

3 PERSONNEL MANAGEMENT

MANAGEMENT OF THE PUBLIC SERVICE

REPORT 3: PERSONNEL
MANAGEMENT

PUBLISHED BY THE QUEEN'S PRINTER OTTAWA CANADA FOR
THE ROYAL COMMISSION ON GOVERNMENT ORGANIZATION

CONTENTS

PART 1

	<i>Page</i>
ACKNOWLEDGEMENTS	241
1 INTRODUCTION	245
Scope of Studies	247
The Government of Canada As An Employer	249
2 THE SIZE AND COMPOSITION OF THE PUBLIC SERVICE	251
3 AUTHORITY AND RESPONSIBILITY FOR MANAGEMENT OF HUMAN RESOURCES	254
4 STAFFING THE PUBLIC SERVICE	261
Recruitment, Selection, Appointment	261
Special Problems	265
Promotions and Transfers	268
Training and Development	271
Professional and Scientific Personnel	273
5 EFFECTIVE PERFORMANCE IN THE PUBLIC SERVICE	276
Control of Absences	278
Morale and Productivity	280
Employee Communications	281
6 COMPENSATION IN THE PUBLIC SERVICE—POLICY, PRACTICE, AND STANDARDS	285
Wage and Benefit Levels	286
Wages and Salaries	286
Employee Benefits and Working Conditions	288
External Criteria for Compensation Policy	289
Internal Criteria for Compensation Policy	292
Machinery for Determining Wages, Salaries and Benefits	294
External Comparisons	294
Salaries and Benefits Administration	295
7 SUMMARY AND CONCLUSIONS	297

PART 2

		<i>Page</i>	<i>Paragraph</i>
1	SIZE AND DISTRIBUTION OF THE PUBLIC SERVICE . . .	305	
	Historical Growth of Federal Employment	305	1
	General Trends	305	2-4
	Three Distinct Periods of Growth	306	5-7
	Growth Patterns of Other Governments	306	8-9
	Growth in Government Expenditures	307	10
	Growth of Government Employment, Labour Force and Population	307	11-12
	Current Employment in the Federal Public Service . .	307	13-16
	National and International Employment Comparisons	308	17-19
	Government Payrolls and Labour Costs	310	20-22
	Current Employment—By Type of Engagement	311	23-25
	Exempt Employees	311	26-32
	Status of Exempt Groups	313	33-41
	Employment Pattern of Women	314	42-45
	Distribution of Employment—by Department and Agency	315	46
	Professional and Special Services Contracted Out	317	47-56
	Geographic Distribution of Manpower in the Public Service	326	57
	Rapid Growth Outside Ottawa	326	58-61
	Geographic Distribution by Department	328	62
	Factors Affecting Geographic Distribution . . .	328	63
2	COMPOSITION OF THE PUBLIC SERVICE	329	
	Occupational Patterns and Trends in the Public Service	329	
	Occupational Groups	329	1-7
	Present Occupational Patterns	331	8
	Changing Occupational Composition of the Public Service	335	9-14

	<i>Page</i>	<i>Paragraph</i>
Higher Education in the Public Service	337	15
Other Characteristics of Manpower in the Public		
Service	339	16
Age Distribution	339	17-22
Distribution of Employees by Salary Groups . .	343	23-26
War Veterans in the Public Service	346	27-30
Labour Turnover	346	31-35
French-Speaking Employees in the Public		
Service	348	36
3 GOVERNMENT MANPOWER STATISTICS	349	1
Assessment	349	2-8
Published Statistics	350	9
Need for Manpower Data and Analysis	350	10-12
Day-to-Day Personnel Administration	351	13
Formulation of Personnel Policy	351	14
Research and Planning	351	15
Co-ordination and Control	352	16-18
4 AUTHORITY AND RESPONSIBILITY FOR PERSONNEL		
MANAGEMENT	353	1-4
The Present Structure	354	
The Civil Service Commission	354	5-7
The Treasury Board	354	8
Departments and Agencies	354	9-12
Crown Corporations and Agencies	355	13
Control of Manpower Expenditures	355	14-15
Delay	356	16-26
Inflexibility	358	27-31
Expense	359	32-50
Dilemma of Controls	362	51-54
Present Status of the Personnel Function in		
Departments and Agencies	362	55-66

