



# Highlights



## 2010-2011 Annual Report

October 2011

*The Public Service Commission (PSC) is an independent agency reporting to Parliament, mandated to safeguard the integrity of the public service staffing system and the non-partisanship of the public service. In addition, the PSC recruits qualified Canadians from across the country.*

The Public Service Commission (PSC) 2010-2011 Annual Report covers the fifth year of operation under the *Public Service Employment Act* (PSEA) since the Act came into full force in December 2005. It provides an overview of hiring and staffing activities in organizations under the PSEA in 2010-2011, as well as an overall assessment of the staffing system based on the PSC's oversight and other activities. It also reports on the state of non-partisanship in the public service.

In 2010-2011, the public service experienced no growth (0.3%), and a drop in hiring activities. In the three years prior to 2010-2011, the PSEA population growth averaged 8 000 employees per year, for an annual growth rate of 4.0%. The number of individuals in organizations under the PSEA remained practically unchanged in 2010-2011 compared to last year; these organizations accounted for a total of 216 709 individuals as of March 2011.

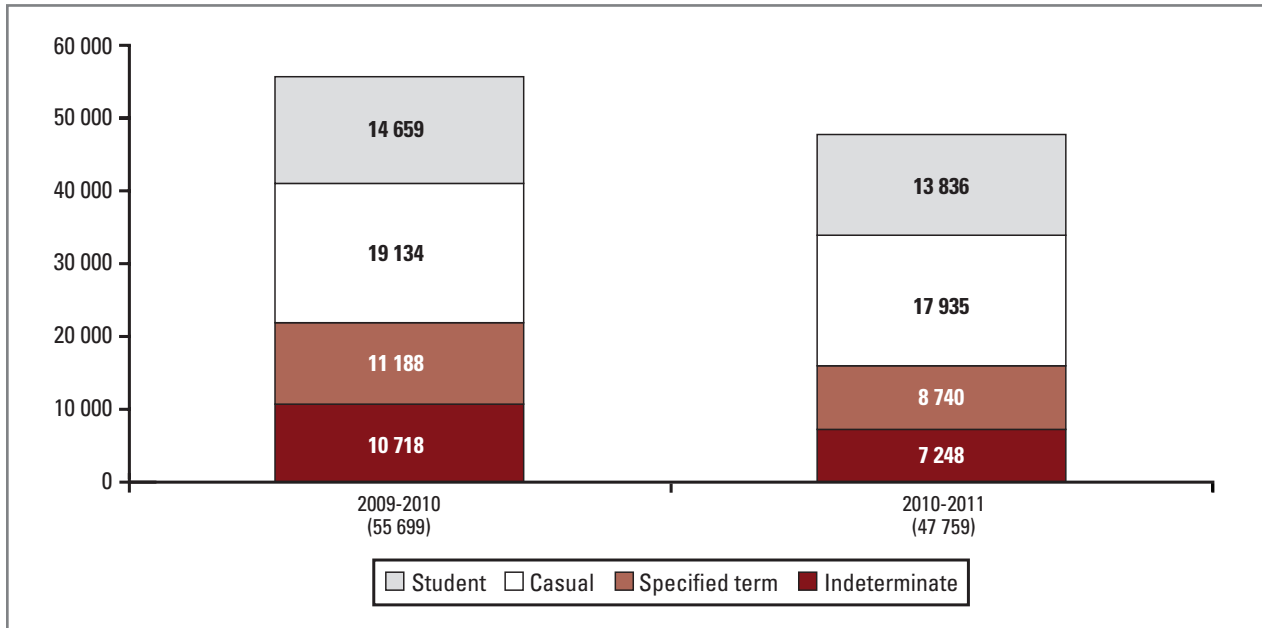
### Overall staffing and hiring activities

Fewer hiring and staffing activities took place in 2010-2011 than in each of the four previous years. These reductions affected the hiring of new employees and employee mobility. They also had an impact on the growth and composition of the overall population under the PSEA.

