



# People Management in Transition

Annual Report to Parliament 2008-09



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## A Message from the President of the Treasury Board



As the Minister responsible for the Treasury Board of Canada Secretariat, I am pleased to present the fourth annual report to Parliament on people management in the public service of Canada.

This report has been prepared in accordance with the reporting provisions of sections 11 through 12.3 of the *Financial Administration Act* and section 28 of the *Public Service Employment Act*. It charts our progress toward modernizing people management and provides perspective on the issues and challenges to be addressed in the future.

Fiscal year 2008–09 was a productive year that culminated in the announcement by the Prime Minister of the creation of the new Office of the Chief Human Resources Officer. The establishment of this new office within the Treasury Board of Canada Secretariat provides for a more efficient and effective central agency structure in support of departments and agencies assuming their responsibilities for people management in the public service.

I look forward to providing ongoing support for excellence in people management, ensuring both a diverse and dynamic public service that continues to serve all Canadians with distinction and integrity.

Original signed by

The Honourable Stockwell Day, P.C., M.P.  
President of the Treasury Board

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## Executive Summary

This fourth annual report to Parliament charts the progress made in modernizing and renewing the people management system in the public service of Canada in fiscal year 2008–09, in accordance with the reporting provisions of sections 11 through 12.3 of the *Financial Administration Act* and section 28 of the *Public Service Employment Act*.

This report describes policy and program activities designed to modernize key areas of the people management system in the public service. Highlights include the following:

- ▶ The *Public Sector Equitable Compensation Act* was introduced as part of the *Budget Implementation Act, 2009*, designed to encourage a more proactive and timely regime to provide equal pay for work of equal value.
- ▶ An agreement was made with the Public Service Alliance of Canada to review the Program and Administrative Services group and, with the Professional Institute of the Public Service of Canada, to review the Computer Systems group. Significant classification modernization has been done for the Personnel Administration group, the Economics and Social Science Services group, and the Border Services group; classification training has been enhanced; and 13 agreements were signed with bargaining units that cover terms and conditions of employment, including salaries.
- ▶ The reporting burden on departments regarding people management was reduced by over 80 per cent, and the groundwork was done for a thorough review of Treasury Board policies for people management to streamline rules and clarify responsibilities. Consistent with the initiative to reduce reporting burden while monitoring performance, the key performance indicators were approved for use in 2009–10 to assess people management performance across departments.
- ▶ In partnership with participating departments, a Common Human Resources Business Process was designed that will help standardize the business process used by departments and the management of information generated from the process to allow greater comparability and transferability of data. Adopting this common process will also allow for significant savings of effort and money as departments and agencies upgrade human resources systems.
- ▶ To improve the capacity for effective integrated planning, the integrated plans of all departments were subject to a review by an expert panel to identify best practices. Departments have benefited from expert advice and support activities provided by central agencies.
- ▶ Recruitment targets of 4,200 post-secondary graduates were exceeded, with over 550 of these recruits self-identifying as visible minorities. Achieving these targets was facilitated by coordinating the involvement of departments at four pilot career fairs held at universities.

- ▶ In the area of leadership development, a new approach was designed that provides departments with greater latitude to drive leadership development in their organizations. A second group of 25 exceptionally talented and high-potential leaders was provided enhanced development through the Advanced Leadership Program in 2008–09.
- ▶ Departments enhanced their management of executive performance, ensuring that executives had clear, assessable commitments and that they received feedback on their progress by mid-year.
- ▶ Progress was made on employment equity as is reported more fully in the *Employment Equity in the Public Service of Canada 2008–09* annual report. Progress was also made on official languages, as reported in detail in the *Annual Report on Official Languages 2008–2009*.
- ▶ Finally, it should be noted that the *Expenditure Restraint Act* was also introduced in the *Budget Implementation Act, 2009*, in recognition of the economic and fiscal context, balancing the interests of taxpayers and the Canadian public with those of employees.

As fiscal year 2008–09 came to a close, the Prime Minister of Canada informed Canadians of changes to the governance structure for people management with the announcement of a new organization, the Office of the Chief Human Resources Officer, to be housed within the Treasury Board of Canada Secretariat. As of March 2, 2009, the new organization assumed and consolidated the designated roles and responsibilities assigned to the former Canada Public Service Agency with those parts of the Treasury Board of Canada Secretariat that deal with compensation, labour relations, pensions, and benefits. This structure streamlines central agency involvement in people management issues, making it easier for deputy heads to fully assume their responsibilities in this area.

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## Introduction

The *Public Service Modernization Act* (PSMA) established the legislative framework required to support excellence in human resources (HR) and people management in the public service. This foundational framework, introduced in 2005, continues to guide public service modernization and renewal priorities, including people management. The goals of the PSMA remain reflected in people management strategies and plans designed to ensure a public service that has a workforce and workplace second to none.

This fourth annual report to Parliament charts the progress made to modernize and renew core components of the people management system in fiscal year 2008–09. The information in this report is presented in three main sections:

- ▶ “Setting the Stage for Modernization and Renewal” provides an overview of the public service environment and describes the components that comprise the system for people management. It also highlights priorities established for people management modernization and renewal in fiscal year 2008–09.
- ▶ “Advancing the Agenda” provides details about people management modernization and public service renewal commitments advanced or successfully achieved in 2008–09.
- ▶ “Looking Ahead” shifts the focus from the past to the future, describing the direction and priorities for modernizing and renewing people management in 2010 and beyond.

The information in this report applies to the core public administration and reflects the reporting requirements stated in sections 11 through 12.3 of the *Financial Administration Act* (FAA) and section 28 of the *Public Service Employment Act* (PSEA).<sup>1</sup>

Other HR reports to Parliament prepared by the Treasury Board of Canada Secretariat (the Secretariat) and the Canada Public Service Agency (CPSA) include the annual report on official languages, the *Employment Equity in the Public Service of Canada* annual report to Parliament, the *Annual Report on the Public Servants Disclosure Protection Act*, and the *Report on the Public Service Pension Plan*.

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1. The term “core public administration” refers to the 87 departments and agencies for which the Treasury Board is the employer as listed in Appendix A. The term “public service” refers to the core public administration and those organizations that are considered to be “separate employers” such as the Canada Revenue Agency or the National Research Council of Canada.

## Setting the Stage for Modernization and Renewal

The ongoing modernization of people management continues to be a key priority for the Government of Canada. The goal is to create and sustain a professional public service that plays a central role in the successful business of government and that consistently delivers quality services to Canadians.

With over 260,000 employees in all regions of the country and internationally, the Government of Canada is the largest employer in Canada and the most complex people management institution in the country. It operates in a business environment of increasing complexity, technological change, size, and demographic challenges. It also faces an external environment characterized by diversity, heightened citizen expectations, and constantly shifting global economic and social priorities. Today's emphasis on knowledge management, efficiency, and productivity merges with ever-increasing demands for fairness, transparency, and accountability in all public spheres. Together, these factors call for increasing sophistication in all aspects of people management.<sup>2</sup>

The following areas of activity comprise people management in the public service: HR planning, staffing, learning and development (including leadership development), performance management, classification, compensation, and labour relations. These are supported by enabling infrastructure, governance, and performance measurement regimes intended to provide accountability and transparency across the public service.

All aspects of the people management system in the core public administration reflect the public service cultural environment of values and ethics, respect for official languages, and adherence to the principles of employment equity.

Recruiting, developing, and managing people and administering people management systems in this complex landscape is a shared responsibility that engages over 4,000 HR professionals in the Personnel Administration group, in addition to others in different occupational groups, in the central agencies and the departments and agencies that comprise the public service.<sup>3</sup> Key central organizations work together with departments and agencies to support excellence in the people management system. These include the Privy Council Office, the Office of the Chief Human Resources Officer (OCHRO) (as formed in 2009 through merging CPSA with sectors in the

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2. Appendix B provides a statistical profile of the people management landscape of the public service of Canada.

3. Appendix C describes the roles and responsibilities of the central agencies for people management in the core public administration.

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Secretariat that deal with people management), the Canada School of Public Service (CSPS), and the Public Service Commission of Canada (PSC).<sup>4</sup>

## Catalysts for Change

The direction and priorities established for modernization in fiscal year 2008–09 continue to reflect three critical catalysts for change in people management in the public service. These include the PSMA, the public service renewal initiative, and the Prime Minister’s Advisory Committee on the Public Service.

Since coming into force in 2005, the PSMA has been a major catalyst for change for all components of the people management system, with legislative initiatives directed toward staffing flexibility, employee learning and development, labour management relations, and accountability for the institutions and individuals responsible for managing the public service.