	<i>Page</i>	<i>Paragraph</i>
5 STAFFING THE PUBLIC SERVICE	365	
Introduction	365	1-7
Recruitment	366	8-12
Selection and Appointment	367	13-15
Test Procedures	369	16-23
Patronage	371	24-26
Promotions and Transfers	371	27-30
Appeal Procedures	372	31-33
Employee Evaluation	372	34-36
Training and Development	373	37-47
Management Development	375	48-56
Scientific Personnel	377	57-62
Women	378	63-68
6 EFFECTIVE PERFORMANCE IN THE PUBLIC SERVICE .	380	
Health Supervision and Absence Control	380	
Accident Prevention	380	1-9
Sick Leave	382	10-15
Health Services	383	16-25
Morale and Productivity	385	26-37
Employee Communications	387	38-43
Grievances and Appeals	388	44-54
Serving the Public	390	55-61
7 COMPENSATION IN THE PUBLIC SERVICE—COMPARISONS WITH OUTSIDE EMPLOYMENT	392	
Wage and Salary Level Comparisons—Policy, Practice and Standards	392	1-2
Office Occupations (Clerical, Secretarial, and Related)	392	3-5
Service and Maintenance Occupations	393	6-7

	<i>Page</i>	<i>Paragraph</i>
Postal, Customs, and Immigration Occupations	393	8-11
Technical (Sub-Professional) Occupations	393	12
Professional Occupations	393	13-23
Administrative Occupations	395	24-25
General Observations	395	26
Employee Benefits: Comparisons with Outside		
Employment	396	27-32
Civil Service and Industry	397	33-37
Civil Service and Exempt Agencies—		
Benefits Comparisons	403	38-39
Benefits for Prevailing Rate Employees	404	40-41
General Observations	406	42-43
8 COMPENSATION: POLICY AND ADMINISTRATION	408	1
History of Public Service Pay Policy	408	2-13
External Criteria for Public Service Wage Policy	410	14-24
Internal Criteria for Public Service Wage Policy	412	
The Classification System	412	25-51
The Remuneration System	418	52-66
Machinery for Wage Determination and Salary		
Administration	421	67-78
APPENDICES	425	
Appendices A-1 to A-6	426	
Appendices B-1 to B-3	448	
Appendix C	462	

ACKNOWLEDGEMENTS

Extensive field investigations of personnel management were undertaken throughout the public service of Canada by a Project Group under the direction of John J. Carson, Director, Industrial Relations and Information Services Division of the *British Columbia Electric Company Limited*, Vancouver. His project co-ordinator and assistant was E. F. L. Henry, *C.M.S. Counsellors Limited*, Toronto. A number of project officers collaborated on the inquiry, and your Commissioners wish to acknowledge the assistance received from those mentioned hereunder:

Peter M. Allen, *Trans-Canada Pipe Lines Limited, Toronto*
G. R. Allnutt, B.COM., *Canadian Industries Limited, Montreal*
J. Donald Bennie, B.COM., *Trans-Canada Air Lines, Montreal*
J. C. Blackhall, B.A., *Molson's Brewery Limited, Calgary*
Wilfred A. Campbell, M.A., *Ontario Department of Education, Toronto*
William A. Correll, *The Steel Company of Canada Limited, Montreal*
E. Christina Fairley, *Basic Communicators Limited, Toronto*
Professor Emile Gosselin, LL.L., M.SC.E., *Laval University, Quebec*
Michael A. Harrison, B.A.SC., DIPL. B.A., *Canadian Broadcasting Corporation, Ottawa*
Fernand Malo, M.A., *Dominion Tar and Chemical Company Limited, Montreal*
W. Wallace Muir, *Price, Waterhouse and Company, Toronto*
Professor J. Archibald McIntyre, M.A., *University of Western Ontario, London*
Professor John C. Sawatsky, M.A., PH.D., *University of Toronto, Toronto*
H. A. D. Scott, *Hydro Electric Power Commission of Ontario, Toronto*
Charles F. Stubbart, B.COM., *Ford Motor Company of Canada Limited, Oakville*
Professor D. C. Williams, M.A., PH.D., *University of Toronto, Toronto*

The quantitative research portion of this project was under the direction of Professor W. Donald Wood, M.A., Ph.D., Director, *Industrial Relations Centre*, Queen's University, Kingston.

Supplementing the work of the investigative staff, your Commissioners were also able to draw on the experience of an Advisory Committee under the chairmanship of Thomas W. Eadie, LL.D., President and Chairman, *The Bell Telephone Company of Canada*, Montreal, and Vice-Chairman D. E. Kilgour, B.A., President, *The Great-West Life Assurance Company*, Winnipeg. The Committee members were:

Wilbrod Bherer, Q.C., *Bherer, Juneau and Côté, Quebec*

Arthur H. Brown, O.B.E., *International Labour Office, Ottawa*

A. Davidson Dunton, D.Sc., LL.D., *Carleton University, Ottawa*

J. H. Mowbray Jones, B.Sc., *Bowater Mersey Paper Company Limited, Liverpool, N.S.*

Jean-Claude Lessard, B.A., M.B.A., *Quebec Hydro Electric Commission, Montreal*

F. H. Sherman, LL.D., *Dominion Foundries and Steel Limited, Hamilton*

W. O. Twaits, B.COM., *Imperial Oil Limited, Toronto*

The subject of personnel management was of such universal interest to all those individuals and associations who submitted briefs that your Commissioners refrain from listing them by name here; however, these representations have all been carefully considered and are noted in our final report.

