

REPORT
of the
ROYAL COMMISSION

ON

ADMINISTRATIVE
CLASSIFICATIONS
in the
PUBLIC SERVICE

○

1946

OTTAWA
EDMOND CLOUTIER, B.A., L.Ph., C.M.G.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
AND CONTROLLER OF STATIONERY
1946

July 4, 1946.

The Right Honourable W. L. MACKENZIE KING,
Prime Minister of Canada,
Ottawa.

SIR,— I have the honour to enclose herewith the Report of the Royal Commission on Administrative Classifications in the Public Service.

Yours sincerely,

(Sgd.) W. L. GORDON,
Chairman.

TERMS OF REFERENCE

P.C. 563, February 15, 1946.

The Committee of the Privy Council have had before them a report dated 15th February, 1946, from the Right Honourable W. L. Mackenzie King, the Prime Minister, submitting:—

That the wide range and complexity of the functions and responsibilities of government have resulted in recent years in substantial increases in the numbers and qualifications of persons required for senior administrative positions in the public service;

That the government has encountered serious and increasing difficulties in attracting trained personnel in this category into the public service and has, at the same time, lost substantial numbers in consequence of opportunities in private industry, the learned professions and the universities;

That wartime control of salaries and promotions has been more restrictive in the permanent public service than in other occupations while, at the same time, it has been necessary to depart from established scales of salary in making temporary appointments of persons urgently required for the performance of important duties in connection with new functions of the government, many of which will have to be continued;

That many representations have been received as to the inequitable relationship between the salaries provided for various positions in the above category and as to the lack of opportunity for promotions and for transfers between departments of government;

That it is therefore essential in the public interest that the position of the principal officials of the public service, particularly the senior administrative officers should be carefully examined with a view to the maintenance of the highest standards of efficiency in the conduct of public business; and

That it is desirable that such examination be conducted by a disinterested body in a position to consider objectively scales of salary and conditions of employment in the public service in relation to those which obtain for persons of comparable qualifications and capacities who perform duties of comparable responsibility in private employment.

The Committee, therefore, on the recommendation of the Prime Minister advise:—

1. That, with a view to maintaining efficient standards of administration in the public service of Canada,

Walter L. Gordon, Esquire, C.A., of the City of Toronto

Major-General Edouard deB. Panet, C.M.G., D.S.O., of the city of Montreal

Sir Horace Hamilton, G.C.B., of the City of London, England* be appointed Commissioners under Part I of the Inquiries Act (Chapter 99 of the Revised Statutes of Canada, 1927) to examine into and make recommendations upon:—

(a) The scales of remuneration, classifications and conditions of employment of the principal officials of the public service, including deputy heads and senior administrative officers in departments and agencies of government;

* Sir Horace Hamilton was unable, owing to illness, to take part in the proceedings of the Commission and Sir Thomas Gardiner, G.B.E., K.C.B., also of the United Kingdom Civil Service, was appointed to act in his stead.

- (b) the relationship, with respect to scales of remuneration and conditions of employment, between such officials
 - (i) in departments and agencies of government, and
 - (ii) in permanent and in temporary positions;
- (c) the numbers of such officials required for the efficient administration of public business;
- (d) the opportunities for and procedure in respect of appointment, promotion and transfer of such officials;
- (e) the continuing methods and procedures by which these questions may be kept under review to meet changing requirements;
- (f) such other matters as may, in the opinion of the Commissioners, relate to the maintenance of efficient standards of administration in the public service.

2. That the Commissioners be authorized to exercise all the powers conferred upon them by Section II of the said Inquiries Act and be assisted in their activities to the fullest extent by the Civil Service Commission and by the officials of all departments and agencies of the government.

3. That the Commissioners submit interim reports from time to time as they see fit or as they may be directed by the Governor in Council or by the Treasury Board.

4. That Walter L. Gordon, Esquire, be Chairman of the Commission.

5. That Mr. John J. Deutsch be Secretary of the Commission and Mr. Paul M. Pelletier, Assistant Secretary thereof.

6. That the Commissioners be directed to report to the Governor in Council.

(Signed) A. D. P. HEENEY,
Clerk of the Privy Council.

In addition to the terms of reference set out in Order in Council P.C. 563 above, the Commission was requested by the Minister of Finance, on a suggestion from the Prime Minister, to include in its enquiry matters relating to the pension treatment of members of Boards and Commissions.

PROCEDURE OF THE COMMISSION

We obtained the information required for our study from material prepared for us by the Civil Service Commission and the staff of the Treasury Board, from evidence tendered at public hearings, and from interviews with Ministers, Deputy Ministers, and Heads of Agencies. A list of those with whom we had the benefit of discussions is given in Appendix E.

At our request the Civil Service Commission prepared comprehensive information on the organization of departments and agencies, on the duties of administrative and other principal officials, and on the classification and scales of remuneration of personnel throughout the public service. This information was forwarded to Ministers for review and was returned to us with departmental comments and, where necessary, corrections.

We invited Civil Service organizations and other public bodies interested in the matters of our enquiry to present briefs to us if they so desired. These submissions were heard at public sittings held in Ottawa in March, April and May, 1946. The organizations and their representatives which appeared before us are listed in Appendix F.

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SUMMARY OF RECOMMENDATIONS

The basic weakness in the control and management of the civil service is in the overlapping of duties and responsibilities between the Civil Service Commission and Treasury Board. Obviously, there must be some central financial control but experience in other countries demonstrates that this should carry with it direct responsibility for the efficiency of the machinery of government. With this in mind it is recommended that:—

1. The Civil Service Commission should be continued as an independent and separately constituted body but should concentrate its attention upon the highly important and primary function of recruiting.
2. The personnel of all departments and of the boards, commissions and agencies listed in Appendix A should, insofar as not already so covered, be brought under the provisions of the Civil Service Act.
3. The review of recruiting procedures and regulations now being undertaken by the Civil Service Commission should be pushed forward as speedily as possible. Greater opportunities should be given to candidates qualified on the basis of general intelligence and capacity to enter the service in administrative positions.
4. An Establishments and Personnel Division should be created in the Treasury Board under a Director General, who should have the rank of a senior Deputy Minister. This officer should be responsible to the Government for all matters concerning the organization of departments including establishments and rates of pay; for transfers between departments of administrative, scientific, technical and professional personnel and for making recommendations respecting working conditions, morale and personnel welfare generally throughout the service.
5. An Advisory Committee should be set up to advise and assist the Director General on questions affecting the service as a whole.
6. Qualified personnel officers should be appointed in all departments.
7. Deputy Ministers should be responsible for promotions subject to the concurrence of the Director General in the case of administrative, scientific, technical and professional personnel and of the Civil Service Commission in the case of all other grades.
8. Ministers should be directly responsible for discipline in their departments.
9. The present system of absolute veterans preference could profitably be reviewed in the best interests of the veterans as a whole and of the service generally.
10. Vacancies arising from retirements should be filled immediately.
11. The salaries of Deputy Ministers should be fixed at \$15,000, \$12,000 or \$10,000, depending upon the nature of their responsibilities and the duties they are called upon to perform.
12. A special category should be created carrying a salary of \$17,500 in recognition of highly meritorious services or for particularly onerous responsibilities.
13. The salaries of the principal officials other than Deputy Ministers should be fixed at \$8,000, \$10,000 or \$12,000, as the case may be.

14. A drastic rearrangement and curtailment of the existing salary structure is imperative, at least insofar as positions of an administrative or semi-administrative character are concerned. The following scales are proposed:—

| <i>Scales</i> | <i>Annual Increase</i> |
|-----------------|------------------------|
| \$ | \$ |
| 1800-2200 | 100 |
| 2400-3300 | 150 |
| 3750-4500 | 150 |
| 5000-6000 | 200 |
| 6500-7500 | 200 |

15. The number of positions in the top two scales mentioned in the preceding paragraph should be substantially greater than at present. The actual number of positions required in each of the scales should be determined after study by the Director General of Establishments and Personnel.
16. Specific recommendations with respect to each individual department are set out in Appendix C.
17. Scales of remuneration for scientific, technical and professional classes in positions which carry salaries of \$5,000 or more should be the same as those proposed for the administrative grades. It is suggested that the position of scientific, technical and professional personnel in receipt of salaries of less than \$5,000 should be further reviewed.
18. The present sharp distinction between "temporary" and "permanent" employees under the Civil Service Superannuation scheme is unsatisfactory and should be changed.
19. A consistent policy should be adopted respecting the conditions of employment, remuneration and superannuation of members of the boards, commissions and agencies listed in Appendix A.