There were 47 759 hires into the public service in 2010-2011, 14.3% fewer than in 2009-2010. The decrease was widespread among organizations under the PSEA. Some 30 of the 39 organizations with at least 100 hires into the public service in 2010-2011 reduced their hiring activities from the previous year.

Indeterminate hiring into the public service had the largest decrease in 2010-2011, to 7 248 appointments from 10 718 appointments in 2009-2010. Consistent with this trend, indeterminate hiring accounted for a smaller share of all hires this year (15.2%) than in 2009-2010 (19.2%), after peaking at 22.4% in 2008-2009. Specified term hiring also decreased substantially in 2010-2011, dropping 21.9% from 2009-2010.

## Hiring activities under the *Public Service Employment Act* by tenure and fiscal year



Source: Public Service Commission hiring and staffing activities files

Reductions of casual and student hiring were less pronounced. Casual hiring declined to 17 935 in 2010-2011 and, after five years of continuous increase, student hiring declined to 13 836.

The number of new indeterminate employees aged less than 35 years dropped by 27.7%, from 9 124 in 2009-2010 to 6 590 in 2010-2011. This drop contributed to a reduction in the number of public service employees within this demographic for the first time in a decade.

Hiring into the public service declined in most parts of the country in 2010-2011, but less so in the National Capital Region (NCR) (10.2%) compared to other regions (17.3%). As a result, the PSEA population in the NCR increased slightly (1.6%), while the PSEA population in other regions decreased slightly (0.7%).

## Overall assessment

### *Merit*

The PSC has concluded that, overall, merit is being respected in the many staffing transactions that take place in the core public service. PSC audits show that managers are doing a better job of applying the merit test. In addition, organizational performance in the management of staffing continues to improve. Sub-delegation instruments are in place in most organizations, as are human resources plans linked to appropriate staffing strategies.

However, the results of the PSC's audit work demonstrate that there continues to be a small proportion of cases where merit has not been met. This is usually the result of error, omission or improper conduct. In addition, there are still too many cases where merit is not demonstrated in staffing files or other organizational records.

### *Non-partisanship*

Non-partisanship is a core PSEA value. Public servants must be appointed without political influence and must carry out, and be seen to carry out, their duties in a politically impartial manner.

Based on its activities in 2010-2011, the Commission maintains its concern that more effort is required to properly safeguard this core value in the system.

In 2010-2011, the PSC undertook an analysis of its Survey of Staffing data to examine the extent to which employees are aware of their rights and responsibilities related to participating in political activities, as defined by the PSEA. While there has been some improvement, a significant number of employees are still not well-informed about their rights and responsibilities with regard to political activities. A full 37% indicated that they were aware of these rights and responsibilities only to a limited extent, or not at all. The Commission considers this level of unawareness a risk to the non-partisanship, both real and perceived, of the public service.

In recent years, the PSC has received no allegations of political influence in staffing. In 2010-2011, however, the PSC opened several investigations into appointments at the Atlantic Canada Opportunities Agency. The investigations are designed to determine whether the appointments were free of political influence, were made on the basis of merit and did not involve any errors, omissions or improper conduct, as required by the PSEA. The PSC expects to complete the investigations in 2011-2012 and report on the results.

### *Guiding values*

Overall, our oversight activities in 2010-2011 indicate that there has been some progress in realizing the guiding values of fairness, access, transparency and representativeness in appointment decisions. In particular, the Commission is pleased to observe that access to indeterminate federal positions continues to improve. Another indicator of improvement in realizing the value of access is that the duration of acting appointments ending with a promotion has decreased, as has the use of non-advertised appointments for acting situations.

However, the PSC continues to be concerned about employees' perceptions of the fairness of the overall staffing process. About a quarter of employees persistently feel that the overall process is not at all fair, or fair only to some extent. The Commission is also concerned that a continued decline in the external appointment rate for persons with disabilities will have negative consequences for their representation in the public service over the long term.