Your Commissioners, in acknowledging the assistance and advice received, dissociate all the above-named persons and groups from any of the findings and conclusions appearing in Part 1 or Part 2 of this report; for these, your Commissioners assume full responsibility.

PART 1

1

INTRODUCTION

The quality of the public service of Canada must be judged by the performance of the many thousands of individuals employed in it. Large industrial and business organizations must also look to their human resources but, in the achievement of their objectives, such other factors as plant, equipment and materials assume a relatively more prominent role than they do in the public service. The effective use of people is, then, the primary determinant of the success with which the public service fulfills its obligations to the citizens of Canada. Despite this, there is convincing evidence that the procedures devised for the management of people in the Canadian public service have been less than adequate.

Two things are necessary to effective performance by the public service. First, skills of high quality must be appropriately combined and balanced in ways best suited to the range of tasks to be done: good initial recruiting, proper training, and opportunities for personal development, will ensure that these conditions are met. Second, the talents available must be intelligently used, and the efforts put forth by public servants must be wisely guided.

The stake of every citizen of Canada in the effectiveness of the federal public service has never been greater than today. The role of the federal government has been extended so that it touches the well-being of every Canadian daily at many points. In times gone by, when the role of government was simple, the quality of administration had but slight impact on the life of the nation. In contrast, today, ineffectiveness in any of several parts of the public service can be of immediate practical concern to all Canadians whose incomes, welfare or, indeed, safety may be involved.

How well qualified and capable are the public servants of Canada as a whole? How effectively are their talents and energies being applied? The general conclusion is that the calibre of personnel within the public service is comparable with that found in large private organizations in Canada. In some areas, it is very good indeed. It must be observed, however, that many of the most able persons in the federal public service today were attracted to government service during the depression of the nineteen-thirties and in the immediate post-war period. Thus, the present quality of the public service as a whole results more from fortunate recruiting in the past than from its present attractions for talented people.

Conclusions are less favourable about government's success in making use of the talents, energies and skills at its disposal. Certainly, more must be done to compete successfully for scarce talents, to meet the new pressures of change in office technology and managerial techniques, and to deal adequately in future with the scale and complexity of public business.

Two significant defects in the system help to explain the growing inability to deploy and use human resources in the service of government:

- The system has failed to recognize that management of people is an inherent part of total management; that this is not a responsibility which can be discharged by staff or control bodies remote from the operational areas; and that the senior officers of departments and agencies must have the right to manage personnel and be held responsible for doing so efficiently.
- The system has not encouraged a comprehensive and co-ordinated approach to personnel management throughout the entire public service; nor has all the relevant knowledge and experience available today been effectively tapped.

Personnel practices in government frequently waste resources, do little to bring out top performance, and fall short of creating a dynamic and unified public service. The most difficult obstacles to successful performance can often be overcome by good people. But, more often, the present system frustrates and stultifies the development of people potentially capable of better performance and more valuable contributions to public service.

Much of the structure and the practice of personnel management in the civil service is a direct product of the principle that there should be uniformity of treatment for civil servants. To ensure this uniformity, centralized and detailed control has been imposed. The paradoxical result has been that concern for the individual has led to a highly impersonal machinery of administration. The foundations for this system were laid four decades ago by the Civil Service Act of 1918. In the interval there have been profound changes in the status of em-

ployees and in the general approach to employee relations in the economy at large. Personnel management in the public service today should not subordinate the individual to the system, but should aim at inspiring the best performance by recognizing his motives, capacities and needs.

SCOPE OF STUDIES

The well-being of the public service is so dependent on the effective use of the people in it that your Commissioners consider personnel management to be one of the most important of the many subjects referred to them. This assessment of manpower management has, accordingly, been directed to the following inquiries:

- To study the size and composition of the public service so as to measure the personnel management task of the government and to identify trends which may give rise to new problems.
- To examine the distribution of authority and responsibility for personnel management between control bodies, departments and agencies, and the effects of this distribution on performance.
- To evaluate staffing policies and practices with particular reference to: recruitment, transfer and promotion, training and development, and forecasts of manpower needs.
- To assess the efforts to promote satisfactory morale and productivity in the public service.
- To compare pay, benefits and working conditions of the various categories of public servants with like employment elsewhere in the economy; to assess the way in which compensation is related to performance; and to examine the implications for the taxpayer and the economy at large of present criteria for pay, benefits and working conditions in the public service.

Supplementing the appraisal of each of these problems is a statistical analysis of the public service which contains much new information on manpower characteristics, pay, benefits and working conditions, together with a comparison with conditions prevailing in outside employment. (These details are set out in Part 2.)