Successful implementation of PSMA legislation was a key precursor to public service renewal, which is an ongoing institution-wide management priority to ensure that the public service is able to deliver on the business of government with excellence. People management was a key theme of renewal in 2008–09 along with the original four pillars of renewal: integrated planning, recruitment, employee development, and enabling infrastructure. More specifically, one of the key priorities established for fiscal year 2008–09 was a commitment to set out and develop key indicators to be used in the future for central tracking of the state of the public service and of people management within it.

The Clerk of the Privy Council submits an *Annual Report to the Prime Minister on the Public Service of Canada*, in accordance with the provisions of section 127 of the PSEA. This report sets the forward-looking management agenda for the public service and reports on the progress of previous years.

The main objective of the Prime Minister’s Advisory Committee on the Public Service is to help shape a national institution, geared to excellence, which is distinguished by highly engaged and highly skilled people performing critical tasks with professionalism and efficiency that rivals any organization anywhere.

— From the mandate of the Advisory Committee on the Public Service (November 2006)

The Clerk’s report also includes the annual report of the Prime Minister’s Advisory Committee on the Public Service, which includes tangible recommendations.

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4. Many of the former responsibilities of CPSA are now the responsibility of OCHRO. However, as OCHRO was not operational until March 2009, CPSA is used throughout this report to refer to the agency responsible for selected people management functions in fiscal year 2008–09.

In its second report in February 2008, the Advisory Committee noted that the existing people management governance regime was “overly complex, with multiple players and a resulting burden of duplicative and often unnecessary rules.” It strongly recommended that changes be made to the existing governance structure to make it simpler, more streamlined, and more coherent. With the implementation of the PSMA, people management responsibilities have moved from central agencies to deputy heads. New supportive and aligned governance structures with new roles and responsibilities, such as those proposed by the Advisory Committee, offer the potential to confirm and permanently anchor PSMA shifts in the architecture of people management in the public service of Canada.

Together, in fiscal year 2008–09, these three critical catalysts for change framed the strategic direction and major activities undertaken to advance the modernization agenda.

## Advancing the Agenda

### The People Management System in 2008–09

Successful people management starts with sound planning that links the government’s business goals to people who possess the knowledge and competencies required to achieve these goals now and in the future. For this reason, integrated business and HR planning was once again highlighted in the 2008–09 Public Service Renewal Action Plan.

#### **Integrated Planning**

To improve the capacity for effective integrated planning across the public service, deputy ministers were required to develop integrated plans, distribute them to their employees, and post them on their departmental websites by March 2008. In fiscal year 2008–09, these plans were updated and submitted for review to an expert panel that identified best practices and published a series of recommendations to further enhance integrated planning in the future.

Expert support was also provided to deputy ministers and their staff through initiatives undertaken by central agencies. For example, CPSA worked collaboratively with CSPA, providing content experts to perform a comprehensive review of courses on integrated planning. CPSA also promoted interdepartmental discussions and functional community events through the Human Resources Planning Interdepartmental Network and the community’s electronic shared “eCollaboration” discussion groups. In addition, in fiscal year 2008–09, new reference documents contributed to the library of information now available on the subject of integrated planning with the publication of revised versions of the *Human Resources Planning Guide* and the *Succession Planning and Management Guide*.

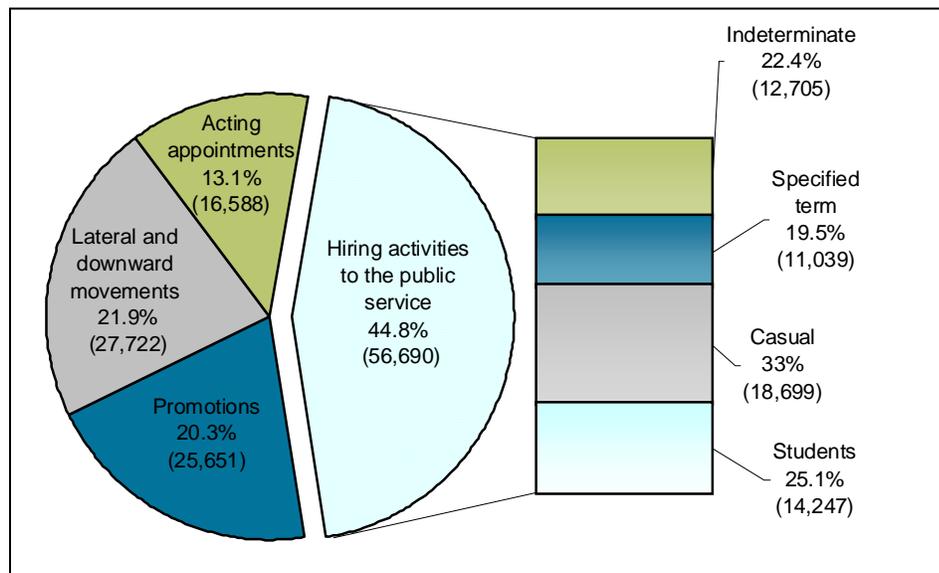
The commitment to making real progress on integrated planning across the public service remains strong and will continue to be a focus of public service renewal activity in fiscal year 2009–10.

## Staffing

A fair, transparent, and efficient staffing system is a critical component of the people management system. In fiscal year 2008–09, priority was placed on recruitment because of the high rate of retirement in the public service.

Throughout the fiscal year, deputy heads reported that recruiting goals associated with this major public service renewal initiative were exceeded, with more than 4,200 post-secondary graduates appointed or offered appointments directly to indeterminate positions. Over 550 of these 4,200 graduates self-identified as visible minorities, an overall level of recruitment that exceeds workforce availability levels and that will contribute to closing the gap in representation of visible-minority Canadians in the public service. Figure 1 gives an overall view of staffing activity in the public service in fiscal year 2008–09.

**Figure 1. Staffing Activity in Fiscal Year 2008–09<sup>5</sup>**



Innovative approaches to supporting recruitment efforts, through branding the public service as an employer of choice, were also undertaken in 2008–09. These included the successful launch of four pilot career fairs held in Halifax, Victoria, Waterloo, and Sherbrooke. The pilots were

5. *Public Service Commission 2008–2009 Annual Report*

held under the leadership of deputy minister champions and their respective teams, with support from various departments and agencies, including the Regional Federal Councils, the Public Service Commission of Canada, Public Works and Government Services Canada, the Privy Council Office, and CPSA. Each career fair was delivered in close partnership with participating educational institutions. In total, over 35 federal organizations participated in the initiative, more than 5,000 students and alumni attended the pilot fairs and supporting events, and, as managers were equipped to make conditional job offers on the spot, over 175 job offers were made to suitable candidates.

Staffing initiatives associated with the recruitment of new public service employees were also supported through substantive retention investments. These included providing all new recruits with the opportunity to attend an orientation program offered through CSPPS, a learning plan (and corresponding conversations with their manager), and a program intended to strengthen second-official-language skills early in their career.

In addition to recruitment programs, efforts continued in 2008–09 to support PSMA goals related to increasing flexibility and efficiency in staffing processes in the public service through ongoing research and analysis, people-management capacity-building initiatives, and enhanced technology-based support systems.<sup>6</sup>

## **Learning and Development**

Continuous learning and development is considered essential to ensuring that Canadians are served by a skilled, well-trained professional workforce and is a key objective of the government-wide *Policy on Learning, Training, and Development*. This policy is helping to build a learning culture and stimulate, guide, and promote the public service of Canada as a learning organization. In fiscal year 2008–09, deputy heads focused on ensuring that discussions occurred between supervisors and their employees regarding career development and on the documentation of formal learning plans for each employee.

In addition to reinforcing the processes associated with learning plans, CPSA and CSPPS focused on examining the delivery of corporately managed or coordinated leadership development programs in light of anticipated future needs. This included the Accelerated Executive Development Program, the Accelerated Economist Training Program, the Career Assignment Program, and the Management Trainee Program. These programs were the subject of review and analysis as part of the Secretariat-directed strategic review undertaken in summer 2008.

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6. It is widely recognized that although the goals of candidate selection flexibility, transparency, management accountability, and employee redress have been realized as part of the implementation of the PSMA, the length of time required to staff a position has not been reduced as a result of the Act.

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The demographic realities associated with an aging workforce and the complexities and challenges of modern public service management continued to highlight the importance of succession planning and the strategic management of the executive cadre. As part of this year's Public Service Renewal Action Plan, departments worked to expand annual talent management activities to their full executive cadre, building on the approach that had been implemented for assistant deputy ministers. CPSA provided deputy heads with a common executive talent management framework and tools to support this initiative.