REPORT

TO HIS EXCELLENCY
THE GOVERNOR GENERAL IN COUNCIL

We, the undersigned Commissioners have the honour to report as follows:—

INTRODUCTION

It must be emphasized at the outset that we were not asked to make a comprehensive study of the Canadian Civil Service. Our terms of reference direct us to examine into and make recommendations in regard to "the principal officials of the public service, including Deputy Heads and senior administrative officers in departments and agencies of government." Matters pertaining to the recruitment, promotion and remuneration of the principal officials cannot, however, be dealt with in isolation from the structure of the civil service as a whole. Consequently, while we have not given particular consideration to the position of the junior ranks and of the scientific, technical and professional personnel as such, many of our comments, and specifically our recommendations concerning machinery and procedures, apply to the service generally.

The history of the Canadian Civil Service is relatively short. Its main development has taken place under a combination of influences resulting from the increasing industrialization of the country and the stress of participation in two world wars. During the short span of time covered by these events the primary reform was accomplished of establishing a career service, recruited on a merit basis in place of the elemental patronage system. But with the increasing complexity of society there has been a steady growth in the activities and responsibilities of government which has imposed increasing demands upon the civil service and particularly upon its principal officials. It appears to us that as a result of this rapid expansion four principal defects in the organization of the service have emerged:—

1. There are not enough men of high calibre in the senior and intermediate grades. This means that the Deputy Ministers and other principal officials—and we suggest Ministers as well—are unable to delegate to others as much work as they should, with the result that they are themselves seriously overburdened.
2. There is no clear-cut assignment of responsibility for the overall management and direction of the service. As a result there is no effective machinery for adequately training, seeking out, transferring and promoting able men and women in the junior and intermediate ranks of the service.
3. There is no machinery capable of dealing decisively and promptly with the changes in organization which are needed continuously in any institution as large and varied as the Canadian Civil Service or with the problem of redundant, unsuitable or incompetent personnel.
4. There are very considerable delays in making appointments and promotions at all levels of the service.

During the war the consequences of these defects became pronounced. The degree of improvisation that was found to be necessary, the extent to which positions of high responsibility had to be filled from outside the service, the burden placed upon many of the principal officials, and the degree to which

special organizational devices were employed to escape the procedures of the civil service machinery, were far greater than would have been required under a more flexible system. These circumstances, together with the wartime controls on salaries, promotions and permanency, in respect of which the civil service made its full contribution, have produced very substantial problems of post-war readjustment and reorganization.

This report is divided into two parts. In the first part we discuss in some detail the situation as it exists at the present time. And in the second we submit recommendations for correcting weaknesses in the system and propose revised scales of remuneration for the senior officials.

PART I

THE ORGANIZATION AND STRUCTURE OF THE CIVIL SERVICE

Size and Composition of the Service

During the last three decades the Canadian Civil Service has undergone rapid expansion and, at times, contraction in its numbers. The service numbered approximately 25,000 in 1914. This number had doubled by 1920 but fell to slightly less than 40,000 in 1924. After that year there was a steady increase to about 46,000 in 1931. During the subsequent depression the number was reduced to the neighbourhood of 41,000 but by 1939 had again risen to 46,000. The service has almost trebled during the war and in February, 1946 approximately 117,000 were employed in departments and non-commercial agencies of the government.*

The Canadian Civil Service has for many years included a relatively large proportion of temporary personnel—that is, employees who have no formal status with respect to permanency of employment and the normal opportunities for promotion, and are not entitled to annual increases in pay or to superannuation benefits. Between the period of the two wars roughly one-third of the service was carried on the temporary establishment. At present, as is to be expected, the proportion is much higher, about three-fourths of the 117,000 employees now being “temporaries”. The reduction, as speedily as circumstances will permit, of this large number of temporary staff is obviously a matter of the utmost importance. The attainment of this purpose with any rapidity seems to us to call for a more dynamic type of machinery than exists under the present system.

Classification of the Service

In the years immediately following the first World War the civil service was reorganized and converted from a patronage to a merit basis. This process required an extensive review of positions, duties, and scales of remuneration throughout the service. Machinery and procedures had to be devised for grading duties and establishing standards of remuneration so as to achieve, and to maintain for the future, uniformity of remuneration for work of like quality and responsibility, in all parts of the service. The system employed to accomplish these objects was developed under the general direction of the Civil Service Commission with the technical assistance of an outside firm of experts. It was founded on a detailed, highly specialized and complex scheme of classification into which every position in the service had to be fitted. This scheme was given statutory effect by Act of Parliament in 1919 and was subsequently embodied in the Civil Service Act.

It is our considered opinion that certain of the fundamental difficulties and weaknesses of the civil service to-day are due to the persistent attempt to work within the confines of this rigid and complex system of classification. Experience in the United Kingdom, where the methods employed are far simpler and more flexible, and to a lesser extent in the United States, confirms this view.

Positions in the Canadian Civil Service are grouped, for purposes of recruitment, promotion, remuneration and general management into no less

* Employees of government-owned commercial agencies such as the Canadian National Railways and Polymer Corporation, military and police forces, industrial workers and casual, part time, and purely seasonal employees are not included in any of these totals.

than 3,700 different classifications. Of these, some 2,200 are applicable to permanent positions and about 1,500 to special wartime and other temporary positions. This very detailed differentiation results in the creation of a great number of highly specialized positions, each with its finely distinguished qualifications. Consequently, we have class titles such as Agricultural Architect, Annuities Actuary, Assistant in Fruit By-Products, Chief Record of Performance Inspector, Assistant Investigator of Values, Bath Caretaker, etc.

The implications of this system are obvious. At the gateway to the service recruitment is conducted by rating applicants on the basis of some specialized knowledge or some particular experience rather than on the basis of general intelligence and capacity. This practice has undoubtedly contributed to the failure to obtain sufficient recruits to supply the ranks out of which administrators of high calibre may be drawn. In particular it has militated against the recruitment of young men and women of capacity from those parts of the country where the educational system is not directed towards specialized types of training.

Inside the service, the classification system, through lack of flexibility, has hindered the adequate development and best utilization of high grade personnel. It has rendered difficult the transfer of individuals not only between departments but within departments. What is even more serious it has slowed down and rendered cumbersome the machinery of promotion. The career of a Canadian civil servant is bestrewn with a vast number of closely spaced blocks. The result is that many persons of ability and promise are lost in blind alleys or emerge from them too late in life. Unhappily, too, the complexity of the system entails a large amount of detailed administrative and paper work and consequently delay, with the result that important positions not infrequently remain vacant for prolonged periods.

We are firmly of the view that a simpler and more workable system of classification is essential if the Canadian Civil Service is to be fitted for the heavy and complex tasks which lie before it.

Scales of Remuneration

A striking feature of the complex classification system is the extremely large number of salary scales for which it is responsible. This excessive differentiation has given rise to more than 500 different scales of remuneration in the service as a whole. In a single typical department of intermediate size there are altogether 160 separate scales of compensation. There results a system of remuneration that is confused and unnecessarily intricate and which involves making fantastically fine distinctions in the evaluation of work. In practice the procedure all too frequently gives way to individual higgling and haggling, to cheese-paring, and to irritating and time-wasting discussions.

The difficulties in regard to the salary structure as it now exists are admirably summarized in the report of the (Beatty) Royal Commission on Technical and Professional Services (1930) which points out (page 16) that "Overlapping of salary scales, in successive positions on the ladder of promotion, is the rule rather than the exception. . . One unfortunate result of this condition is that increments of salary become infrequent and discontinuous. . . The fact that there is not an orderly progress makes for discontent and disappointment, which are not consistent with the maintenance of maximum efficiency.

"In order to deal adequately with deserving officers, whose advancement was halted by the present system of classification, new classes were continually being created, with the result that an act of justice to the individual has been apt to make conditions for the service as a whole so much the more difficult and complicated.

"We regard it as essential to the more efficient administration of the service that a limited number of salary scales should be substituted for the present

multiplicity; that overlapping of salary scales be eliminated; and that, for the future, the creation of new classes with special salary scales be discontinued absolutely."

We are in full agreement with these views.

The Senior Ranks in the Service

It is significant that a substantial proportion of the Deputy Ministers and other principal officials have been appointed to their present positions from outside the service. The truth is, that the Canadian Civil Service as presently organized and managed does not provide its own leadership. No doubt, it is desirable from time to time to bring in from the outside to fill important senior positions persons who are exceptionally qualified, but the extent to which this has been done leaves little question that there is something seriously wrong with the management of what is intended to be a career service.

This condition is, in our view, the result of a combination of circumstances. The methods of recruitment, the almost total lack of training programs, the systems and procedures for classification, remuneration, transfer and promotion, as well as the absence of a clearly assigned central responsibility for personnel planning, have all contributed to it. However that may be, it is clear that there are not enough men of high quality and training in senior and intermediate administrative positions. This means not only that there are not enough senior officials to assist both the Ministers and their Deputies in carrying the heavy load placed upon them as a result of the rapid expansion of governmental activities but also that the corps from which Deputy Ministers might be recruited is much too small. As long ago as 1912, Sir George Murray, in his report on the Organization of the Public Service of Canada, remarked (page 27) that "of all the topics on which I have touched the two which appear to me to be most important are first, the relief of Ministers from routine and administrative duties so that they may be set free for the consideration of policy; and secondly, the improvement of the organization and personnel of the public service so that it may be in a position to cope efficiently with the business of the country. . ." The passing years have produced no relief—and to-day the burden on Ministers and Deputy Ministers is greater than ever.