Detailed inquiries and appraisals, conducted along lines indicated above, were made by a team of specialists selected from outside the public service. In addition, many officers of the Commission's other study teams made findings on personnel matters arising in their special areas of interest. Their judgments were tested by an advisory committee some of whose members were drawn from the

larger private enterprises having personnel problems of a scale somewhat similar to those found in government. Your Commissioners assessed the numerous briefs on this subject, before making their final determinations on many points.

The definition of "public service", as used in this and other Commission reports, requires elaboration. In the broadest sense, the public service of Canada might be taken to include the staffs of all departments, boards, commissions, agencies, Crown corporations and the Armed Forces. This definition, embracing a total of over 480,000 as of September, 1960, includes too broad and diverse a grouping for the purpose of this report. The following categories have therefore been excluded:

- Uniformed members of the Armed Forces. In a report on the Department of National Defence, the administrative implications of military manpower policies are considered separately, particularly with respect to "civilianization". In this report only the 50,000 civilian employees in the Department are included.
- Employees of those Crown corporations where personnel requirements parallel those of private industrial and commercial corporations, namely: Canadian National Railways, Trans-Canada Air Lines, Polymer Corporation Limited, Eldorado Mining and Refining Limited, Eldorado Aviation Limited, Northern Transportation Company Limited, and Canadian Overseas Telecommunication Corporation.
- Employees of agencies or corporations which, for reasons of public policy, enjoy varying degrees of independence from the executive. Specifically excluded are: the Bank of Canada, Canadian Broadcasting Corporation, and the Canada Council.
- Revenue postmasters and their assistants.

Unless otherwise indicated, therefore, wherever "public service" appears in this report, it should be taken to include some 216,000 employees of the Government of Canada, representing the total remaining after excluding the groups listed above.

A final series of comments is necessary to place these findings and conclusions in proper perspective. During the course of these studies, a bill for a thorough-going revision of the Civil Service Act was submitted to Parliament. An extensive review of its provisions, principles and philosophy was made by the 1961 Special Committee of the House of Commons on the Civil Service Act. In September, 1961, a revised Act was passed and took effect on April 1, 1962.

The new Act makes provision for important changes in the responsibility and authority for personnel management in the civil service; in particular, it permits a more flexible approach than was permitted by the old Act. It is not possible at this point to judge how the new Act will affect the climate of control. Nevertheless, your Commissioners wish to state clearly the principles which it is believed should govern personnel management in the public service, whether these are consistent with, or contradict, the provisions of the new Act.

As subsequent sections of this report are developed, it will become abundantly clear that your Commissioners envisage changes which go well beyond the repair and patching of an existing system for managing personnel in the public service. Almost without exception, the critical judgments expressed in this report are directed to the faulty system and not to the people who have, in a very real sense, been its prisoners. The recommendations, it is hoped, will provide remedies for these defects by erecting a new foundation for sound personnel management in the public service.

THE GOVERNMENT OF CANADA AS AN EMPLOYER

The federal government is, by a wide margin, the largest employer in Canada. In performing its many tasks, it must deploy a broader range of skills on more functions and more diverse operations, conducted in more places and under more varied circumstances than any other single employer. Its manpower needs extend from unskilled labour, through trade, craft and technical skills, to the highly-trained scientific, professional, administrative and management classes.

Its activities range from the operation of icebreakers, aircraft, printing plants and atomic reactors, through the management of art galleries and museums, to the direction of research laboratories and television networks; from the issuing of family allowance cheques and the collection of income tax, to the broader reaches of international agreements.

No other single employer in Canada has a more demanding or complex job of personnel management, measured either in numbers or by the wide range of human skills which must be marshalled and used effectively. There is the additional challenge—or hazard—that every action of any employee may at any time be subjected to public scrutiny and political comment.

Nevertheless, the effective use of human resources in the public service is not basically a unique problem. Although the scale and complexity are greater, and special considerations must apply to a *public* service, in most respects the government faces the same problems as other large employers in achieving good use of its manpower. The government, for instance, must recruit in the same market and for the same skills as private employers. Its recruiting policies and

procedures, its pay and benefit policies, and all aspects of personnel administration affecting its image in the market-place must take account of this simple fact.

In terms of skills required, the manpower needs of all employers are in process of rapid change. Like large private employers, the government must understand these changing needs and adjust its recruiting, training and employee relations policies accordingly. Increasing attention must also be given to a whole range of personnel management problems hitherto largely neglected, or dealt with on a piecemeal basis at best. The government must be at least as ready as other large employers to take advantage of the rapid development of new knowledge about the effects of personal and group relationships on performance. With the largest and most complex personnel management problem in the country, the government can well be a leader in this field; it certainly cannot afford to lag behind, nor can the public of Canada afford the consequences of sub-standard performance.