## **Performance Management**

Management of employee performance is a key component of the people management system and plays a central role in developing effective strategies to attract, develop, and retain employees. Well-implemented performance management systems drive excellence and lead to continuous improvement in organizational results. It is not surprising therefore that employee performance management would be profiled in the reports of the Prime Minister's Advisory Committee on the Public Service or that it be prominently featured in the Public Service Renewal Action Plan for fiscal year 2008–09.

As part of this year's Action Plan, deputy heads committed to institute—and for the most part, applied—a rigorous best-in-class approach to performance management in their departments. They ensured that all executives had clear, assessable commitments in place by July 2008 and provided mid-year feedback on progress by the end of November 2008. Their efforts were supported throughout the fiscal year with significant strategic and policy direction. For example, CSPS in close cooperation with partners and stakeholders, including the National Managers' Community and the Human Resources Council, developed a new Action Plan to Improve Performance and a detailed mapping tool on performance challenges. To ensure effectiveness, extensive testing of these tools was undertaken with groups of managers and specialists in presentations to over 600 managers across the country. Three departments—CPSA, National Defence, and Indian and Northern Affairs Canada—piloted the tools and used them successfully to develop revised programs suitable for all employees.

## **Classification**

Classification is an important core element of the people management system in the public service. It not only reflects the way government organizes and values the work of its employees but also plays a crucial role in sustaining a fair, efficient, and flexible staffing system. In addition to establishing qualifications and standards of work, classification processes are linked to pay equity, compensation, collective bargaining, and labour relations. Clearly, a modernized classification system plays an important role in the government's renewal agenda.

In fiscal year 2008–09, a course intended to demystify classification for managers was developed and successfully piloted. The course, once finalized, was offered by CPSA throughout fall 2008. It was then transferred to CSPA, which began giving the course in January 2009. This course is expected to play a major role in broadening the understanding of the importance and principles of classification in the public service.

Classification activity undertaken in 2008–09 also played a major role in supporting the human resources community through the development of standardized organizational models and pre-classified work descriptions for the Personnel Administration group. In this process, 19 pre-classified generic work descriptions were developed, to be applied across all core disciplines and three possible work streams. The new tools developed enable personnel administration work to be defined more consistently so that evaluations are, and are seen to be, appropriate. They also significantly reduce the workload for HR professionals and managers in all departments and agencies within the core public administration.

Work on standards continued throughout 2008–09. Application guidelines were developed for the Economics and Social Science Services standard. As part of the standards modernization process, departments and agencies used the new guidelines to evaluate all of their positions in the Economics, Sociology and Statistics, and Social Science Support classifications. Once evaluated, advance notifications were issued to employees, and negotiations with the bargaining agent were undertaken in preparation for conversion in fiscal year 2009–10. In addition, new qualification standards for the Border Services, Economics, and Social Science Services groups were approved and implemented along with modernized qualification standards for official languages.

Finally, and of particular importance, were negotiations held between the Treasury Board and the Public Service Alliance of Canada leading to an important Memorandum of Understanding (MOU) signed on January 29, 2009. This MOU defines the approach agreed to for a comprehensive review of the Occupational Group Structure within the core public administration. The review will begin with the Program and Administrative group. A parallel review will also be conducted on the Computer Systems group, an identified priority of the Professional Institute of the Public Service of Canada. The initial phase of the Occupational Group Structure review, starting in fiscal year 2009–10, is expected to affect over 90,000 employees.

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## Compensation

Compensation is a core component of the people management system in the public service. Skilful compensation management plays a central role in ensuring that the government can deliver on its commitments to the priorities of government while ensuring fair compensation to employees at reasonable cost to Canadians. Compensation strategies, including those related to pensions and benefits, are carefully designed to support the government's ability to attract, recruit, and renew the workforce, while ensuring alignment with the comprehensive *Policy Framework for the Management of Compensation* approved by the Treasury Board in 2007 and the *Policy on Terms and Conditions of Employment* approved in 2009.

Many elements of compensation in the public service are subject to negotiation and agreement between the Treasury Board as the employer and bargaining agents that represent the employees. Terms and conditions of employment, including salaries, were the subject of negotiations for 26 of 27 bargaining units in fiscal year 2008–09, and agreements for 13 of the 26 bargaining units were signed. The updated terms and conditions negotiated provide greater coherence between collective agreements and more flexibility for selected benefits such as bereavement leave.

Of particular importance, fiscal year 2008–09 saw the introduction of two key compensation-related acts: the *Expenditure Restraint Act* and the *Public Sector Equitable Compensation Act*, both part of the *Budget Implementation Act, 2009*.

The *Expenditure Restraint Act* played an important role in supporting collective bargaining throughout the year through its framework of restraint measures, a framework that balanced the needs of employees, the government, and taxpayers within the current economic and fiscal context. The *Public Sector Equitable Compensation Act* is also expected to support collective bargaining for compensation once it comes into force, as it will encourage a more proactive and timely regime in order to provide equal pay for work of equal value.

## Labour Relations

Changes to the *Public Service Labour Relations Act*, introduced as part of the PSMA in 2005, were intended to strengthen the relationship between unions and the Treasury Board as the employer, reshaping the environment to promote collaboration, mutual respect, and trust. Along with implementing key legislative changes, the Treasury Board has continued to streamline labour relations policy and foster an environment of professionalism in labour relations throughout the public service. To that end, the National Joint Council (NJC) continues to be the principal forum for co-development, consultation, and information sharing between the government and public service bargaining agents.

In fiscal year 2008–09, the NJC revised and implemented changes to *Foreign Service Directives* and the *NJC Relocation Directive*. The cyclical review of the *Occupational Health and Safety Directive* (Phase 2) was initiated, with co-development starting in fall 2009. A review of the Dental Care Plan rules was also undertaken by representatives from the NJC Dental Care Plan Board of Management. Publication of an updated employee booklet for members is anticipated in fiscal year 2009–10.

Essential services agreements replace the former designation process for bargaining units that have chosen the conciliation/strike route for dispute resolution during collective bargaining. In fiscal year 2008–09, the Secretariat played a key role in the progress of this complex initiative, negotiating services that are essential to the safety or security of the public during a strike. Several essential services agreements were reached with specific bargaining agents. Further discussions and progress are expected to continue in fiscal year 2009–10.

## Enabling Infrastructure

Modernization and renewal of central components of the people management system requires ongoing enhancement of the supporting infrastructure that surrounds the policies, processes and enabling tools, technology, and systems available to departments and agencies. Fiscal year 2008–09 was clearly a significant year of progress in these areas.

## Technology Enhancement

In 2008–09, CPSA finalized the design of a Common Human Resources Business Process that reflects the contributions of over 350 people from more than 35 departments. These included HR professionals, policy experts, and specialists from functional areas such as finance, materiel management, and security.

The completed design enables a single streamlined Common Human Resources Business Process across the Government of Canada. It provides a blueprint for delivering HR services, reduces the overall effort involved in changes, provides training to people management professionals, and enables the standardization of a common set of technology solutions in order to maximize the use of technology. The data architecture derived from developing the Common Human Resources Business Process initiative uniquely facilitated the definition of a common employee record used to develop the new Employee Passport, a systems solution that allows departments and agencies to transfer electronic employee records easily. Equally important for future systems development, the Common Human Resources Business Process and its related data architecture provide an important foundation for creating a future people management data warehouse and for defining associated people management reporting requirements and analysis.

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Additional systems activity was undertaken in fiscal year 2008–09 to design Web-based tools that automate people management data collection, reporting, and workflows. Applications were released to the people management community to help collect data related to experience, competencies, and career paths in the executive community and to provide employees with virtual collaborative communications tools. In addition, working horizontally with other departments and agencies, CPSA developed the Express Lane Staffing application and designed a system to align its Public Service Staffing Tribunal case management system with similar systems.

### **Reducing the Web of Rules**

The concept of an enabling infrastructure also extends to the world of information management and data gathering, commonly characterized in the public service as the “web of rules,” with its associated reporting burden imposed by central agencies. Of central importance is the efficiency and effectiveness deficit now imposed on departments and agencies and the institutionalized relationship between central agencies and departments for people management that it supports. This relationship is inconsistent with a PSMA-inspired culture and environment in which deputy heads have assumed primary responsibility for people management. Addressing this issue was a major focus of people management in fiscal year 2008–09.

As part of a broad-based web of rules initiative led by the Secretariat, CPSA undertook and completed an initiative to reduce the people-management reporting burden. Information and data requests were inventoried, analyzed, and, based on newly established applicability criteria, significantly reduced. For example, in the first phase of this initiative, the number of questions that departments and agencies were required to respond to regularly through an HR portal was reduced by 89 per cent, and the number of data fields was reduced by 91 per cent. A further reduction of 87 per cent in information “asks” was achieved in the second phase of the program. An ongoing review process was also established to ensure that overall reductions are sustained throughout fiscal year 2009–10 and beyond.