Temporary Personnel

As previously stated, approximately 117,000 persons were employed in departments and non-commercial agencies of government in February, 1946. Of these, some 85,000 were classed as "temporaries".

The employment of personnel in a temporary capacity is a well recognized device for facilitating the adjustment of the size of the service to fluctuations in the volume of work. The large proportion of temporaries in the Canadian service, about one-third in normal periods, and the length of time persons are often held in a temporary position, seem to us to have been greatly in excess of what is required for this purpose. We feel that the policy in this regard has been applied in too crude a fashion. The method adopted at times has been to fix arbitrary percentage quotas for each department and agency without adequate regard to the peculiar circumstances of each case.

While we hesitate to express a categorical opinion on this complex subject, we wish to point out that an arrangement under which people are employed, on a temporary basis for periods of seven, ten or even twenty years, is very difficult to defend and is seriously detrimental to the morale of the service. We think there should be a more selective and positive policy aimed at keeping the number of temporary* positions to a minimum and in some realistic relation with expected fluctuations in work.

* We suggest that consideration be given to the substitution of the words "established" and "provisional" for the present terms "permanent" and "temporary", which seem to us to convey an incorrect impression.

Exemptions from the Civil Service Act

We have noted the increasing tendency toward the development of two kinds of civil service. One group, comprising in the main the personnel in the older established departments and agencies, comes fully under the provisions of the Civil Service Act respecting recruitment, classification, remuneration, and promotion. The other group is exempt in varying degrees and for various reasons from these provisions. Consequently there have grown up side by side differing conditions of employment for essentially similar work.

The existing practice respecting the non-commercial agencies does not adhere to any general plan. Some staffs come fully under the provisions of the Civil Service Act and are covered by the Civil Service Superannuation scheme, others are wholly excluded from both while still others are partially included and partially excluded.

We see no reason why the staffs of all departments, and of all agencies whose work is analogous to that of departments, in particular boards, commissions and agencies of a quasi-judicial, regulatory and administrative character, should not come under the general civil service provisions governing recruitment and conditions of employment. Acceptance of this view would mean that the employees of the Taxation Division of the Department of National Revenue and certain employees of the Department of Public Works, for example, would be brought under the general civil service provisions, as would the staffs of the boards, commissions and agencies listed in Appendix A.

We feel on the other hand that there are sound reasons for following the existing practice of exempting from the civil service provisions the staffs of the commercial and analogous agencies engaged in production and in such activities as buying, or selling in the ordinary market, in whose case the requirements and conditions of employment are closely comparable to those of private industry. In these instances the employment and control of staff are best handled directly by the managements of the agencies concerned.

The present situation respecting the members of boards, commissions and agencies is equally diversified. In some cases the members are appointed for a fixed term of years, in others the appointments are at pleasure. There is also a wide variation in the provisions for retirement and pension. In some cases, but not generally, provision is made for the payment of pensions to retiring members and the provision, where made, is not uniform. This diversity of treatment has created an unsatisfactory situation which, in our opinion, can best be remedied by bringing the members of the boards, commissions and agencies listed in Appendix A under the provisions of the Civil Service Superannuation scheme and making them subject to the civil service regulations in respect of retirement. It would follow that appointments to these organizations should be on a permanent basis.

We do not think any change is necessary in regard to the existing practice in relation to senior positions in the so-called commercial agencies, etc.

THE CIVIL SERVICE COMMISSION AND THE TREASURY BOARD

Origins and Present Functions

Responsibility for the central control and direction of the civil service is divided between two authorities—the Civil Service Commission and the Treasury Board. The Civil Service Commission is the guardian of the merit principle in the matters of recruitment and promotion and is also the executive instrument for the detailed operation of the classification system.

In order to remove the possibility of political interference the Commission has independent status and is responsible solely to Parliament. But, while the powers of the Commission as to who shall be appointed and who shall be promoted are decisive, its responsibilities regarding scales of remuneration, the

organization of departments and branches and the number of positions to be established are restricted to the formulation of recommendations which are not effective until approved by the Governor in Council. In practice this has meant approval by the Treasury Board.

The duties and responsibilities of the Commission, therefore, fall naturally into two parts, those having to do with the recruitment and promotion of personnel over which the Commission has final authority, and those which entail the study and detailed investigation of the organization of departments, number and kinds of positions required, scales of remuneration, etc., in which fields the Commission is restricted to making recommendations to the Treasury Board. The Commission has evolved considerable machinery and employs a considerable staff in connection with both phases of its activities.

The Treasury Board, a Committee of the Privy Council consisting of the Minister of Finance as Chairman and five other Ministers nominated from time to time by the Governor in Council, is responsible for all matters relating to finance, revenue and expenditure, or public accounts which are referred to it by the Council or to which the Board thinks it necessary to call the attention of the Council. Matters concerning the scales of remuneration of civil servants and the number of positions in the various departments and agencies clearly come within this definition. In practice the reports or minutes of the Board embody the final decisions in regard to these matters.

We were informed in evidence that some 20,000 individual items of business come before the Treasury Board during a year but that the most important of these do not relate to the civil service. Obviously the Ministers who constitute the Board cannot be expected to give any considerable or detailed study to civil service matters included in such a huge mass of business and matters for decision must be dealt with in an ad hoc piecemeal way rather than in a framework of consistent and forward looking policy.

Division of Responsibility

It is apparent that the respective functions and responsibilities of the Civil Service Commission and the Treasury Board overlap. The Treasury Board has the authority in relation to all matters of establishment and organization but not the immediate responsibility; the Civil Service Commission has the responsibility but not the authority. This division of duties is the outstanding weakness in the central direction and control of the service and must be eliminated. Central financial control there must be. Otherwise, there will be uneconomical use of public money. Financial control without the direct and simultaneous duty to determine requirements and to provide the necessary means for effective operation leads to delay, frustration, and inefficiency. Elsewhere, experience has shown the wisdom of this integration of functions. It is the central feature in the management of the civil service in both the United Kingdom and the United States. The present functions of the Civil Service Commission respecting departmental organization, establishments, and scales of remuneration should, in our view, be transferred to the Board. This fundamental reform will only be practicable, however, if the Board is provided with appropriate machinery and suitable staff. We have a number of specific recommendations to make in this regard, to which we attach basic importance. With the transfer to the Treasury Board of the functions referred to, the Civil Service Commission would be in a position to concentrate on the primary and all-important task of recruitment, in which regard there is need for considerable improvement.

THE OPERATION AND MANAGEMENT OF THE CIVIL SERVICE

As a result of the basic faults in the organization and structure of the civil service already referred to and the conflicting authority of the Civil Service Commission and Treasury Board, there are a number of weaknesses in the

general operation and management of the service. These were referred to very briefly and in general terms at the beginning of this report and are discussed in some detail in the following paragraphs.

Recruitment

The shortage of high grade administrative staff of good quality which is so serious a weakness in the Canadian Civil Service is in large measure due to the adoption of too restricted a policy in regard to recruitment. In theory the messenger boy who enters the Canadian Civil Service has a Deputy Minister's baton in his knapsack. This is as it should be, but experience shows that theory and practice in this regard are as the poles apart. It is in fact very difficult for a man, however capable, who enters the service in one of the lower grades, to win his way into one of the upper grades. This is largely due to the fact that the educational and other qualifications required in the case of recruits to the clerical and routine grades do not fit in with the qualifications so closely prescribed for the specialized positions in the senior grades. We make proposals to get over this difficulty partly by altering the system of classification, partly by affording the men concerned training in better class work and partly by providing a definite channel through which they may obtain access to administrative positions.

We recognize, however, that it would not be possible to obtain the required number of senior administrative officials by this means alone. The balance could be in part made up by recruits drawn from the scientific, technical and professional personnel. A considerable number of these men are in fact already engaged on quasi administrative work and it ought to be possible to select from among them a number with a flair for administration. There are, however, obviously limits to the extent to which this reservoir can be tapped and some other source of supply must be found if for the future the higher administrative ranks of the service are to be recruited in the main from within the service instead of as hitherto, from without the service.

We think that this result can best be attained by bringing in yearly an appropriate number of the best products of the universities, selected not because of some special aptitude, but on grounds of general intelligence and capacity. It is indeed already the practice in the case of one or two departments to obtain administrative recruits in this way with, we understand, very good results. Tentative efforts have been made from time to time in the past to extend the practice to departments generally but those efforts have been sporadic and ill sustained. What is needed, in our view, is a systematized program, covering the service as a whole, aimed at ensuring that men of this type are available to, and effectively used by all departments. The number of such men required will depend on the circumstances of the respective departments, being substantially greater in the case of those dealing with matters of policy than in the case of those handling day to day affairs.

