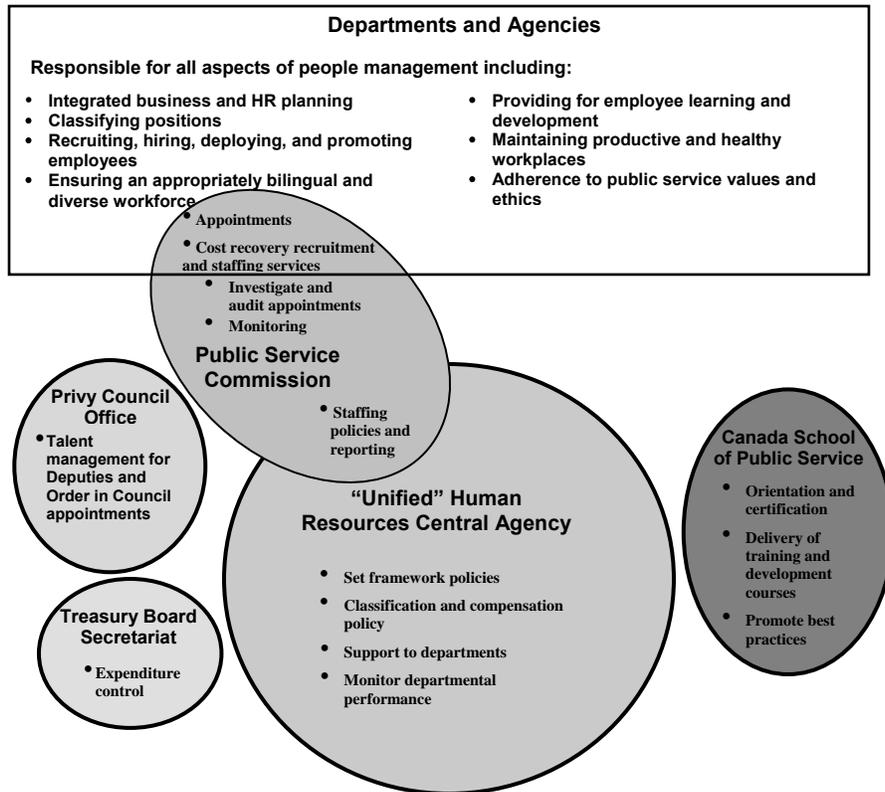
Recruitment and related services provided by the Commission to departments should be operated on a fully cost-recovered basis, with appropriate involvement by Deputy Ministers in the governance of those services.

- ▶ Finally, we endorse the continuing role of the Privy Council Office in supporting the Clerk as Head of the Public Service, and in advising the Prime Minister on policy and operational issues.

Over time, the Prime Minister and his officials may wish to consider formalizing these and similar changes to Human Resources governance and mandates through appropriate legislation. However, given the pressing need to equip departments and agencies to address the challenges of renewal, we would argue for moving quickly on these relatively straightforward measures for change.

Implementing our recommendations would result in a more coherent Human Resources governance structure, with markedly less overlap in roles and responsibilities, as presented in the graphic on the next page.

**— PROPOSED NEW HUMAN RESOURCES GOVERNANCE AND
ACCOUNTABILITY STRUCTURE —**



N.B.: Subject to same current oversight

PERFORMANCE MANAGEMENT

As the largest employer in Canada, the federal Public Service should have an effective performance management regime for all its employees. Rigorous performance management enables the alignment of skills and talents with the top priorities of the organization, and allows managers to deal with the full spectrum of performance (i.e. excellent, good, average and poor). Well implemented, performance management drives excellence and helps improve organizational results.

We were pleased to see that the Clerk of the Privy Council has instituted a more structured and rigorous performance assessment regime for Deputy Ministers and Associates, one that appears to be more in line with private sector practices.

As we have noted, the Clerk has identified specific commitments with regard to:

- integrated business and Human Resources planning
- post-secondary recruitment
- talent management plans for Assistant Deputy Ministers, and
- changes to the Public Service performance management system that will see executives and managers formally assessed on “people management.”

We were also impressed by the practices we saw in place in some departments. For example, we heard from departments that have implemented robust performance management programs with a business planning and monitoring process, and training and

An example of improving performance at Passport Canada.

1. Passport Canada modernized its infrastructure and achieved significant results:

- *Increased production by 39% in 2007 in response to high demand for passports, while maintaining very high levels of client satisfaction*
- *Hired 1,200 new recruits in 9 months*
- *Added 67 points of service where Canadians can apply for passports in person.*

2. Passport Canada streamlined the passport renewal process by:

- *Eliminating the need to resubmit proof of citizenship and supporting documentation*
- *Decreasing waiting time and reducing line-ups at 33 Passport Canada walk-in offices.*

support tools for managers. Central Agencies have also developed tools (e.g., implementation of the Performance Management Program) for evaluating executives, departments and agencies.

These performance management processes (planning, monitoring, developing, rewarding) are important. However, what really matters are the results achieved. Good performance management should aid in retention, development and productivity. The process must, above all, drive the achievement of results for Canadians.

Notwithstanding progress to date, the Committee feels more can be done:

- ▶ First, the criteria against which employee performance is assessed must be clearly communicated if managers are to provide frank and objective feedback about performance.

In addition, clarity about the weight being given to the results expected (“what” is achieved) and the approaches taken to achieve the expected results (“how” it is achieved) is also necessary. While we have seen some excellent practices in place, the Public Service should push forward to establish objectives that are, to the extent possible, measurable.