### **Policy Renewal**

In a similar fashion, Policy Suite Renewal activities undertaken in fiscal year 2008–09 are significantly reducing the web of rules and its associated reporting burden on departments and agencies, while clarifying, through new or restructured policies, the management responsibilities and accountabilities of deputy heads. This initiative, which began with developing a new policy framework structure proposal in fiscal years 2005–07, is designed to streamline the existing suite of policy instruments. Increased coherence within and across various areas, in a significantly reduced portfolio of policy instruments, is expected to harmonize reporting requirements and support enhanced accountability and excellence in the management of the public service.

In fiscal year 2008–09, the policy review principles intended to guide the assessment of existing people management policies were developed; 10 policies were reviewed, with recommendations for rescission of certain policies prepared for the Treasury Board’s consideration.

## Governance

In February 2008, the Prime Minister’s Advisory Committee on the Public Service recommended that the governance and accountability structure for people management across the public service be restructured to make it simpler, more streamlined, and more coherent.

In April 2008, the Prime Minister established an HR governance committee to examine what would be required for deputy ministers to fully assume their responsibility and accountability for HR management, as set out in the PSMA. At the same time, the Prime Minister authorized a horizontal strategic review to examine the roles of the six central agencies that have responsibility for policy and program delivery related to people management in the public service.<sup>7</sup>

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” (Annex 3 of *Fifteenth Annual Report to the Prime Minister on the Public Service of Canada*), 2008

The broad structural changes proposed as a result of this review, and subsequently agreed to for implementation by the Treasury Board effective March 2, 2009, included merging functions within CPSA with the labour relations, compensation, and pensions and benefits areas of the Secretariat, and placing this new organization within the Secretariat as the Office of the Chief Human Resources Officer (OCHRO). The new organizational structure, with its mandates defined and roles clarified, is expected to eliminate overlapping and duplicate functions. It should also more successfully support the delineation of responsibilities for people management between central agencies and deputy heads.

## Performance Measurement

A critical component of the enabling infrastructure associated with people management is the measurement system in place to track and assess the organizational progress toward people management excellence across the public service. With the recognition of the need to monitor performance while minimizing the reporting burden on departments and agencies, key

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7. The HR governance committee was chaired by the Associate Secretary to Cabinet and comprised five senior line deputy ministers. The central agencies engaged in the horizontal strategic review represented over 2,000 employees in the Secretariat, CPSA, CSPA, and the PSC, as well as employees of the Public Service Labour Relations Board and the Public Service Staffing Tribunal.

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performance indicators regarding people management were developed for use across departments. The key indicators were selected to be tracked and measured on the basis of a model identifying the drivers of performance excellence. They include values and ethics, employee engagement, leadership, employment equity, employee learning, performance management, integrated HR and business planning, staffing, and official languages. These indicators were approved for use in the Secretariat's 2009–10 assessment of departments against the Management Accountability Framework.

## A Culture of Diversity, Official Languages, Values and Ethics

The public service is characterized by its support for employment equity, its respect for Canada's two official languages, and its sustainment of a work environment that reflects shared values and ethics. In fiscal year 2008–09, progress was made in these three areas.

### **Employment Equity**

Employment equity is not only about providing fair access to employment and participation in the workplace—it is also about meeting the commitment of the government to draw on the talents, ideas, experiences, and perspectives of Canadians of all origins, cultures, and views to ensure that government programs and services reflect the expectations of all of its citizens.

In fiscal year 2008–09, the Clerk of the Privy Council reinforced this commitment by identifying clear objectives for the Public Service Renewal Action Plan. The Action Plan for 2008–09 states that deputy heads are, in their integrated HR and business plans, to include a strategy for recruiting, developing, and advancing Aboriginal peoples, persons with disabilities, and members of visible minority groups so as to achieve representation at all levels, and to reduce the gap in the representation of members of visible minority groups by recruiting at levels above workforce availability.

Ongoing tracking and reporting of data in 2008–09 indicates that the representation of women, persons with disabilities, and Aboriginal peoples continues to meet or exceed estimates of their availability in the Canadian workforce. It also shows that representation of visible minority groups, which were recruited at levels above their workforce availability in 2008–09, is increasing.

In addition to the profile that diversity received through Public Service Renewal Action Plans, progress achieved to date also reflects the success associated with the various consultative arrangements, partnerships, and forums in place to support employment equity. These include the Joint Employment Equity Committee, the National Council of Visible Minorities in the Federal Public Service, the National Council of Federal Employees with Disabilities, and the National Council of Aboriginal Federal Employees. These committees and forums provide an

important, ongoing opportunity for the exchange of ideas and practices to support diversity in the public service.<sup>8</sup>

The status of employment equity in the public service is detailed in the annual report *Employment Equity in the Public Service of Canada 2008–09*, tabled in Parliament and available on the Web at <http://www.tbs-sct.gc.ca/reports-rapports/ee/index-eng.asp>.

## Official Languages

The people management environment in the public service is characterized by policies developed by the Secretariat for delivering services to the public in both official languages, official languages use in the workplace, and for equitable participation of both linguistic groups in the public service.

In fiscal year 2008–09, activities continued to strengthen the application of official language policies throughout the public service. These included a number of initiatives designed to share best practices, contribute to the development of new directives for using social media in the workplace, and to support the implementation of the new online interactive official languages Regulations Management System. In addition, two workshops were delivered in 2008–09 to departments and agencies: “Official Languages in the Appointment Process” and “Second Language Learning and Retention.”

Of particular importance, throughout the year, CPSA led meetings of consultative committees on official languages, coordinated a conference of the Official Languages Champions Network, and assembled a working group to support the use of official languages for the Vancouver 2010 Winter Games.

Available data and information collected for 2008–09 indicate that federal institutions generally meet their official languages obligations despite some shortcomings in certain areas, and that there is a consistent increase in the linguistic capacity of the core public administration. The status of official languages in the public service is detailed in the *Annual Report on Official Languages 2008–2009*, tabled in Parliament and available on the Web at <http://www.tbs-sct.gc.ca/reports-rapports/ol-lo/index-eng.asp>.

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8. The Joint Employment Equity Committee supports consultation among OCHRO, the PSC, and bargaining agents. It plays a major role in analyzing and providing recommendations on employment systems. In addition, it provides input for employment equity and identifies gaps in such policies and procedures.

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## Values and Ethics

Enhancing and maintaining public trust in the institutions of government is fundamental to the work of the public service. It is expected that the actions and decisions of all public service employees will uphold the values of the public service and conform to high ethical standards. The people management system in the public service rests on this foundation of values and ethics, and central agencies play an important role in supporting ministers, executives, and employees at all levels in meeting their collective responsibility to act with integrity.

In fiscal year 2008–09, CPSA continued to support implementation of the *Public Servants Disclosure Protection Act*. CPSA produced and tabled its first annual report to Parliament on December 1, 2008. The report, which summarized activities under the Act, clearly indicates that federal organizations have taken significant steps to embody the key concepts of the Act in their activities and were responding appropriately to allegations of wrongdoing. Likewise, it indicated that public sector employees were responding by trusting and using the procedures established under the Act.

CPSA continued in 2008–09 to provide advice and guidance on the application of the *Values and Ethics Code for the Public Service*. Work also continued on the development of a public sector-wide code of conduct, required by section 5 of the Act, and on a policy on conflict of interest and post-employment for the core public administration. Public sector organizations and bargaining agents were consulted on the draft code, and more than 5,000 individual public servants provided feedback on possible content.

As a follow-up to the consultation done on revisions to the *Policy on the Prevention and Resolution of Harassment in the Workplace*, CPSA started work on a number of tools to assist departments in applying the harassment policy. These tools will be available on the Secretariat's website in fiscal year 2009–10.

A significant milestone in fiscal year 2008–09 was the coming into effect of the revised *Policy on Legal Assistance and Indemnification* on September 1, 2008. The revised policy establishes a new government-wide Advisory Committee on Legal Assistance and Indemnification to provide advice and recommendations to the Prime Minister, the Treasury Board, ministers, the Clerk of the Privy Council, and deputy heads in their role of approval authority under the policy. Providing legal assistance and indemnification to Crown servants is essential to the protection of the Crown's interests, the fair treatment of its servants, and the effective management of the organization.

As it has in the past, the Values and Ethics Branch of CPSA continued its use of a departmental self-assessment approach to assess values-based leadership and organizational culture across the

public service. However, to reduce the reporting burden of departments and agencies in fiscal year 2008–09, changes were made to the data required, and the number of questions asked of departments was reduced. Consistent with the direction recommended in the Clerk’s *Fifteenth Annual Report to the Prime Minister on the Public Service of Canada*, CPSA also piloted the concept of a risk-based approach for values and ethics. This approach is expected to continue in fiscal year 2009–10 as the Secretariat continues to promote ethical practices and uphold Canada’s reputation as a leader in the field of public sector values and ethics.