We should like to emphasize the need to recruit administrative staff on a generalized, as opposed to a specialized basis. It seems to us that it should be the aim of the Canadian Civil Service, as it is of most other great organizations, to secure recruits of good general quality and to provide them with a broadly based training. We note in this regard that the present highly specialized classification system militates against the recruitment of men and women of capacity from those parts of the country where the educational system is not primarily based on specialized types of training. It was represented to us that the number of French-speaking Canadians in administrative and other senior positions is comparatively small. This situation, which is obviously undesirable, is due in large measure to the existing system of classification and recruitment.

Probation

It is of the first importance that there should be an effective system for cutting out misfits amongst new entrants to the service. No matter how carefully recruitment is conducted some misfits will always be found. It is a mistaken kindness insofar as the individual is concerned to retain him in a service for which he has no aptitude and it is a grievous injustice to that service to cause it to be saddled for a lifetime with a man who is a misfit. We think that the existing probationary system should be applied more rigidly.

Promotions

In a career service, assuming recruits to be of appropriate quality, success in obtaining properly qualified and efficient senior administrative personnel is dependent in the main upon a wise policy in regard to promotions. Judging by results there must be something radically wrong with the existing policy in this regard. Able individuals are kept far too long in the low salary ranges. Promotion, when it does come, brings little immediate advantage since scales in general overlap or touch. Many of the best paid positions are filled by men brought in from outside. In the result there is little to tempt an able and ambitious man to enter the service on the lower rungs of the ladder, and even less to encourage him to remain in it. This unhappy state of affairs is due in part to defects in the salary structure and we deal with this aspect of the matter in our proposals as regards remuneration. It is, however, due in part to the procedure governing promotions as laid down in the Civil Service Act and administered by the Civil Service Commission. The Beatty Commission described the existing system as "cumbrous and tardy" in operation and as "mechanical and lifeless" in the results it produced. We agree with that view at least insofar as the administrative, scientific, technical and professional classes are concerned.

Under existing procedure the occurrence of a vacancy is notified to the Commission by the Deputy Minister who advises, whether or not in his opinion, the vacancy should be filled by promotion. If it is to be filled by promotion the Commission holds a special promotional examination and specifies, after consulting the Deputy, the classes of employees that may apply. The applications are rated, according to a prescribed method, by the department. The departmental ratings for each applicant are then weighted by the Commission and the order of merit of the candidate is determined. They are then notified of their place in the competition and given an opportunity to appeal against the decision. If they do not do so the Commission approves the appointment of the candidate declared first in the order of merit. In a normal case this takes several months, frequently longer. Each of the other vacancies lower down resulting from the initial promotion must then be filled one after the other by the same processes. Thus the delay is multiplied many times, and a year or longer may go by before the process is completed.

The main purpose of this procedure, and of the control exercised by the Commission, is to exclude undue personal influence. We do not feel, however, that precautions of this kind are necessary at least in the case of the senior grades. There may be something to be said for a system of rating or selection by written test in the case of junior positions but we regard either alternative as undesirable in the case of senior men. In such cases the Deputy Minister will himself be personally acquainted with the men concerned and the quality of their work, and as he is responsible under his Minister for the efficient administration of his department, he should have at least the primary responsibility of choosing for promotion the officials upon whom he must rely. We make recommendations in this regard which would improve matters without doing away with the safeguards of the present system.

Transfers

In the intermediate and senior ranges of the service there is an almost complete absence of movement of officials between departments, and even between branches of the same department. It is in our view obviously desirable that administrative officials should obtain as wide experience as possible by working in different departments, particularly in the early and intermediate stages of their careers. Lack of movement results in the inefficient use of higher personnel and severely limits the opportunities of affording men that broad training which is so helpful in fitting them for high office. It is apt to result, too, in considerable unevenness between departments in the quality of their administrative officials.

The Civil Service Act provides that "No employee shall be transferred from a position in one department or portion of the civil service to a position in another department or portion of the civil service except upon the request of the respective Deputy Heads." Furthermore, transfers between departments require the approval of the Civil Service Commission. These provisions tend to hinder transfers. Naturally, Deputy Ministers do not want to give up their good men, both for the reason that they are valuable to them and because, under the existing system, there is little chance that they will get somebody worthwhile in return. In order to establish a practical system there must exist a suitable central authority responsible for the formulation and implementation of transfers; and which will be in a position to see to it that there is a proper reciprocity in the movements. We make provision for this in our recommendations.

Supervision of the Organization as a Whole

In such a large organization as the Canadian Civil Service there are constant changes in the relative importance of the various activities, and there is a continuous stream of new administrative problems to be faced. It follows that there will always be some branches and portions of the service where the work is declining and others where it is increasing. There is inevitably a danger that departmental organizations will be retained unaltered despite the fact that work has fallen off or altered in character, with the result that redundant personnel will be found in some parts of the service while shortages exist elsewhere, and that senior and high quality officials will be kept on their old jobs after the need for them has disappeared, while important positions elsewhere go unfilled. Under the existing system the Civil Service Commission is prima facie responsible for dealing with this condition. But in practice the Commission, not having ultimate financial control, is not and cannot be fully effective either in initiating investigations or carrying into effect the result of such investigations. It is imperative, in our opinion, that there should be a clear-cut assignment of responsibility in this regard and that the responsible organization should have effective authority. It seems to us obvious that responsibility in this matter should rest with the Treasury Board. This will call for a positive approach rather than the negative one hitherto followed in the exercise of financial control. Obviously too the Board must be provided with such staff as may be required to do the job properly if efficient administration in the highest sense is to be achieved.

The Problem of Incompetent or Unsuitable Personnel

In a career service the problem of incompetent or unsuitable personnel is always one of great difficulty. There are bound to be instances where the job outgrows the man, or where the capacities of individuals have, for one reason and another, declined. Such cases, if not dealt with, do a disproportionate amount of harm to the reputation and efficiency of the service as a whole.

With the improvement of procedures for recruitment, probation and promotion, the problem can be minimized but not wholly overcome. At present there is a tendency to leave such officials in their posts, and to prop them up in one way or another. In extreme cases there is no satisfactory remedy other than

to discharge the individuals concerned and those responsible should not hesitate to do this, particularly in the case of younger officials. In other cases some less drastic alternative may be possible. An adequate and effective policy of transfers would help considerably. Some officials who are unsuitable in their particular positions might do quite well in others. The transfer of such individuals would benefit both the service and the persons concerned. In other instances, efficiency would be improved and public money saved if earlier superannuation were possible. We suggest that the Superannuation Act should be amended so as to permit of superannuation in such cases at the option of the Government, at age 60 for men and 55 for women. It would seem to us reasonable that an official retired in these circumstances should receive the full amount of pension justified by his or her length of service.

Control of Discipline

There is considerable variation in the procedures employed in the different departments in the matter of discipline. For latecoming, a system of fines or unpaid overtime is in operation in some cases but not in others. It is desirable that a uniform practice should be adopted in this regard. In the case of the more serious offences such as insubordination and drunkenness on duty, the Minister has the power of suspension without pay but all cases must be reported to the Civil Service Commission which may re-instate pay if it feels that the suspension was unwarranted. The power of suspension without pay is a drastic sanction and Ministers quite rightly hesitate to avail themselves of it. We feel, however, that where a Minister decides to suspend a man the responsibility should be his and his only. It should not be shared with the Civil Service Commission. We suggest that some of the cases in which the penalty of suspension is inflicted and some of the cases in which no effective punishment is given because it is felt that suspension would be too severe a penalty, might be met by withholding the annual salary increment of the man concerned. The ultimate disciplinary power of dismissal is virtually never used except in cases of dishonesty and misappropriation of funds. Under the existing provisions, dismissal requires action by the Government as a whole through the passing of an Order in Council. It seems to us wrong that Ministers as a body should have to concern themselves with the dismissal of an individual civil servant. We suggest that in this regard also the Minister of the Department in question should have absolute and undivided responsibility.

Departmental Administration of Personnel

The existing machinery and procedures for the administration of personnel matters in departments are generally rudimentary in form and routine in operation. In some departments the duties relating to the control and administration of staff are combined. This undoubtedly is the right arrangement provided the man in charge of the work is wisely selected, of proper status and vested with adequate powers. In other departments, including some of the larger ones, there is no central organization of this work and the duties are widely dispersed among various officials and branches. Where this situation prevails much of the detailed responsibility falls directly upon the overburdened Deputy Minister.

The appointment in every department of an experienced and properly qualified personnel officer with adequate rank and power would promote general efficiency both by improving staff management and by affording relief to Deputy Ministers. Furthermore, the existence of such officers in all departments would enable, through appropriate co-operation with the central civil service authorities, a better co-ordination of personnel policies throughout the service.