### *Corrective action*

In any staffing system, an integrated set of mechanisms is necessary for the correction of mistakes, should they occur. The PSEA envisioned a system where appointment-related authorities, along with the authority to take corrective action and revoke internal appointments, are delegated to enable flexibility and to ensure that problems are resolved as quickly as possible.

Deputy heads have an important role to play in taking corrective action. Deputy heads are delegated the power to take corrective action and revoke appointments when, after investigation, they are satisfied that an error, omission or improper conduct has affected an internal appointment process.

There is evidence that deputy heads are doing more of these investigations. In addition, deputies are using a mix of formal and informal mechanisms (for example, the organization's informal conflict management system or Ombudsman function) to address issues that emerge from internal appointment processes.

Investigations are used when there is uncertainty about what has occurred and what corrective action should be taken to address problems identified in specific staffing actions. Not responding to the results of an investigation or not undertaking required corrective action is unfair to employees, and it undermines the vision of the staffing system outlined in the Act.

The PSC's 2009 audit of the Immigration and Refugee Board (IRB) found that the organization needed to improve its staffing practices and that there were gaps in addressing possible problems with some processes. Following the audit, the PSC and the IRB agreed that the PSC would continue to audit appointments for a period of one year and could investigate any internal appointment process identified in the audit. The IRB subsequently disagreed with the investigation procedures that the Commission used and did not accept the conclusions or corrective actions in the majority of investigations completed. The PSC is developing recommendations for an exclusion from the PSEA and its regulations whereby internal investigations and corrective actions will be the responsibility of the PSC rather than the deputy head of the IRB.

## Merit and non-partisanship in the context of fiscal restraint

As the government enters a period of fiscal restraint, there will be pressures on the staffing system. The role played by the PSC in providing independent assurance of the integrity of the system and the non-partisanship of the public service will continue to be an important one.

Fiscal restraint measures taken so far have already had an impact on hiring and staffing activities within the public service, with a marked reduction of 14.8% in these activities in 2010-2011 compared to last year. The Strategic and Operating Review to be undertaken in 2011-2012 will likely continue this trend and further reduce opportunities for lateral and upward mobility. Restraint measures also mean that organizations will be called upon to achieve efficiencies by doing business differently.

In this environment, there will be increased pressure on the system to ensure that the core and guiding values are respected. Proper use and better planning of the permanent and contingent workforces, a sound system for managing priority persons and ongoing, targeted recruitment will be critical.

### *Integrated planning of the entire workforce*

In the fiscal environment facing the public service over the medium term, there will be growing pressure on managers and their organizations to meet some operational requirements through the hiring of contingent workers (i.e. term employees, casual workers, students, temporary help workers and consultants). The utilization of contingent workers is a legitimate strategy for achieving organizational objectives. In the public service context, however, the choice to resource using the contingent workforce must always be properly balanced with the need to respect the core PSEA values of merit and non-partisanship and the guiding values of fairness, access, transparency and representativeness. This underscores the importance of proper use and better planning of the entire workforce, both permanent and contingent, as managers make decisions about their resourcing strategies to meet future needs.

### *Priority administration*

A “priority” person has an entitlement under the PSEA or the *Public Service Employment Regulations* (PSER) to be appointed ahead of all others to vacant positions in the public service, if the person meets the essential qualifications of the position. The PSC is responsible for ensuring that entitlements to priority appointments are observed.

Examples of entitlements provided by the provisions in the PSEA and PSER include employees on leave of absence whose positions have been backfilled indeterminately, employees who have become disabled, members of the Canadian Forces and the Royal Canadian Mounted Police who have been released or discharged for medical reasons, and employees declared surplus or laid off.