## Looking Ahead

With the Prime Minister announcing the creation of the new Office of the Chief Human Resources Officer (OCHRO) on March 2, 2009, within the Secretariat, fiscal year 2009–10 will involve a repositioning and consolidation of the central agency role respecting people management.

As a result of the horizontal strategic review undertaken in 2008, a number of responsibilities, functions, and related services, in whole or in part, will no longer be assumed by central agencies. However, throughout fiscal year 2009–10, support will be required from OCHRO to ensure a smooth transition of knowledge and services to the departments and agencies assuming these responsibilities in the future.

In fiscal year 2009–10, two key OCHRO initiatives are specifically expected to reinforce the role of deputy heads and central agencies in a shared drive for people management excellence and the creation of a high-performance public service. First, the work started in fiscal year 2008–09 as part of the Secretariat’s policy renewal initiative will support risk management and remove barriers to effective people management. Second, a people management scorecard and a people management dashboard will be introduced in 2009–10. These two performance measurement indicator projects will significantly improve gathering, sharing, and assessing of data.

Also in 2009–10, the Occupational Group Structure project will be launched, which will be designed to provide a new foundation for collective bargaining, compensation, staffing, and career development in the future.

Activity to support the public service renewal agenda will also continue in fiscal year 2009–10, particularly in the areas of integrated HR and business planning, ongoing external recruitment, leadership development, and systems infrastructure enhancement, as highlighted by the Clerk of the Privy Council in the *Sixteenth Annual Report to the Prime Minister on the Public Service of Canada* in March 2009.

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In addition, OCHRO will pursue activities to reinforce a public service noted for its values and ethics, including developing the Treasury Board code of conduct and conflict of interest policy, sharing best practices, and continuing to support organizations in establishing organizational codes of conduct.

These activities will be outlined in the next annual report.

Appendix A: List of Departments and Agencies Under Schedules I and IV of the *Financial Administration Act*

***Financial Administration Act (R.S., 1985, c. F-11),  
Schedule I (Sections 2 and 11)***

**The Core Public Administration**

Department of Agriculture and Agri-Food

Department of Canadian Heritage

Department of Citizenship and Immigration

Department of the Environment

Department of Finance

Department of Fisheries and Oceans

Department of Foreign Affairs and International Trade

Department of Health

Department of Human Resources and Skills Development

Department of Indian Affairs and Northern Development

Department of Industry

Department of Justice

Department of National Defence

Department of Natural Resources

Department of Public Safety and Emergency Preparedness

Department of Public Works and Government Services

Department of Social Development

Department of Transport

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Treasury Board

Department of Veterans Affairs

Department of Western Economic Diversification

***Financial Administration Act (R.S., 1985, c. F-11),  
Schedule IV (Sections 3 and 11)***

**The Core Public Administration**

Assisted Human Reproduction Agency of Canada

Atlantic Canada Opportunities Agency

Canada Border Services Agency

Canada Emission Reduction Incentives Agency

Canada Industrial Relations Board

Canada School of Public Service

Canadian Artists and Producers Professional Relations Tribunal

Canadian Dairy Commission

Canadian Environmental Assessment Agency

Canadian Forces Grievance Board

Canadian Grain Commission

Canadian Human Rights Commission

Canadian Human Rights Tribunal

Canadian Intergovernmental Conference Secretariat

Canadian International Development Agency

Canadian International Trade Tribunal

Canadian Radio-television and Telecommunications Commission

Canadian Space Agency

Canadian Transportation Accident Investigation and Safety Board

Canadian Transportation Agency

Communication Canada

Competition Tribunal

Copyright Board

Correctional Service of Canada

Courts Administration Service

Director of Soldier Settlement

The Director, The Veterans' Land Act

Economic Development Agency of Canada for the Regions of Quebec

Energy Supplies Allocation Board

Hazardous Materials Information Review Commission

Immigration and Refugee Board

Indian Residential Schools Truth and Reconciliation Commission Secretariat

International Joint Commission (Canadian Section)

Law Commission of Canada

Library and Archives of Canada

Military Police Complaints Commission

NAFTA Secretariat—Canadian Section

National Farm Products Council

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National Parole Board

Office of Infrastructure of Canada

Office of the Chief Electoral Officer

Office of the Commissioner for Federal Judicial Affairs

Office of the Commissioner of Lobbying

Office of the Commissioner of Official Languages

Office of the Co-ordinator, Status of Women

Office of the Director of Public Prosecutions

Office of the Governor General's Secretary

Office of the Public Sector Integrity Commissioner

Office of the Superintendent of Bankruptcy

Offices of the Information and Privacy Commissioners of Canada

Patented Medicine Prices Review Board

Prairie Farm Rehabilitation Administration

Privy Council Office

Public Appointments Commission Secretariat

Public Health Agency of Canada

Public Service Commission

Public Service Staffing Tribunal

Registry of the Public Servants Disclosure Protection Tribunal

Royal Canadian Mounted Police

Royal Canadian Mounted Police External Review Committee

Royal Canadian Mounted Police Public Complaints Commission

Specific Claims Tribunal

Staff of the Supreme Court

Statistics Canada

Transportation Appeal Tribunal of Canada

Veterans Review and Appeal Board

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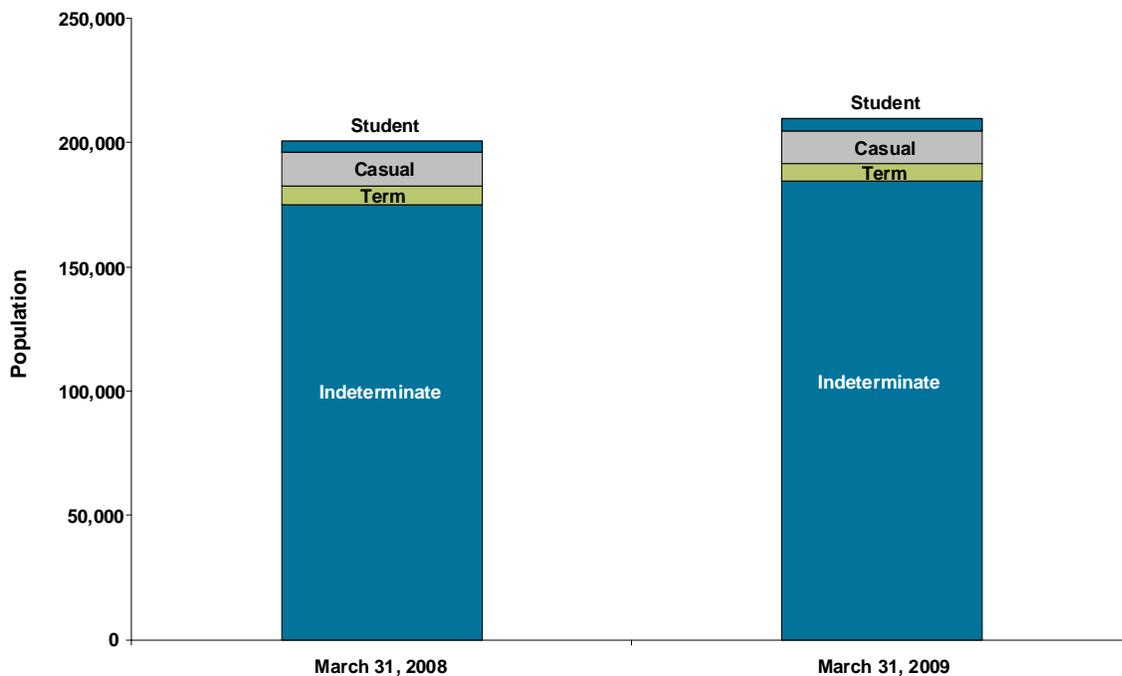
## Appendix B: The People Management Landscape—A Statistical Summary

The public service is Canada's largest employer and the most complex institution in the country. Of the more than 260,000 employees working in the public service in fiscal year 2008–09, over 200,000 were employed in the core public administration (CPA). This means that these public servants were employed in one of the 87 departments and agencies for which the Treasury Board is the employer as listed in Appendix A.