In the larger departments these officials should devote their full time to matters of personnel administration; in the smaller departments these duties should be combined with other administrative functions. Personnel officers

should keep under constant review the personnel needs in the various branches of the department, the number and kinds of positions required, and the general efficiency of operation in the routine and clerical phases of the work. They should plan ahead so that changes and needs are foreseen and met promptly, and they should be in a position to advise the Deputy Ministers on matters regarding promotion, transfer, discipline, etc. They should formulate and carry out programs for the improvement of morale and employee relations generally in which connection they should seek out causes for dissatisfaction and remedy them if possible.

Many private employers are finding it desirable to appoint personnel officers with adequate rank and responsibility. Indeed, the Government has urged them to do this. We consider the adoption of this advice in government administration a matter of basic importance.

In-Service Training

Only the most elementary beginning has been made on the development of programs for the training of civil servants on entering the service and to improve their efficiency after first employment in order to prepare them for more responsible work. Except in one or two departments there is virtually no provision for the systematic training of administrative personnel. We consider it important that a study of this matter should be undertaken with a view to the establishment of a practical program.

PART II

RECOMMENDATIONS

In the first part of this report we have presented the results of our investigation of the structure and operation of the civil service. We have indicated the principal difficulties and weaknesses as they have appeared to us and we have stated our conclusions as to how they can best be corrected. In this part we submit specific recommendations regarding the measures which are necessary in our opinion to implement these conclusions.

MACHINERY AND PROCEDURES

1. We recommend the continuance of the Civil Service Commission as an independent and separately constituted body. The Commission should be relieved, however, in the manner outlined below of certain of its present duties in order that it may be in a position to concentrate upon the highly important work of recruitment, which should be its primary function. The duties of the Civil Service Commission should be as follows:

- (a) The recruitment on a merit basis of personnel for all grades and classes.
- (b) The review of recommendations by Deputy Ministers and Heads of Agencies for promotions of personnel in all grades other than the administrative, scientific, technical and professional grades.
- (c) The transfer of personnel in all grades other than the administrative, scientific, technical and professional grades from departments where they are no longer needed to other departments where additional staff is required.
- (d) General guidance to departments regarding programs of in-service training except in the case of the personnel covered by 4(f) below.

2. We recommend that all personnel now outside the civil service regulations employed by departments of government or by the boards, commissions and agencies listed in Appendix A, be brought within the provisions of the Civil Service Act where applicable.

3. We understand that the Civil Service Commission has in hand a review of its procedures and regulations governing recruitment, with the object of reducing delays, simplifying routine and improving selection techniques. We agree that such a review is necessary and recommend that it be pressed forward as speedily as possible. We also recommend that due consideration be given to providing opportunities for candidates qualified on the basis of general intelligence and capacity to enter the service in administrative positions, with a view to gradually eliminating the undesirable conditions commented upon in Part I of this report.

4. We recommend the creation of a new Establishments and Personnel Division in the Treasury Board, under a Director General (or Deputy Minister) of Establishments and Personnel, who should have the rank of a senior Deputy Minister. The duties of the Director General should be as follows:—

- (a) Responsibility to the Government, through the Treasury Board, for all matters concerning the organization and establishments (numbers and grades of positions required) of departments, and of the agencies listed in Appendix A.

- (b) The submission, after consultation with the Advisory Committee referred to below, of recommendations to the Treasury Board regarding scales of pay and important regulations affecting the service as a whole.
- (c) The review of recommendations by Deputy Ministers and Heads of Agencies (Appendix A) for promotions in the administrative and also in the scientific, technical and professional grades.
- (d) Responsibility, after consultation with the Advisory Committee and, where necessary, with the approval of the Treasury Board, for the transfer between departments and agencies (Appendix A) of administrative and also of scientific, technical and professional personnel, to the full extent desirable for the proper training of such personnel and the best use of officials throughout the service.
- (e) To be a member of, or to be represented on examination boards for the selection of applicants from outside the service for positions in the administrative, scientific, technical and professional grades.
- (f) General responsibility for policy and guidance to departments regarding programmes of in-service training for the administrative, scientific, technical and professional grades.
- (g) To act as chairman of the official side of the National Joint Council of the Public Service which is designed to provide an effective means of consultation with the staff.
- (h) Responsibility for recommending policies concerning working conditions throughout the service including the improvement of morale and personnel welfare.

It should be a principal responsibility of the Director General to make recommendations respecting the reorganization or clearing out of obsolete and unnecessary branches and divisions throughout the service, including the transfer of the personnel therein. This should include positive measures for the reduction of the large number of temporary personnel resulting from wartime activities. In the case of grades other than the administrative, scientific, technical and professional grades arrangements for the discharge or transfer of staff found to be redundant should be made by the Civil Service Commission. (See 1 (c) above). In the case of the administrative, scientific, technical and professional grades the arrangements should be made by the Director General.

Obviously the Director General will require an adequate staff of highly qualified assistants including such transfers from the Organization Branch of the Civil Service Commission as he may think desirable.

5. We recommend the appointment of an Advisory Committee to advise and assist the Director General, particularly on questions affecting the public service as a whole. This Committee should consist of three or four Deputy Ministers appointed by the Governor in Council upon the recommendation of the Prime Minister. The Director General should be chairman of the Committee. The Chairman of the Civil Service Commission should be a member of the Committee whenever matters concerning the service as a whole are under consideration.

6. We recommend the appointment of a personnel officer of suitable standing in each department, to be responsible for the administration of personnel matters within the department and to assist and advise the Deputy Minister in respect of such matters. In the small departments these officers should combine certain administrative functions with their duties regarding personnel.

7. We recommend that Deputy Ministers and the Heads of Agencies (Appendix A) be responsible for the selection of personnel for promotion,

subject to the concurrence of the Civil Service Commission or of the Director General of Establishments and Personnel, as the case may be.

8. We recommend that each Minister be directly responsible for discipline in his Department. Ministers should have the power to suspend without pay, where they think such action is justifiable, and to dismiss employees for serious or repeated misconduct. Less important matters of discipline should be dealt with by the Deputy Ministers or by the personnel officers acting on their behalf who should, in appropriate cases, withhold an annual salary increment, inflict a fine or require an employee to work overtime without pay.

9. Representations were made to us that the present absolute veteran's preference is too rigid and, therefore, is not wholly satisfactory. Our attention was drawn to the somewhat more flexible policies adopted in the United States and the United Kingdom. In the former, instead of an absolute preference throughout the service, veterans are granted a 5 to 10 point preference in civil service examinations; in the United Kingdom a high proportion only of the appointments are reserved for veterans, thereby allowing a margin for flexibility and for the efficient planning of the future requirements of the service. We feel that the operation of the absolute preference in Canada should be reviewed with the object of achieving a system that is designed to be both in the best long-term interests of the whole body of veterans as citizens and in the best interests of the present and future efficiency of the public service.

10. We recommend that consideration should be given to the filling of vacancies arising from retirements as soon as the date of retirement is fixed and that promotions should take effect from the day following that on which the retiring officer attends for duty for the last time. The present arrangement under which a senior position may be left vacant for as long as six months while the man concerned is on retirement leave, must result in serious inefficiency, as well as being unfair to the official who is entitled to promotion.

SCALES OF REMUNERATION

We have given careful consideration to the principles to be observed and to the factors that are relevant thereto in the determination of scales of remuneration in the upper ranges of the public service. The general level of these scales for the administrative and for the scientific, technical and professional grades should be such that at the bottom they will attract for the public service the necessary proportion of the highest quality products of the universities; in the intermediate ranges they will recognize the increasingly important duties being undertaken and meet the rising family responsibilities which have usually to be faced by men in their early and middle thirties; and at the top will enable the senior officials to perform their duties free from financial worries and distractions.

The starting range for new entrants to the administrative and the scientific, technical and professional grades, being at the stage at which the choice of careers is determined, should be paid at rates as high as the generally prevailing rates for beginners in private and other outside employment. The salary ladder and establishments in the middle ranges should make possible a policy of promotions that will attract to and retain in the service personnel of high ability. In this connection it is noted that opportunities for advancement are of more importance to young men and women of ambition than the salaries offered at the beginning of their careers.

Because of the special circumstances of public employment the salaries in the case of the most senior ranks of the service have never been, and in our view need not be fully equivalent to the higher ranges in private employment. The senior civil servant has certain advantages which do not accrue to private individuals; he occupies a position of importance and usually of considerable

interest; his appointment carries with it comparative security of tenure; upon retirement he becomes entitled to a relatively generous pension; provision is made for a pension for his widow; and above all, he has the satisfaction of rendering public service. This was ably put in an address to the Canadian Club of Ottawa by Dr. Charles Camsell, C.M.G., Deputy Minister of Mines and Resources and Commissioner of the Northwest Territories, upon the eve of his retirement following a long and distinguished career—"While I might have been able to make more money outside the Service, I think that I have got a deeper satisfaction within the public service than I could have out of any other field. That would also be the answer of many men now in the service. It isn't the position. It isn't the security that the position gives. It isn't the pension that follows. It is something more than all these. It is something that was very evident during the war but it works in peacetime as well. It is the appeal of rendering public service."