However, it may not be appropriate for the Government of Canada to lead other large employers in fixing levels of compensation, benefit programmes and the working conditions of employees. In a broad sense, the course of action for the private employer, in any question of cost, is dictated by the forces of the market-place and the test of ultimate survival. The government is faced with questions of a different order and must establish, formally or informally, its own criteria for decisions on these cost aspects of personnel management. The standards it should seek to establish are more fully developed later in this report.

A second special problem of the government as an employer revolves around the use of the French language in the conduct of public business and the presence in the public service of Canadians whose mother tongue is French. Where complex issues raised by this problem have a practical bearing on personnel management in the public service, conclusions and recommendations have been reached and are stated elsewhere in this report.

2

THE SIZE AND COMPOSITION OF THE PUBLIC SERVICE

Excluding the special categories named earlier in this report, the Government of Canada has on its direct payroll about 216,000 employees spread over more than one hundred departments, agencies and miscellaneous offices. In addition, on average throughout the year, it contracts for the services of the equivalent of about 25,000 employees, not counting those for whom it provides employment through construction and purchase contracts, and research grants.

Between 1939 and 1946, the federal public service tripled in size, but since 1946, its continuing growth has been proportionately less rapid than the increase in population or gross national product. National defence, a growing population, economic expansion, and the additional functions assigned to government by the public have been the prime determinants of the present size. Barring significant new tasks for government, present staff levels should not rise proportionately as existing programmes are expanded to meet increasing population and income. In addition, because of its many repetitive clerical operations, the government is in a position to profit substantially from automation. Major adjustments and significant personnel problems will be involved, but a substantial reduction in the rate of growth of the public service should result.

More than three-quarters of the employees of the government are located outside the Ottawa-Hull area. The main concentrations are, of course, in the larger cities like Montreal and Toronto which have federal public service populations approaching that of Ottawa-Hull; and there are large concentrations in Halifax, Winnipeg and Vancouver. A small but significant percentage of the public

service is employed outside Canada, including representatives of the diplomatic service, of departments such as Citizenship and Immigration, Trade and Commerce, National Health and Welfare, and of certain agencies and corporations. This regional dispersion of the working force has certain implications for personnel management which will be commented on later.

The public service of Canada employs a large and growing professional group—lawyers, scientists, engineers, medical doctors, accountants, teachers, nurses, economists, statisticians, librarians, and others. It includes, too, an even larger technical group and a sizeable establishment of managerial, accounting and other administrative personnel. These groups, most of them highly trained, account together for between one-quarter and one-third of the public service. Another one-third is accounted for by the clerical group. Thus, office, professional and technical workers make up nearly two-thirds of the total work force, with those in crafts and trades, and other services, comprising the remainder.

In commerce and industry, the greatest current challenge to personnel management is posed by office workers, professionals, and technicians. Automation in offices, warehouses and laboratories is working drastic changes in organization, in the form of operations, and in the character and psychology of the people affected. It is evident that the government, with higher proportions of such personnel, faces similar problems of even greater magnitude.

Clearly, then, the government as an employer must be adequately informed about the characteristics of its human resources, the numbers available for present and future tasks, and the effectiveness of their performance. At present, there are serious inadequacies: it has been difficult, for example, to make any useful assessment of the composition of the public service because no uniform data have been compiled or collated in one central place. Government lacks the information it requires for adequate personnel management and planning. No central group is responsible for such analysis or planning, nor for ensuring that data are gathered by departments and agencies in forms suitable to central use. Some pioneering work has been done but few of the essential data and analyses have been developed. Within departments and agencies a similar situation prevails. It is concluded that there has been too little appreciation of the existence of essential tools of day-to-day personnel management that can be used for successfully matching resources and requirements.

Information on manpower in the public service should be helping departmental and central management to develop an informed approach to personnel problems. A continuous inventory of the existing work force, analyses of trends in its composition, together with forecasts of changes in work and skill requirements to which it must be adjusted, all provide information essential for devising appropriate policies for recruitment, promotions, transfers, training and de-

velopment, group productivity, turnover, grievances and accident prevention, to name only a few possibilities. A clear picture of the age and service composition of different occupational groups is also required in order to assess the suitability, as well as the cost, of proposed benefit plans or the actuarial implications of changes in pension, survivor benefit, and group life insurance programmes.

Steps should be taken to remedy the existing deficiencies. A continuing, central inventory of public service personnel is required for analysis and forward planning. Without such information, Treasury Board staff cannot reliably counsel the Treasury Board on personnel policy for the service as a whole. Nor, in relation to the departments, can it act as adviser, appraiser of performance, co-ordinator and catalyst for transfers across departmental lines. Manpower inventories and analyses are also important to departments and agencies in the management of their own employees. With these needs in mind, it should be the responsibility of the Personnel Division of the Treasury Board to specify the data to be submitted periodically by all departments and agencies. Since the Dominion Bureau of Statistics already publishes statistics on employment in the public service, it should also be charged with responsibility, under the direction of the Personnel Division, for collecting and preparing such information to meet the needs of personnel management in the government.