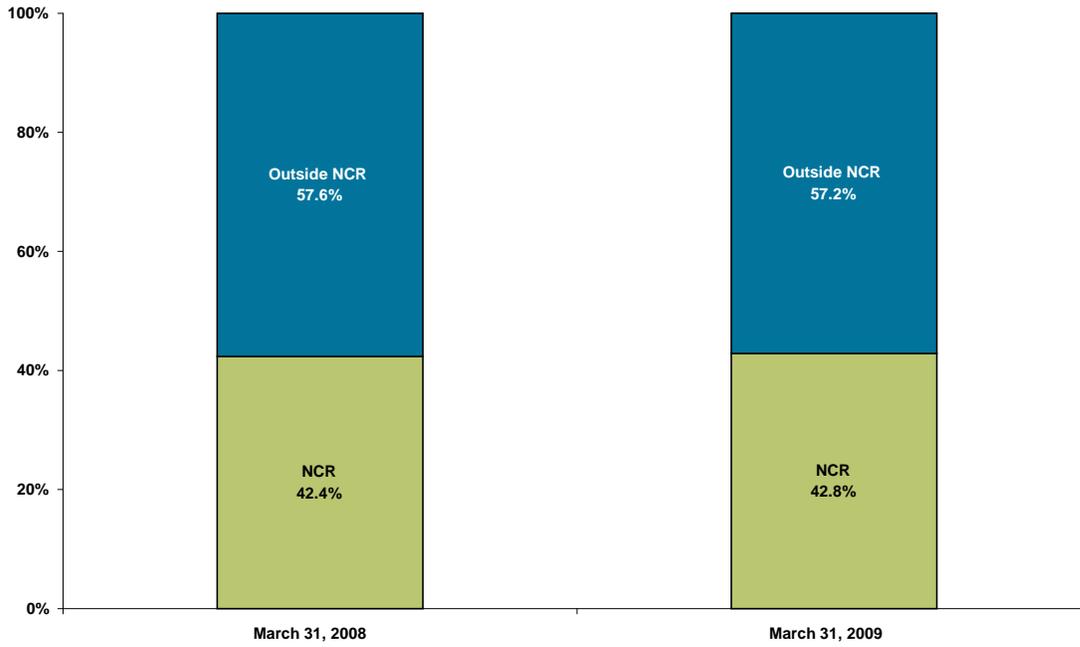
The following figures provide comparative profile data on employees in the CPA for fiscal years 2007–08 and 2008–09.

As shown in Figure 2, as of March 31, 2009, 184,379 CPA employees were indeterminate, 13,330 were term, 7,149 were casual, and 4,665 were students. As indicated in Figure 3, as of March 31, 2009, more than 89,000 (42.8 per cent) of these employees worked in the National Capital Region while almost 120,000 (57.2 per cent) worked in regional offices throughout the country.

**Figure 2. Core Public Administration Population Employees: 2008 and 2009**



**Figure 3. Regional Distribution of the Core Public Administration Population: National Capital Region (NCR) Compared to Outside NCR**

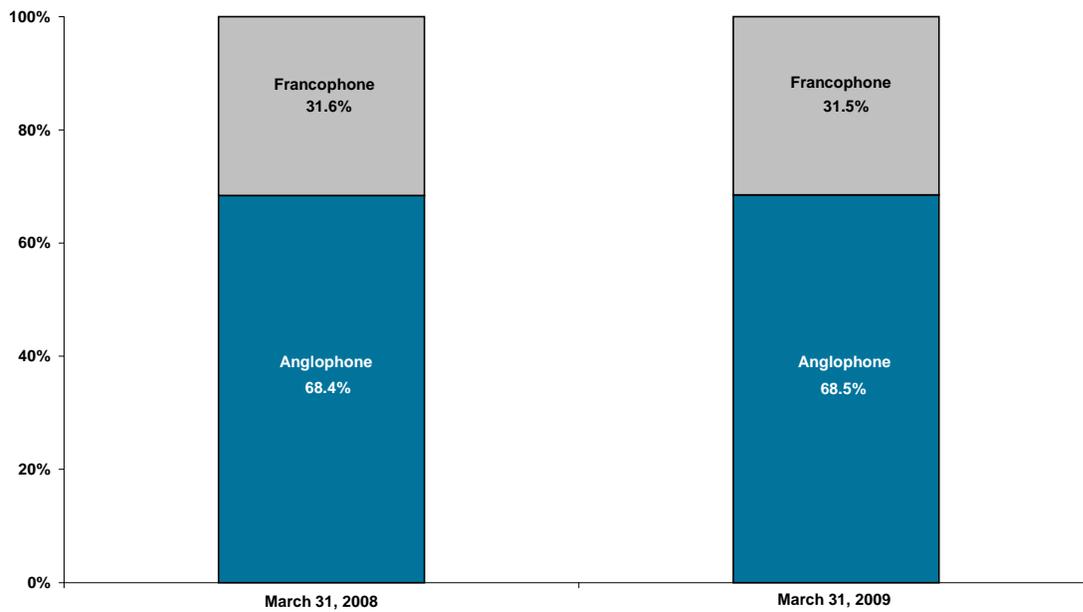


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Employees in the public service generally reflect the diversity of Canadians based on language, gender, employment equity status, and age.

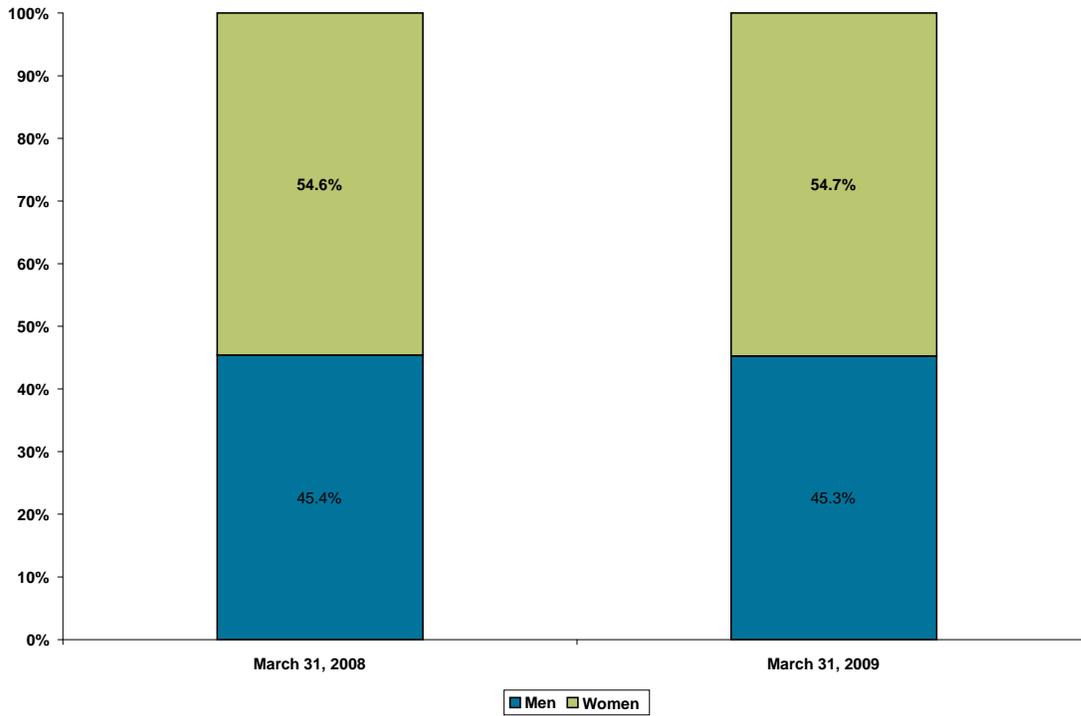
As indicated in Figure 4, as of March 31, 2009, 68.5 per cent of CPA employees were Anglophone and 31.5 per cent were Francophone.