But while such considerations are important they must not be taken to extremes. If men of outstanding ability are to be secured for and retained in the higher ranks of the civil service, they should not be asked, and cannot be expected to accept too great a differentiation between the salary scales offered in the service and what they could earn outside of it. In reaching our conclusions, we have kept in mind the scales of salaries paid by private employers, the trend of such salaries prior to the introduction of salary control in 1941, and also the salaries that have had to be paid recently to attract properly qualified personnel for departments of government and for boards, commissions and crown companies. In addition, we have recognized that the salaries paid to Ministers of the Crown have an important bearing upon what can and should be paid to officials. In the case of the Deputy Ministers we took note also of the general agreement among those who appeared before us that the responsibilities of the different Deputies vary considerably and that some suitable distinction between them in the matter of remuneration is only right and reasonable.

The recommendations which follow are based upon these general principles and considerations.

11. We recommend that the salaries of Deputy Ministers be fixed at \$15,000, \$12,000 or \$10,000, depending upon the nature of their responsibilities and the duties they are called upon to perform.

In some cases it is difficult to decide whether an individual position should properly be classified at the \$15,000, \$12,000 or \$10,000 level and we would expect changes to be made from time to time in our specific recommendations in this regard. In particular we consider as borderline cases the positions of the Deputy Minister (Taxation), Department of National Revenue, and the Deputy Minister of Mines and Resources, both of either of which might well be placed in the \$15,000 class instead of the \$12,000 class. It seems to us that the decision with regard to these two positions should depend in large measure upon the policies which are adopted in the future respecting the departments in question and can best be made by the Government in the light of its intentions in this respect.

12. We recommend also that a special category carrying a salary of \$17,500 be created in recognition of highly meritorious services or of particularly onerous responsibilities. We recommend that Dr. W. C. Clark, C.M.G., Deputy Minister of Finance, and Dr. C. J. Mackenzie, C.M.G., President of the National Research Council, be placed in this special category, together with such other officials as may be designated by the Government from time to time.

13. We recommend that the salaries of principal officials other than Deputy Ministers be fixed at \$12,000, \$10,000 or \$8,000 depending upon the nature of their positions and the responsibilities they are called upon to assume, or, in the case of less senior officials, at the scales proposed in the succeeding paragraph.

14. It will have been apparent from what has been said in Part I of this report that we regard as imperative a drastic rearrangement and curtailment of the existing salary structure at least insofar as positions of an administrative or semi-administrative character are concerned. We recommend that the present structure for such positions be replaced by a much simpler one as follows:—

| Scalcs | Annual Increase |
|-------------------|-----------------|
| \$ | \$ |
| 1,800-2,200 | 100 |
| 2,400-3,300 | 150 |
| 3,750-4,500 | 150 |
| 5,000-6,000 | 200 |
| 6,500-7,500 | 200 |

The scales proposed are discussed in some detail in Appendix B.

15. We are not in a position to estimate the number of positions that will be required in the various salary ranges proposed in the preceding paragraph. That is a matter which would require close and prolonged study which ought, we think, to be undertaken by the Director General of Establishments and Personnel. It is, however, our view that the number of positions in the two top scales mentioned should be substantially greater than at present. Otherwise Deputy Ministers and their immediate assistants will be left without that support which they so badly need.

16. Generally speaking, in departments in which the Deputy Minister's salary is fixed at \$15,000 we should expect there to be one assistant paid \$10,000 and several on the \$8,000 level. Where the Deputy Minister's salary is \$12,000, we visualize one or more assistants at \$8,000. In the case of those departments where \$10,000 is proposed for the Deputy Minister, we think those next in rank to him should be paid \$6,500, to \$7,500.

The foregoing cannot be laid down as a hard and fast rule, however, as will be seen from our specific recommendations with respect to each individual department which are set out in Appendix C.

The aggregate cost of the increased rates of remuneration which we have recommended for Deputy Ministers and other principal officials and of the new positions which we think should be created would, in our opinion, be a cheap price to pay for the increased efficiency and the very substantial savings which should result from the proposed changes in the machinery and procedures of the organization as a whole.

Our proposals are based on the situation as it exists today. Experience shows that the weight of responsibility of a department is apt to vary and we are of opinion that, on a vacancy occurring in any senior position, the Director General of Establishments and Personnel should review the situation and advise the Government, through the Treasury Board, if in his opinion the position should be dispensed with or, if not, whether any change should be made in the pay attaching to the position.

17. We have not been asked to make recommendations regarding scales of remuneration for scientific, technical and professional personnel as such.* Some members of this group, however, fall into the category "Principal Officials" and a proportion of the more senior men in the group are engaged in part at least on work which is administrative or semi-administrative in character. We recommend that the scales for the scientific, technical and professional classes in positions carrying a salary of \$5,000 or more be the same as those proposed above for the administrative grades. And we suggest that the existing salary situation respecting scientific, technical and professional personnel in positions carrying a

* We have not taken into consideration the position of the staff of the National Research Council as different considerations apply in their case.

salary below \$5,000 should be further reviewed. The recommendations of the Beatty Commission (page 24) adjusted to allow for the upward trend of remuneration since 1930, would provide a satisfactory basis for such a review.

18. We think the present sharp distinction between "temporary" and "permanent" employees under the Civil Service Superannuation scheme is unsatisfactory. We recommend that instead of the existing arrangement "temporaries" be required to make contributions to the Superannuation scheme in the same way as permanent employees. If the employee is released his contributions should be returned to him. If and when such an employee is placed on the permanent establishment, however, his past contributions should count automatically toward superannuation benefits at retirement, in accordance with the actual years of service given. We think, too, that "temporary" employees should be eligible for yearly salary increases.

19. We recommend that a consistent policy be adopted respecting the conditions of employment and remuneration of members of the boards, commissions and agencies listed in Appendix A. New appointees to such agencies should be under 55 years of age, should be employed on a permanent basis, should come under the provisions of the Civil Service Superannuation scheme and should be subject to the Civil Service regulations in respect of retirement. Specific recommendations respecting the remuneration of members of the boards, commissions and agencies in question are set out in Appendix D.

20. We suggest for the consideration of the Government that present members of the boards, commissions and agencies listed in Appendix A, for whom no superannuation provisions exist, be given the opportunity to pay up the full amount of the contributions that would have been payable had they been under the provisions of the Civil Service Superannuation scheme from the beginning of their employment, and should thereupon become eligible for the usual superannuation benefits. Those who do not wish to avail themselves of this opportunity should be eligible for such reduced superannuation benefits as would have been provided solely by the Government's share of the contributions to the scheme. Members of agencies listed in Appendix A who are now entitled to some form of retirement benefit should be given the opportunity, if they so wish, to transfer to the Civil Service Superannuation scheme.

If the above proposals were adopted and accepted it would follow that members of the boards, commissions and agencies shown in the Appendix would be entitled to pension if and when they have served for ten years.

21. We have not considered it our function, under our terms of reference, to recommend scales of remuneration for the staffs of the various agencies of the Government which are not listed in Appendix A, i.e., the more or less commercial boards, commissions and crown corporations. However, we have examined the salaries being paid in these agencies and find that they do not call for any particular comment. The salaries of the principal officials do not appear to be out of line having regard to particular needs and circumstances in each case.

Signed

W. L. GORDON
Chairman

E. DEB. PANET

T. G. GARDINER
Commissioners

JOHN J. DEUTSCH
Secretary

PAUL PELLETIER,
Assistant Secretary.

APPENDIX A

LIST OF BOARDS, COMMISSIONS AND AGENCIES WHICH IT IS PROPOSED SHOULD BE BROUGHT UNDER THE PROVISIONS GOVERNING THE CIVIL SERVICE

(This list does not include special wartime agencies, temporary agencies, or agencies composed of departmental officials.)

1. Air Transport Board
2. Board of Grain Commissioners
3. Board of Transport Commissioners
4. Canadian Farm Loan Board
5. Canadian Information Service
6. Canadian Pension Commission
7. Civil Service Commission
8. Export Credits Insurance Corporation
9. International Joint Commission.
10. Tariff Board
11. Unemployment Insurance Commission
12. War Veterans Allowance Board

APPENDIX B

ADMINISTRATIVE GRADES

Proposed scales of remuneration:—

| Scales | Annual Increase |
|-------------------------|-----------------|
| \$1,800 - \$2,200 | \$100 |
| 2,400 - 3,300 | 150 |
| 3,750 - 4,500 | 150 |
| 5,000 - 6,000 | 200 |
| 6,500 - 7,500 | 200 |

The \$1,800 to \$2,200 class is intended to be a probationary and training grade. In fixing the scale regard has been had to outside pay levels at the present time. It will require review if there is any material alteration in those levels. It is proposed that the class should be recruited in part from men and women of outstanding capacity who have entered the service through the clerical or other minor grades and in part from University graduates. Members of this grade should be subject to a probation of two years and those who do not make good should be ruthlessly reverted to the positions which they previously held, or discharged, according to the source from which they were recruited. Those who pass their probation successfully and continue to show signs of promise should be automatically advanced to the \$2,400 - \$3,300 grade after one year's service at \$2,200.