We therefore recommend that: Departments and agencies compile personnel statistics in accordance with a standard guide approved by the Treasury Board; and that such statistics be centrally tabulated by the Dominion Bureau of Statistics for use of the Treasury Board and departments.

3

AUTHORITY AND RESPONSIBILITY FOR MANAGEMENT OF HUMAN RESOURCES

In any undertaking, management consists in the disposition of financial resources and the direction of human resources. The effective use of people, in short, is a fundamental part of the management of an organization. The allocation of this responsibility within the management structure inevitably influences the use of human resources and determines the real effectiveness of performance.

In the public service of Canada, a number of historical and traditional factors have combined to produce an allocation of responsibility that is largely incompatible with attaining efficiency in an organization that has grown so large and complex. Responsibility and authority for personnel management are divided among the departments, the Civil Service Commission, and the Treasury Board and its staff.

While the Treasury Board and the departments may properly be regarded as parts of the management structure, the Civil Service Commission—even though it exercises managerial authority—has no managerial responsibility. It cannot be held accountable for effective performance of any of the tasks of government, since it is, in fact, an independent watch-dog responsible directly to Parliament itself. Departments and agencies subject to the authority of the Civil Service Commission find that in using a key resource—people—they are regulated and constrained by a body whose attitudes and criteria may be unrelated to their needs. Even the Treasury Board, which should be looked to by departments for broad policy guidance and co-ordination, too often appears to departments as a body exercising a negative control rather than as a part of central management.

Responsibility and authority for personnel management are not allocated in a uniform manner throughout the public service. The provisions of the Civil Service Act and the authority of the Civil Service Commission apply only to about 130,000 out of 216,000. A few specific and quite limited statutory exemptions were made in the Civil Service Act of 1918 and its subsequent amendments. However, the legislation included a provision permitting the Civil Service Commission to recommend to the Governor in Council partial or complete exemption in circumstances where the application of the Act in whole or in part would not be in the public interest. Most of the exemptions have applied to skilled or semi-skilled trades and manual labour, where conditions of employment may be directly compared with industrial practice. This accounts for a large body of "prevailing-rate" employees who are not subject to the Civil Service Commission, and whose pay rates and conditions of employment are determined by the Treasury Board.

Further major exemptions, however, have resulted from special statutes which, since the early thirties, have created many public agencies and Crown corporations. Some of these have almost complete autonomy in the field of personnel management, although frequently subject to some control by the Treasury Board. A few of these autonomous agencies have adopted independent personnel policies, others have tended to be satisfied with practices and procedures not differing greatly from those prescribed by the Civil Service Commission for the civil service.

The charges laid at the doorstep of the personnel management system, and largely confirmed by our investigation, can be bluntly stated: there is a waste of human resources, because of the failure to give orderly consideration to the best methods of providing and utilizing people and the consequent frustration of many individual careers; the procedures are costly and time-consuming; personnel management in departments is generally misdirected, mainly because accountability for the effective use of personnel is fragmented or virtually non-existent. The general conclusion, that departments and agencies should be vested with the responsibility and authority to manage their own personnel, is supported in later sections of this report by an examination of particular deficiencies in present methods of dealing with most aspects of personnel management.

The foregoing conclusion has a direct bearing on the much debated question of bringing the presently exempt agencies and their employees under the Civil Service Act. The building of a unified public service, an early aim of high policy, has failed because of the frequency with which Parliament has set up Crown agencies and corporations exempt from the provisions of the Civil Service Act. No guiding principle governing these exemptions is evident, but there can be

no doubt that in many cases the objective was to permit management to operate with a freedom denied to departments generally.

The inconsistency of granting necessary autonomy in personnel matters to some branches of the service and denying it to others, whose need in most cases is equally great, has resulted in confusion and resentment. The wide variations in the extent of authority granted departments and agencies are unjustified, but emphasize the central defect of the Civil Service Act in failing to recognize that efficient performance cannot be secured where intervention in the supervisory process by a non-managerial body displaces the exercise of necessary authority by departmental management.

The full significance of our central conclusion now becomes clear; if all departments and agencies were empowered to exercise that responsibility and authority for management of human resources which is essential to good management itself, the anomalies would be removed at a stroke. The agencies that are now free from the strictures of the present Civil Service Act would then be quite happily reunited with the older, traditional departments and agencies in a unified public service. In future, then, exemption from a properly revised Act and from the jurisdiction of a Civil Service Commission filling its proper role need only be granted to such Crown corporations and agencies as those excluded from the public service, as previously defined.