**Figure 4. Distribution of the Core Public Administration Population by First Official Language (2008 and 2009)**



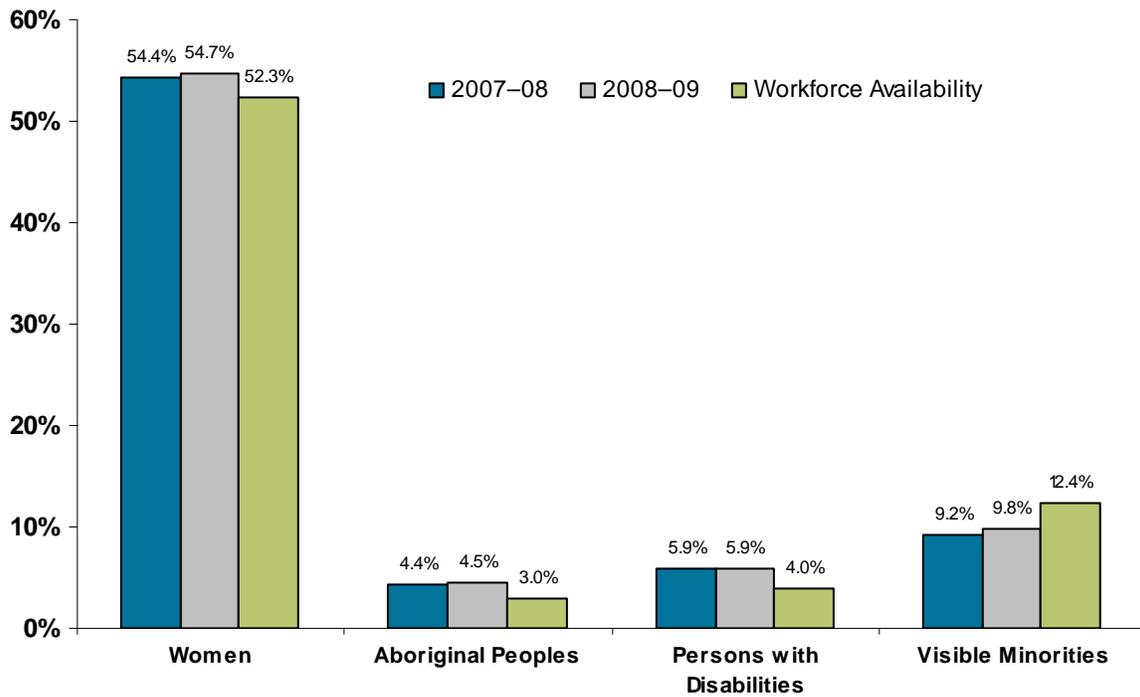
As indicated in Figure 5, as of March 31, 2009, women held 54.7 per cent of CPA positions (114,675), and men held 45.3 per cent of such positions (94,848).

**Figure 5. Core Public Administration Population by Gender**



In 2008–09, Aboriginal peoples represented 4.5 per cent of the CPA employee population; 5.9 per cent were persons with disabilities, and 9.8 per cent of employees were visible minorities. The data for these employee groups is provided in Figure 6 with reference to Canadian workforce availability estimates.<sup>9</sup>

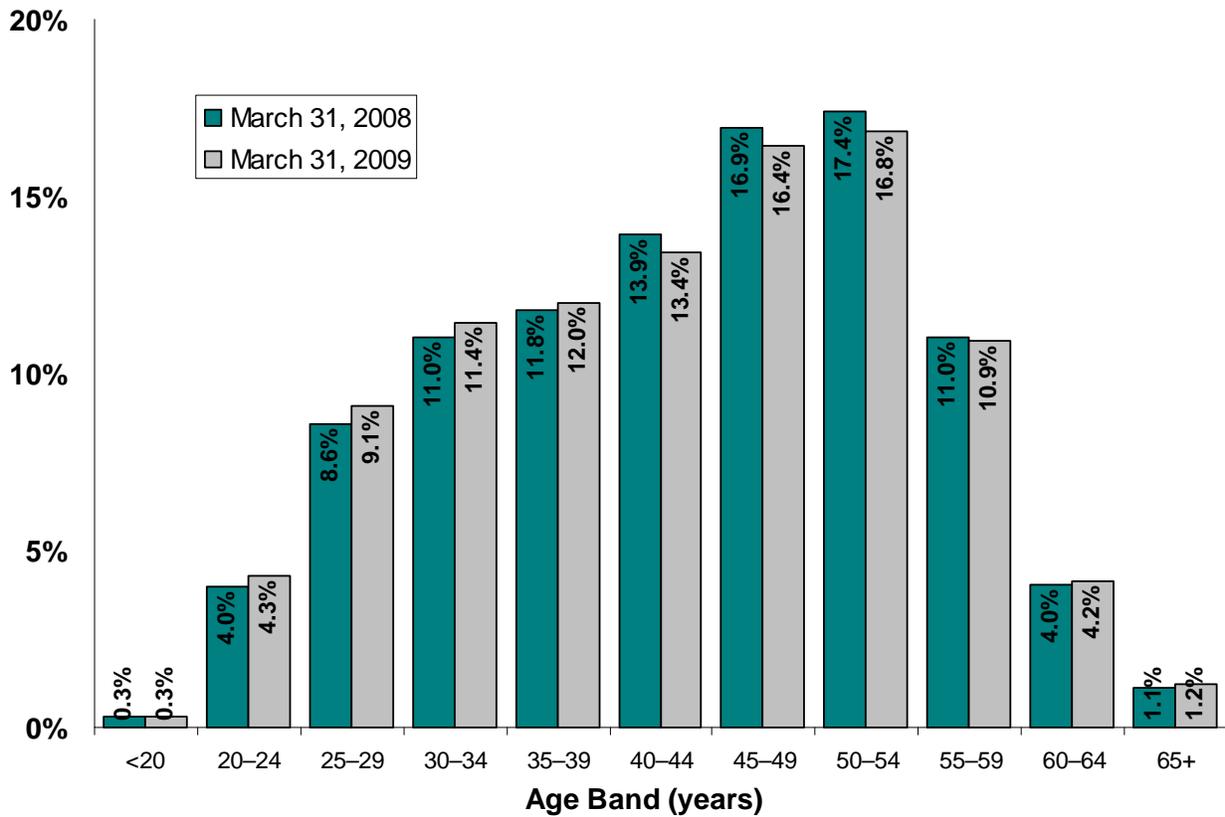
**Figure 6. Employment Equity Group Representation and Workforce Availability Estimates: Fiscal Years (2007–08 and 2008–09)**



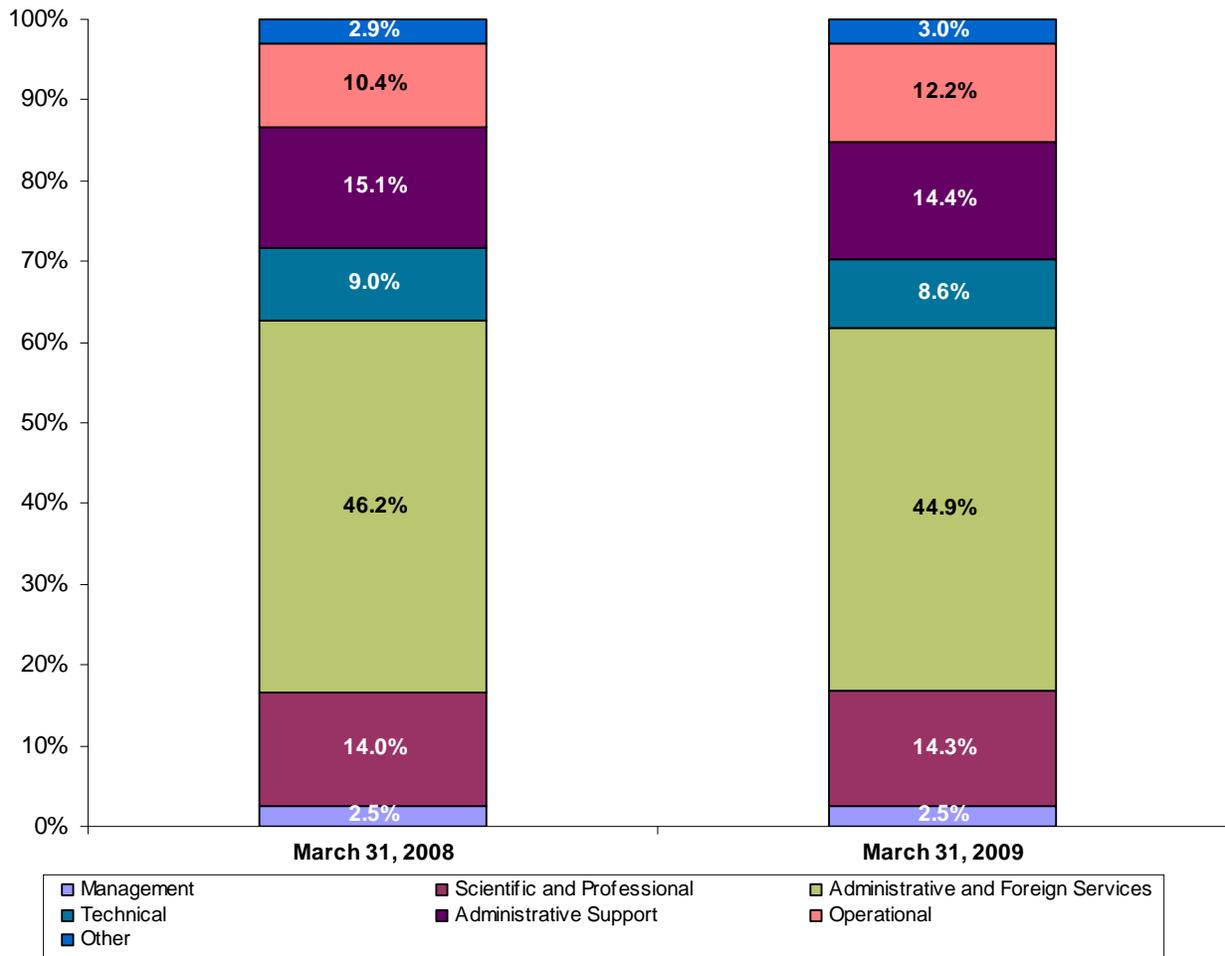
9. Workforce availability estimates are based on information from the 2006 Census of Canada and the 2006 post-Census Participation and Activity Limitation Survey.