It is clearly desirable that a proportion of the University recruits should be graduates of distinction who have spent some years on post graduate work or in other spheres of activity of a more practical kind. They, we think, might

be appointed direct to the \$2,400 - \$3,300 class at or about age 27. It would also be appropriate to appoint to this grade veterans of adequate education who have had some years experience in the field or in administrative work in the Forces.

Movement into higher grades should not be automatic but should be dependent on the occurrence of vacancies and should be increasingly selective as a man climbs up the official ladder. Individuals of exceptional capacity should be regarded as in the running for promotion to the next grade despite the fact that they have not yet reached the maximum of their existing grade.

APPENDIX C

PROPOSED DEPARTMENTAL ESTABLISHMENTS AND SALARIES OF DEPUTY MINISTERS AND OTHER PRINCIPAL OFFICIALS OF \$8,000 AND OVER

| Department and Position | Salary | Remarks |
|--|----------|--|
| <i>Agriculture</i> | | |
| Deputy Minister | \$15,000 | At the appropriate time this Department may require a senior position at \$10,000. |
| Director, Experimental Farm Service..... | 8,000 | |
| Director, Marketing Service..... | 8,000 | Present incumbent to continue at his present salary of \$8,500. |
| Director, Science Service..... | 8,000 | |
| Director, Production Service..... | 8,000 | |
| Director, Administration and Personnel..... | 8,000 | |
| Chairman, Agricultural Prices Support Board.... | 8,000 | |
| <i>Auditor General's Office</i> | | |
| Auditor General | 15,000 | |
| <i>External Affairs</i> | | |
| Under-Secretary | 15,000 | |
| Associate Under-Secretary | 12,000 | |
| Ambassador to the United States..... | 12,000 | |
| High Commissioner to the United Kingdom..... | 12,000 | |
| Deputy Under-Secretary | 10,000 | |
| Other Heads of Missions Abroad, including High Commissioners, up to..... | 10,000 | |
| Two Assistant Under-Secretaries..... | 8,000 | |
| <i>Finance</i> | | |
| Deputy Minister | 15,000 | |
| Inspector General of Banks..... | 15,000 | |
| Assistant to the Deputy Minister (Policy)..... | 12,000 | |
| Assistant to the Deputy Minister (Budgets).... | 10,000 | |
| Comptroller of the treasury..... | 10,000 | |
| Senior Economic Adviser..... | 10,000 | |
| Three to Four Directors of Policy Divisions.... | 8,000 | |
| Master, Royal Canadian Mint..... | 8,000 | |
| <i>Fisheries</i> | | |
| Deputy Minister | 10,000 | |
| <i>Insurance</i> | | |
| Superintendent of Insurance..... | 10,000 | |

| Department and Position | Salary | Remarks |
|---|----------|--|
| <i>Justice</i> | | |
| Deputy Minister | \$15,000 | |
| Assistant to the Deputy Minister..... | 10,000 | |
| Commissioner, Combines Investigation Branch.. | 9,000 | Present salary to be reviewed on vacancy. |
| Two to Three Senior Counsel..... | 8,000 | |
| <i>Labour</i> | | |
| Deputy Minister | 12,000 | |
| Chief Conciliation Officer..... | 8,000 | |
| Director, Administration and Personnel..... | 8,000 * | * These positions would be required if, as we consider desirable from the standpoint of efficient organization, the Labour Department assumed direct responsibility for the Employment offices throughout the country. |
| Director, Employment Offices..... | 8,000 * | |
| <i>Mines and Resources</i> | | |
| Deputy Minister | 12,000 | |
| Director, Mines and Geology..... | 8,000 | |
| Director, Immigration..... | 8,000 | This branch might well be transferred to the Department of the Secretary of State. |
| Director, Lands, Parks and Forests..... | 8,000 | |
| Director, Administration and Personnel..... | 8,000 | |
| Director, Surveys and Engineering..... | 8,000 | |
| Director, Indian Affairs..... | 8,000 | |
| <i>National Defence</i> | | |
| | | The ultimate organization of the Defence Department has not been determined and consequently we make no proposals regarding positions below the Deputy Minister. |
| Deputy Minister | 12,000 | If the existing departments are consolidated into one department under a single Deputy. |
| | 10,000 | Each if there continue to be three Deputies, either in a single department or in separate departments. |
| <i>National Health and Welfare</i> | | |
| Deputy Minister, Health..... | 10,000 | If at any time this department should be organized under one Deputy we think his salary should be \$12,000. |
| Deputy Minister, Welfare..... | 10,000 | |
| Director, Health Services..... | 8,000 | |
| Director, Indian Health Services..... | 8,000 | |
| <i>National Revenue (Customs and Excise)</i> | | |
| Deputy Minister | 12,000 | |
| Director, Excise Branch..... | 8,000 | |
| Director, Customs Branch..... | 8,000 | |
| <i>National Revenue (Taxation)</i> | | |
| Deputy Minister | 12,000 | |
| Director, Assessing Branch..... | 10,000 | |
| Director, Legal Branch..... | 8,000 | |
| Chief Auditor of Corporations..... | 8,000 | |
| Director, Administration and Personnel..... | 8,000 | |

| Department and Position | Salary | Remarks |
|---|----------|---|
| <i>Parliament</i> | | |
| Clerk of the House of Commons..... | \$10,000 | |
| Clerk of the Senate..... | 8,000 | |
| <i>Post Office</i> | | |
| Deputy Postmaster General..... | 12,000 | |
| Director of Communications..... | 8,000 | |
| Director of Operations..... | 8,000 | |
| Director, Administration and Personnel..... | 8,000 | |
| <i>Prime Minister's Office</i> | | |
| <p>The Prime Minister's Office is in a special category. It is neither a department nor a Ministerial office in the ordinary sense. For this reason we have made no recommendation regarding salaries of the principal officials in this Office assuming that the Prime Minister will take such action in the matter as seems to him appropriate having regard to their special responsibilities.</p> | | |
| <i>Privy Council and Cabinet Secretariat</i> | | |
| Clerk of the Privy Council and Secretary to the Cabinet | 15,000 | |
| <i>Public Works</i> | | |
| Deputy Minister | 12,000 | |
| Chief Engineer | 10,000 | |
| Director, Administration and Personnel..... | 8,000 | |
| Chief Architect | 8,000 | |
| <i>Reconstruction and Supply</i> | | |
| <p>The functions of this Department are in a state of transition and as we do not know what is to be its ultimate role we make no proposals in relation to it.</p> | | |
| <i>Secretary of State</i> | | |
| Under-Secretary | 10,000 | The organization of this Department should be reviewed as vacancies occur. |
| King's Printer | 10,000 | |
| Dominion Archivist..... | 10,000 | |
| Assistant Custodian of Enemy Property..... | 8,000 | |
| Superintendent of Bankruptcy..... | 8,000 | |
| Commissioner of Patents..... | 8,000 | |
| Chief Electoral Officer..... | 8,000 | |
| <i>Trade and Commerce</i> | | |
| Deputy Minister | 15,000 | |
| Director General, Foreign Trade Service..... | 10,000 | |
| Director, Administration and Personnel..... | 8,000 | |
| Director, Foreign Trade Service..... | 8,000 | |
| Dominion Statistician | 8,000 | |
| Director, Exhibitions Commission..... | 9,000 | Salary of present incumbent for a term appointment. This position is of a special character and is not normally filled by a career civil servant. |

| Department and Position | Salary | Remarks |
|--|----------|---------|
| <i>Transport</i> | | |
| Deputy Minister | \$12,000 | |
| Engineer, Design and Capital Construction..... | 10,000 | |
| Superintendent of Canals..... | 8,000 | |
| Director, Marine Services..... | 8,000 | |
| Director, Air Services..... | 8,000 | |
| Director, Administration and Personnel..... | 8,000 | |
| <i>Treasury Board</i> | | |
| Director General of Establishments and Personnel | 15,000 | |
| <p>The Director General will require a number of highly qualified assistants. Since this is an entirely new organization the number and kinds of positions likely to be required cannot be foreseen.</p> | | |
| <i>Veterans Affairs</i> | | |
| Deputy Minister | 12,000 | |
| Director, Treatment Services..... | 10,000 | |
| Chairman, Canadian Pension Commission..... | 10,000 | |
| Assistant Chairman, Canadian Pension Commission | 8,000 | |
| Director, Administration and Personnel..... | 8,000 | |
| Director, Rehabilitation Services..... | 8,000 | |
| Chairman, War Veterans' Allowance Board..... | 8,000 | |
| Director, Soldier Settlement and Veterans' Land Act | 8,000 | |