The proposed devolution to departments of increased responsibility and equivalent authority for personnel management should be accompanied by the development of appropriate central machinery for working out the general policies of the government as an employer so that departmental managers will operate with some degree of uniformity and consistency. This central machinery ought to provide not only for general policy determination and co-ordination within the public service; it should also be the focal point for evaluating the personnel components of departmental programmes, and the way in which the total responsibilities for personnel management are discharged. In short, responsibility and authority must be backed by accountability.

In the report of your Commissioners entitled *A Plan for Management*, it is proposed that the functions of central policy formulation, co-ordination, and evaluation should be the responsibility of the Treasury Board and a reconstituted Treasury Board staff. The Personnel Division of that staff, working in close conjunction with the Programmes Division, would be specifically concerned with advising the Board on all matters having to do with employees.

At present, establishments are reviewed and approved more or less separately from the review and appraisal of programmes, although a close integration between the allocation of human resources and the determination of programme

expenditure is essential, both within the Treasury Board and within departments themselves. Personnel management and financial management are so continuously and closely intertwined that decisions on these matters should not be taken independently.

The present "establishment review" procedure violates this principle and provides a classic example of the distortion that results when concentration on procedures and control submerges concern for objectives. Effective execution of authorized programmes is often frustrated by the inability to assemble the required number of people of the right calibre at the right time. The establishment review, together with arbitrary controls on recruitment, transfers and promotions, separates staffing decisions and action from the personnel requirements of programmes. The procedure is costly in terms of money, effort, paperwork and time, for the departments, the Civil Service Commission and the Treasury Board alike. A premium is placed on overstaffing as a protective device. Attention is diverted from real manpower requirements to an intricate process of bargaining for increases in authorized staff levels. In place of quick adjustment to altered circumstances, the review necessitates a procrustean adjustment to faulty and inflexible establishment authorizations.

The assignment to departments of appropriate authority over their own personnel will mean that, as under the provisions of the new Civil Service Act, the Commission will not be involved in the process of establishing departmental needs and approving manpower budgets. On the other hand, the proposed Personnel Division of the Treasury Board should be directly involved, along with the Programmes Division, in assessing manpower requirements. In this way, human resources will be considered along with financial and other physical resources when priorities are established and performance is appraised. Moreover, when departments find their approved requirements need to be altered to meet new assignments, adjustments based on sensible appraisals will be rapidly made.

At the same time, proper vesting of manpower responsibility in departments should enable them to act within the limits of authorized manpower budgets, related to approved programmes. They should be allowed to deploy their human resources, unfettered by detailed limitations on the number of personnel in particular classifications or units. This freedom must, of course, carry with it accountability for performance. One of the major functions of the Personnel Division will be to assess the effectiveness with which departments use their personnel, subject to approved budgets and to broad policy guidance by the Treasury Board.

As in every field, the effectiveness of personnel management must rely primarily on the quality of those people who are to be given responsibility and

authority. Your Commissioners have stressed in their "Plan for Management" the need for people of a superior calibre to serve the reconstituted Treasury Board staff. The Personnel Division, like the rest of this group, should be a combination of experienced officers drawn from departments and agencies, and of persons of promising potential, for whom experience in the Division will provide a preparation for more senior appointment in a department. The Personnel Division should be a small select group, but its career links and daily working contacts with departments should be designed to prevent it becoming remote or autocratic.

The staffing of the personnel function within departments needs to be completely transformed, particularly in those departments and agencies hitherto subject to the jurisdiction of the Civil Service Commission. Today, departmental personnel spend far too much time handling paperwork and manoeuvring within the existing controls, or circumventing them where necessary by ingenuity or personal connections. Endowed with proper authority under a minister, the deputy minister will be responsible for a wide range of policies, procedures and decisions governing the use of human resources. He will no longer be able to look to control bodies either to relieve him of his responsibilities or to serve as scapegoats for his own failures.

The deputy minister, except in very small departments, will require a chief personnel officer, similar in status to the chief finance officer recommended in your Commissioners' report on *Financial Management*. Such an officer must be capable of providing competent counsel and staff assistance for the personnel aspects of management within his department. He should be given an independent status, not inconsistent with responsibility to his deputy, which will confer on him genuine influence in his department and with the Personnel Division of Treasury Board. His career opportunities will depend in large measure on central management's assessment of his performance.

Selection of chief personnel officers and their rotation from one post to another should be a concern of the Personnel Division of the Treasury Board. All such appointments should be subject to the concurrence of the Treasury Board. Over a period of time, this procedure should ensure that chief personnel officers have a high level of competence and a suitable degree of independence. It should also result in adequate career opportunities for personnel specialists at all levels in the public service. One of its most valuable by-products will be the added assurance that, in a service where the managers of the public business have proper autonomy in personnel matters, the integrity of the public service will be properly guarded when decisions are taken on transfers, promotions and salaries.