While the Treasury Board of Canada Secretariat oversees the work force adjustment (WFA) appendices to the collective agreements, those employees who face discontinuance of work as a result of WFA may benefit from a surplus priority entitlement. Any increase in WFA activities in organizations, therefore, translates into increased numbers of employees registered as surplus priorities in the Priority Information Management System (PIMS). In addition to administering PIMS, the PSC also provides advice and guidance to organizations as they assess employees who may be declared surplus or laid off from the public service.

The PSC undertook an evaluation of the priority administration program in 2010-2011 to ensure that it is sound. In light of the government’s commitment to continued fiscal restraint, ensuring that the program is effective will be increasingly important. The evaluation identified the following key issues:

- The need for the PSC and organizations to strengthen their priority administration capacity, notably in the clarification of roles and responsibilities and through increased training to provide consistent information, advice and referrals;
- The need to explore ways of ensuring that employee performance issues are not addressed through the priority administration program;
- The need for stronger monitoring to ensure that registrations are timely, that referrals are not too broad, that assessments are fair,

that appropriate feedback is provided and that priority persons respond appropriately and quickly when referrals and job offers are received; and

- The need to examine options regarding appropriate mechanisms for priority persons who do not believe that they were treated fairly.

The PSC also conducted an analysis on priority consideration in the public service, using existing results from audits that were tabled in 2010 and 2011. The objective of the analysis was to determine whether priority persons were considered by organizations prior to making an appointment. The analysis used 833 appointments from 19 audited organizations. It revealed that, for about 89% of the appointments reviewed, the expectation of considering priority persons was met prior to making an appointment. However, the analysis also found that approximately 11%, or 89 out of 833 audited appointments, contained issues or errors, for example, not obtaining a priority clearance number prior to the date of appointment. The PSC noted that such practices put the guiding values at risk and may also limit access to job opportunities for priority persons.

In the coming year, the PSC will implement a series of measures, including developing new tools, to ensure that the priority administration program, including PIMS, is well-placed to support the needs of deputy heads and organizations.

### *Recruitment*

Despite the current period of fiscal restraint, there will be a continuing need to deliver programs and services to Canadians, and thus a continuing need for a professional public service of highly qualified people. It will be important to keep in mind the lessons learned from the Program Review exercise in the mid-1990s, a similar time of spending cuts. The workforce adjustment initiatives introduced during that period produced significant changes in the profile of the public service, including its age structure and the composition of occupational groups. They also contributed to shortages in key occupational groups and skills.

From the Commission's standpoint, to avoid repeating the mistakes of the past, targeted recruitment should continue. The focus must be to ensure that the right people, with the right skills

and competencies, are in place to deliver results for Canadians. This will require organizations to carefully align recruitment initiatives with the skills they identify as necessary for the future and to conduct highly disciplined, integrated planning of resourcing strategies. For its part, the PSC will continue to develop "smarter" approaches to recruitment that support the new and emerging needs of organizations as they adopt new business models.

## Looking forward

Although the public service is in a period of no growth, and potential decline going forward, the essential role it plays in delivering programs and services to Canadians and providing objective, expert advice to ministers will not be diminished. In addition, the core PSEA values of merit and non-partisanship and the guiding values set out in PSC policies will be as important as ever.

The PSC will continue to work with Parliamentarians, deputy heads, organizations, bargaining agents and other stakeholders to ensure that the staffing system is responsive to the changing operational and fiscal context, and that the core and guiding values continue to be respected. In doing this, the PSC will build on the recommendations in its Special Report to Parliament to address three principal issues requiring ongoing attention:

- Improving the effectiveness of the staffing system;
- Enhancing the approach to safeguarding the non-partisanship of the public service; and
- Strengthening the governance and operation of the Commission.

The results of the legislative review of the *Public Service Modernization Act* are expected to be tabled by the President of the Treasury Board in 2011-2012. The PSC will respond to the recommendations that are made.

The PSC is committed to supporting a smooth transition to a new Commission over the coming months and will continue to ensure that Canadians benefit from a professional public service in which the core values of merit and non-partisanship are independently protected.