APPENDIX D

PROPOSED SALARIES OF \$8,000 AND OVER IN THE CASE OF MEMBERS AND OFFICIALS OF BOARDS, COMMISSIONS AND AGENCIES LISTED IN APPENDIX A

| Agency and Position | Salary | Remarks |
|---|----------|---------|
| <i>Air Transport Board</i> | | |
| Chairman | \$12,000 | |
| Members | 8,000 | |
| <i>Board of Grain Commissioners</i> | | |
| Chairman | 12,000 | |
| Members | 10,000 | |
| <i>Board of Transport Commissioners</i> | | |
| Chief Commissioner | 13,500 | |
| Assistant Chief Commissioner..... | 12,000 | |
| Commissioners | 10,000 | |
| Director of Traffic..... | 10,000 | |
| <i>Canadian Farm Loan Board</i> | | |
| Chairman | 8,000 | |
| <i>Canadian Pension Commission</i> | | |
| Chairman | 10,000 | |
| Assistant Chairman | 8,000 | |

| Agency and Position | Salary | Remarks |
|--|----------|---|
| <i>Civil Service Commission</i> | | |
| Chairman | \$10,000 | |
| Commissioners | 8,000 | |
| <i>Tariff Board</i> | | |
| Chairman | 12,000 | |
| <i>Unemployment Insurance Commission</i> | | |
| Chairman | 12,000 | These scales should be reviewed in the event that direction of the employment services throughout the country is assumed by the Department of Labour. |
| Members | 8,000 | |
| <i>War Veterans Allowance Board</i> | | |
| Chairman | 8,000 | |

APPENDIX E

LIST OF MINISTERS, DEPUTY MINISTERS AND OTHERS INTERVIEWED BY THE COMMISSION

| | |
|----------------------------|--|
| Abbott, Hon. D. C. | Minister of National Defence. |
| Andrew, G. C. | Director, Canadian Information Service. |
| Barton, G. S. H. | Deputy Minister of Agriculture. |
| Beauchesne, Arthur | Clerk of the House of Commons. |
| Bland, C. H. | Chairman, Civil Service Commission. |
| Camsell, Charles | Former Deputy Minister of Mines and Resources and Commissioner of Northwest Territories. |
| Castonguay, Jules | Chief Electoral Officer. |
| Chisholm, G. B. | Deputy Minister of National Health and Welfare (Health). |
| Clark, W. C. | Deputy Minister of Finance. |
| Claxton, Hon. Brooke..... | Minister of National Health and Welfare. |
| Cloutier, Edmond | King's Printer. |
| Coldwell, M. J. | Leader of the Co-operative Commonwealth Federation. |
| Coleman, E. H. | Under-Secretary of State. |
| Cross, J. A. | Chief Commissioner, Board of Transport Commissioners. |
| Davidson, G. F. | Deputy Minister of National Health and Welfare (Welfare). |
| Desrochers, Felix | General Librarian, Library of Parliament. |
| Dunton, A. D. | Chairman, Canadian Broadcasting Corporation. |
| Edwards, C. P. | Deputy Minister of Transport. |
| Elliott, C. F. | Deputy Minister of National Revenue (Taxation). |
| Finlayson, G. D. | Superintendent of Insurance. |
| Finn, D. B. | Deputy Minister of Fisheries. |
| Garneau, F. J. G. | Chairman, War Veterans' Allowance Board. |
| Gibson, Hon. C. W. G. | Minister of National Defence (Air). |
| Gordon, H. F. | Deputy Minister of National Defence (Air). |
| Hardy, F. A. | Parliamentary Librarian. |
| Heeney, A. D. P. | Clerk of the Privy Council and Secretary to the Cabinet. |
| Henderson, A. M. | Comptroller, Wartime Prices and Trade Board |

| | |
|-------------------------------|--|
| Howe, Rt. Hon. C. D. | Minister of Reconstruction and Supply. |
| Isley, Rt. Hon. J. L. | Minister of Finance. |
| Jackson, C. W. | Acting Deputy Minister of Mines and Resources. |
| Lanctot, Gustave | Dominion Archivist. |
| Low, Solon | Leader of the Social Credit Association. |
| MacGibbon, D. A. | Commissioner, Board of Grain Commissioners. |
| Mackenzie, C. J. | President, National Research Council. |
| Mackenzie, M. W. | Deputy Minister of Trade and Commerce. |
| Mackintosh, W. A. | Director General of Economic Research, Department of Reconstruction and Supply. |
| MacLean, J. D. | Commissioner, Canadian Farm Loan Board. |
| MacNamara, Arthur | Deputy Minister of Labour. |
| Mansur, D. B. | President, Central Mortgage and Housing Corporation. |
| Martin, Hon. Paul. | Secretary of State. |
| McGregor, F. A. | Commissioner of Combines Investigation. |
| McIntyre, B. G. | Comptroller of the Treasury. |
| McKinnon, H. B. | Chairman of the Commodity Prices Stabilization Corporation and Chairman of the Tariff Board. |
| McLean, Ross | Acting Commissioner, National Film Board. |
| Melville, J. L. | Chairman, Canadian Pension Commission. |
| Mills, W. G. | Deputy Minister of National Defence (Navy). |
| Moyer, L. C. | Clerk of the Senate. |
| Murchison, Gordon | Director of Soldier Settlement and Veterans' Land Act. |
| Murphy, E. P. | Deputy Minister of Public Works. |
| Nelson, S. G. | Commissioner, Civil Service Commission. |
| Riddell, F. W. | Executive Secretary, National Harbours Board. |
| Robertson, N. A. | Under-Secretary of State for External Affairs. |
| Ronson, W. C. | Assistant Deputy Minister of Finance. |
| Ross, Alexander | Deputy Minister of National Defence (Army). |
| Scully, V. W. | Deputy Minister of Reconstruction and Supply. |
| Sellar, Watson | Auditor General. |
| Sim, David | Deputy Minister of National Revenue (Customs and Excise). |
| St. Laurent, Rt. Hon. L. | Minister of Justice. |
| Thivierge, Arthur | Commissioner, Civil Service Commission. |
| Trottier, L. J. | Chief Commissioner, Unemployment Insurance Commission. |
| Turnbull, W. J. | Deputy Postmaster General. |
| Varcoe, F. P. | Deputy Minister of Justice. |
| Wardrope, Hugh | Assistant Chief Commissioner, Board of Transport Commissioners. |
| Wood, S. T. | Commissioner, Royal Canadian Mounted Police. |
| Woods, W. S. | Deputy Minister of Veterans Affairs. |
| Wrong, H. H. | Associate Under-Secretary of State for External Affairs. |



APPENDIX F

**LIST OF ORGANIZATIONS AND THEIR REPRESENTATIVES FROM WHICH
SUBMISSIONS WERE RECEIVED**

| <i>Organizations</i> | <i>Representatives</i> |
|--|---|
| Amalgamated Civil Servants of Canada..... | Mr. Fred Knowles, National Secretary-Treasurer. |
| Canadian Association of Scientific Workers, Ottawa Branch | Mr. P. C. Perry, Dr. Florence Armstrong. Dr. O. M. Freidman and Messrs. T. N. Dauphinee, E. V. R. Robinson, L. D. Armstrong. |
| Canadian Chamber of Commerce, Recon- struction Committee | J. B. Challies, Chairman. |
| Canadian Council of Professional Engineers and Scientists | Dr. F. S. Howes, Chairman, Mr. W. J. Gilson, Vice-Chairman, Mrs. M. L. White, Secretary, and Messrs. A. J. Hazelgrove, J. D. B. Harrison, C. K. Johns, C. G. O'Brien. |
| Canadian Legion | Mr. J. C. G. Herwig, General Secretary. |
| Canadian Manufacturers' Association..... | Mr. G. Blair Gordon, Chairman. |
| Chambre de Commerce du District de Montréal | Mr. Berard Couvrette, Chairman, and Messrs. Jacques Melançon and G. Latour. |
| Civil Service Federation of Canada..... | Mr. T. R. Montgomery, 1st Vice-President, Miss Edna L. Inglis, Secretary. |
| Engineering Institute of Canada..... | Mr. de Gaspé Beaubien, President, Mr. L. Austin Wright, General Secretary, Mr. N. B. MacRostie, Chairman of the Institute's Committee. |
| Professional Institute of Civil Service of Canada | Mr. R. C. Berry, President, Mr. W. H. Van Allen, Honorary Secretary, and Messrs. C. R. Twinn, W. N. Keenan, J. G. Wright, N. T. Allan, R. D. Whitmore. |