More than 200,000 employees work in the 87 departments and agencies that make up the CPA. These public servants are categorized by age and shown by occupational category in Figures 7 and 8, respectively.

**Figure 7. Distribution of the Core Public Administration Population by Age (2008 and 2009)**



**Figure 8. Composition of the Core Public Administration Population by Occupational Categories Based on Standard Treasury Board of Canada Secretariat Definitions**



## Appendix C: Departments and Agencies Responsible for People Management

In fiscal year 2008–09, people management in the public service required significant liaison and coordination across the following organizations:

- ▶ **Privy Council Office:** The Privy Council Office supports the Clerk in his role as head of the public service. It is responsible for the selection, management, and development of deputy heads, who are the most senior leaders in the public service. It provides advice on the government's structure and organization, fosters a high-performing and accountable public service, and ensures the submission of an annual report on the public service to the Prime Minister. It also engages and works with a wide range of committees and partners such as the Prime Minister's Advisory Committee on the Public Service, the Committee of Senior Officials, the Deputy Ministers' Committee on Public Service Renewal, the Deputy Minister Advisory Committee on Public Service Commission Staffing and Assessment Services, the Expert Panel on Integrated Business and Human Resources Planning in the Federal Public Service, and the Advisory Committee on Senior Level Retention and Compensation.
- ▶ **Treasury Board of Canada Secretariat:** The Secretariat's key responsibilities include overall management policy development and oversight; expenditure management and financial oversight; strengthening governance, accountability, and management practices; strengthening results-based expenditure management; and strengthening internal management. Also included in the Secretariat's responsibilities in fiscal year 2008–09 were important aspects of HR management that are not part of the Canada Public Service Agency's mandate, such as management of pensions and benefits, labour relations, and compensation.
- ▶ **Canada Public Service Agency (CPSA):** As the focal point for people management in the core public administration, in fiscal year 2008–09, CPSA was responsible for leadership, talent management, policy and program support for HR planning, accountability, modernization, employment equity, values and ethics, official languages, and employment policies. It was also responsible for the classification policy, the federal learning policy, and the management of development programs. In March 2009, following the strategic review undertaken in summer 2008, the realigned responsibilities remaining in CPSA were transferred to the new Office of the Chief Human Resources Officer.

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- ▶ **Office of the Chief Human Resources Officer (OCHRO):** As of March 2, 2009, CPSA was modified and consolidated with those parts of the Secretariat that dealt with workplace policies and programs such as pensions, benefits, labour relations, and compensation. The new organization, to be housed within the Secretariat, will represent the Government of Canada as the employer on HR issues, and act as the strategic enterprise-wide leader on HR management in the public service. Its mandate includes making HR management more effective across the public service and reducing overlap and duplication of roles. In addition to its responsibilities for former Secretariat workplace policies and programs, OCHRO will provide a focus for HR governance and support for leadership development, talent management, executive management policies, diversity, official languages, values and ethics, monitoring, reporting, and performance measurement.
  - ▶ **Canada School of Public Service (CSPS):** CSPS is responsible for ensuring that public servants have the foundation knowledge, through orientation and certification training, to perform their duties effectively. It ensures that they have the required skills and competencies through management and professional development, have access to leadership development programs, are aware of innovative management practices and techniques, and have access to language training and retention services. As of March 2009, CSPS is responsible for ensuring the compliance of departments and agencies with the required training elements specified in the *Policy on Learning, Training, and Development*.
  - ▶ **Public Service Commission of Canada:** The Public Service Commission of Canada is an independent agency reporting to Parliament. Its mandate is to safeguard the integrity of the public service staffing system and the political neutrality of the public service. It sets policy on recruitment and appointments within the public service in accordance with the *Public Service Employment Act*. It conducts investigations and audits regarding appointments and investigates any allegations of improper political activity by public service employees.

Under the *Public Service Modernization Act*, primary responsibility for HR management has now shifted from central agencies and the Public Service Commission of Canada to deputy heads in departments and agencies and to a significant degree from HR professionals to line managers responsible for delivering services to Canadians. These responsibilities include the determination of learning, training, and development requirements; the provision of awards; the establishment of standards of discipline and penalties; and the termination of employment or demotion.

## Appendix D: The New People Management Research and Analytical Framework

The people management drivers model (see Table 1) is the framework that will be used for assessing people management excellence in the public service in the future.

**Table 1. People Management Drivers Model**

CANADIANS' TRUST AND SATISFACTION IN THE PUBLIC SERVICE						
Canadians' satisfaction with government service delivery		Canadians' confidence in the government			Canadians' confidence in the Public Service	
SOCIAL AND ECONOMIC WELL-BEING OF CANADIANS						
Economic Affairs			Social Affairs		International Affairs	
Income security and employment for Canadians	Strong economic growth	Innovative and knowledge-based economy	Healthy Canadians	Safe and secure communities	Safe and secure world through international cooperation	Global poverty reduction through sustainable development
Clean and healthy environment	Fair and secure market place	Diverse society	Vibrant Canadian culture and heritage	Strong and mutually beneficial North American partnership	Prosperous Canada through global commerce	
PUBLIC POLICY AND SERVICE EXCELLENCE				SUSTAINED, PRODUCTIVE PUBLIC SERVICE		
Quality of public policy advice		Quality of service and program delivery		Attractiveness of public service employment	Retention of employees	Health of employees
ENGAGED EMPLOYEES				CULTURE OF EXCELLENCE		
Job satisfaction	Commitment to the organization	Satisfaction with the organization		Innovative	Results-oriented	Public interest-oriented
WORKFORCE				WORKPLACE		
Talented people attracted and recruited		Well-managed employee potential		Well-managed work		Fair, supportive and ethical environment
Right talent in the right place at the right time		Employee development		Meaningful work		Physical conditions and resources
Diversity of characteristics		Performance management		Appropriate workload and stress		Appropriate compensation
Values-based staffing		Career opportunities		Empowerment		Positive working relationships and communications
LEADERSHIP (EXECUTIVE AND SUPERVISORY)						
Planning and direction setting		Competence			Values	
ENABLING PEOPLE-MANAGEMENT INFRASTRUCTURE						
People management capacity		High-quality people management advice and support services			Knowledge of the state of the Public Service	
Right talent in the right places		Access to people management services			Research	
Stability		High-quality people management services			Information systems	

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## Appendix E: Related Websites

The following websites provide additional information on subjects and reports referred to in this report:

- ▶ **Office of the Chief Human Resources Officer (part of the Treasury Board of Canada Secretariat)** (<http://www.tbs-sct.gc.ca/chro-dprh/index-eng.asp>)
  - *Human Resources Management in the Public Service of Canada* annual report to Parliament
  - annual report on official languages
  - *Employment Equity in the Public Service of Canada* annual report to Parliament
  - *Annual Report on the Policy on Internal Disclosure of Information Concerning Wrongdoing in the Workplace*
  - *Annual Report on the Policy on Prevention and Resolution of Harassment in the Workplace*
  - labour relations and compensation operations
  - pensions and benefits
  - public service renewal
  - report to the Prime Minister of the Prime Minister’s Advisory Committee on the Public Service
  - key leadership competencies
  - *Policy on Learning, Training, and Development*
  - *Report on Plans and Priorities*
  - *Departmental Performance Report*
- ▶ **Treasury Board of Canada Secretariat** ([www.tbs-sct.gc.ca](http://www.tbs-sct.gc.ca))
  - Management Accountability Framework
- ▶ **Canada School of Public Service** ([www.myschool-monecole.gc.ca](http://www.myschool-monecole.gc.ca))
- ▶ **Public Service Commission of Canada** ([www.psc-cfp.gc.ca](http://www.psc-cfp.gc.ca))
  - annual report of the Public Service Commission of Canada
- ▶ **Privy Council Office** ([www.pco-bcp.gc.ca/premier.asp](http://www.pco-bcp.gc.ca/premier.asp))
  - *Annual Report to the Prime Minister on the Public Service of Canada*