More generally, performance management in the Public Service should also recognize and reward “good people management” as an essential element of a manager’s commitments.

- ▶ Second, performance management must address the full spectrum of performance: excellent, good, average and poor. Managers must have the ability not only to help good performers to become excellent but also to support average performers to become good.

What can be done to improve performance management in the Public Service?

- *Set measurable objectives*
- *Communicate objectives to employees*
- *Reward excellent performance*
- *Improve average performance*
- *Deal with poor performers*
- *Provide tools and training to managers.*

- ▶ Third, managers must deal effectively with poor performers. The Public Service has not been good at this and needs to become better. Dealing with poor performance is as important as dealing with excellence, because poor performers reduce the productivity of the organization and have a negative impact on motivation, retention and recruitment. Too often managers prefer to ignore poor performers even though this may have severe consequences for the capacity of the organization to deliver results.
- ▶ Fourth, every effort should be made to increase recruitment at both post-secondary and more senior levels and to continue to invest in rigorous programs for leadership development.
- ▶ Finally, while recognizing the demographic realities that necessitate movement at senior levels, the Public Service should try to ensure that senior leaders stay longer in their jobs. Deputy Ministers and Associate Deputy Ministers need to build the knowledge required to run complex organizations. They need time to implement measures they have initiated and to recruit and develop the future leaders of their organizations.

In summary, while we believe the Public Service is good at assessing people's work, it needs to invest more in setting objectives up front and in improving the management of performance across the spectrum.

RECOMMENDATIONS

The Committee's job is to:

- ▶ provide its assessment of Human Resources management practices in the federal Public Service
- ▶ question current practices and identify pressing issues
- ▶ serve as a sounding board for senior Public Service leaders
- ▶ make observations and recommendations that will contribute to future development of the Public Service.

On this basis, the Committee recommends that:

HUMAN RESOURCES GOVERNANCE AND ACCOUNTABILITY STRUCTURE

1. Authority and accountability for Human Resources management in the Public Service should be primarily the responsibility of Deputy Ministers.
2. There should be a single, smaller Central Agency supporting and overseeing departmental leadership on Human Resources management. This Agency should be focused on functions that require “enterprise-wide” approaches and policies.
3. Steps should be taken to simplify and integrate data collection and systems for both planning and reporting on people management, across the Central Agencies.
4. The essential responsibility of the Public Service Commission for safeguarding merit in appointments and the non-partisan character of the Public Service should be reaffirmed. Recruitment and related services provided by the Commission to departments should be fully cost-recovered, with appropriate involvement by Deputy Ministers in the governance of those services.

PERFORMANCE MANAGEMENT

5. All managers in the Public Service should invest more time in setting objectives at the beginning of each assessment period. They should implement measurable objectives against which all employees’ performance can be evaluated.
6. The “mid-year performance review” should become routine (not ad hoc) across the Public Service to ensure that effective performance management is ongoing, and to maximize opportunities for improvement.
7. Public Service managers should get the necessary tools, training and support from Central Agencies and their superiors to properly address the full spectrum of performance, especially in dealing with poor performers.
8. The Public Service should explicitly evaluate and recognize people management skills.

9. Talent management programs for Assistant Deputy Ministers should be pursued and expanded to the whole executive group.
10. As much as possible, Deputy Ministers and Associate Deputy Ministers should remain longer in their positions in order to maximize the overall performance of departments.

PART III: CONCLUSION

WHAT NEXT?

In our first report, we focused on the issue of recruitment, and over the ensuing 12 months, we have begun to see results. The recommendations set out in our second report are intended to build a foundation for further progress in the effective management of Human Resources in the Public Service.

In the coming months, the Committee intends to explore issues such as:

- ▶ concrete plans for reducing the “web of rules” that affect the Human Resources management regime, as well as the broader rules across the Public Service, with a view to encouraging a workplace culture of intelligent risk management and innovation
- ▶ benchmarking Canada’s Public Service against those of our global competitors
- ▶ ways to make the federal Public Service more attractive as a career
- ▶ the importance of having a Public Service workforce that draws on a diversity of origins, cultures, ideas, experiences and perspectives from all regions of Canada
- ▶ the need for the federal Public Service to be connected to the values, realities and priorities of all Canadians and its institutions.

These areas of inquiry will set our future agenda. In this report, we offer our advice to support the Prime Minister and the Clerk of the Privy Council on the renewal and future development of the Public Service of Canada. The Committee looks forward to continuing its work.

**APPENDIX 1: MEMBERS OF THE PRIME MINISTER'S
ADVISORY COMMITTEE ON THE PUBLIC
SERVICE**

*The Right Honourable Donald F. Mazankowski, P.C., O.C.,
A.O.E., LL.D.*

The Honourable Paul M. Tellier, P.C., C.C., Q.C.

*Dr. Robert Lacroix, C.M., O.Q., FRSC, Professor Emeritus,
University of Montreal*

*The Honourable Aldéa Landry, C.M., P.C., Q.C., President,
Landal Inc.*

*Dominic D'Alessandro, O.C., President and CEO,
Manulife Financial*

*Barbara Stymiest, F.C.A., Chief Operating Officer,
RBC Financial Group*

*L. R. Wilson, O.C., Chairman of the Board, CAE Inc.,
Chancellor, McMaster University*

*Sheila Weatherill, C.M., President and CEO, Capital Health,
Edmonton*

*Dr. Indira V. Samarasekera, O.C., President and
Vice-Chancellor, University of Alberta*