The personnel function in the departments will embrace a wide range of

specialized tasks whose importance to effective management will be examined later in this report. It will include: recruitment, selection, promotion, classification, compensation and benefits, training and development, employee communications and staff relations. Resources will be required for analyzing manpower data and maintaining appropriate personnel records.

Where a proper assessment of needs and costs suggests that the personnel staff group would not be large enough to cover all these aspects of the personnel function, departments should be able to draw on the advice and guidance of the Personnel Division of Treasury Board. Competent professional assistance should be available on a part-time or temporary basis from the personnel staff groups employed in larger departments. An appropriate fee should be charged the users for such services, where they are rendered on a continuing basis.

These proposals are founded on a concept of the personnel function that has not been generally recognized in the federal public service. They depend for their success on a body of personnel officers equipped for the new role by knowledge and experience. Most of all, they depend upon an understanding by supervisory staff of the personnel component of their management responsibilities and on proper use of the experience of competent personnel specialists.

None of this can be achieved overnight by statute, by order in council, or by Treasury Board regulation. It will take time to build the right attitudes and develop competence and experience on a wide enough scale. Initially, it will not be easy to staff the new Personnel Division serving Treasury Board, or to select competent chief personnel officers for all departments and agencies requiring them. One fruitful source of such talent, apart from senior staff of the Civil Service Commission, may be officials presently employed as supervisors or administrators who are not now considered personnel specialists, but have suitable experience and ability. In the transitional period, recruitment of experienced personnel specialists from outside the public service may also be desirable, as may be the use, from time to time, of outside consultants.

- We therefore recommend that:*
- 1 Departments and agencies be given the requisite authority to manage their own personnel and be held accountable for efficient performance.
 - 2 To facilitate creation of a unified public service, currently exempt agencies and staff be brought under a Civil Service Act revised to confer on departments and agencies responsibility for personnel management.

- 3 A central Personnel Division be created under the Treasury Board, staffed by rotation, to assist the Board in framing policy and standards relating to personnel administration, and in the appraisal of the application by departments of such policies and standards.
- 4 Within departments and agencies, the personnel function be strengthened by the appointment of Chief Personnel Officers, with appropriate staffs of personnel specialists; and the appointment of Chief Personnel Officers be subject to the concurrence of the Treasury Board.

These recommendations are intended to apply to all departments and agencies previously designated as coming within the definition of the public service of Canada. The Crown corporations with a commercial orientation and the other agencies which, for reasons of public policy, have been granted varying degrees of independence from the executive, will not be affected by these recommendations.

4

STAFFING THE PUBLIC SERVICE

RECRUITMENT, SELECTION, APPOINTMENT

The government has a special problem, not encountered by employers generally, in recruiting for the public service: the pressure of improper influence on appointments. Such influence can seriously impair the quality of the public service, and the need for special machinery has gained wide public acceptance. The Civil Service Commission, like comparable bodies in other governments, has been the main protective device for the Canadian public service. However, since appointments to about half the public service are not subject to any control or audit by the Commission, the protection is by no means universal. There is evidence that, outside its jurisdiction, particularly among the prevailing rates employees, appointments influenced by political or other pressures are a recognized and accepted fact, although many Crown corporations and agencies have taken advantage of their autonomy to avoid patronage with as much success as where the Civil Service Commission is in control.

It was the intention of the Civil Service Act of 1918 to establish the "merit principle" as the guide to recruitment, selection and promotion in the public service. The merit principle has been endorsed in all subsequent appraisals, and has the full support of your Commissioners. A distinction, however, must be made between the merit principle and the "merit system", i.e., that collection of rules, regulations, policies and procedures peculiar to the Canadian civil service which have been designed to implement the principle. The merit system, in many of its current practices, frustrates the attainment of the principle; in its name many absurd procedures are tolerated; the system has become an end in itself, overriding the need to "get the job done"; and all too frequently it has

engendered such delays in the attempt to get the "best" man that his loss to a more nimble employer was ensured. It is paradoxical, to say the least, that a system designed to improve the public service by eliminating improper influences on appointments should exact, in the process, such high costs.

The public service has grown to such size and complexity, and its functions now have such import for the daily affairs of Canadians, that a recruiting system, originally framed as a protective device, should now be freed of administrative accretions not necessary to this purpose. The Government of Canada can no longer afford self-imposed restrictions on its competitive position in a labour market where many of the most important skills are scarce. Nor can it afford the large costs of departmental inefficiency that result directly from long and unnecessary delays in filling positions. Successful steps in this direction have long since been taken in the public service of the United Kingdom, the United States and other countries. Canada can neither plead that its present costly and contrived procedures are still necessary, nor deny that there are tested precedents for a more rational approach.

Partisan or other pressures can be effectively checked if all permanent appointments to the public service continue to be subject to the approval of the Civil Service Commission. The sole purpose of this approval and its only significance is that the Commission should be satisfied that selection has been free from partisan considerations, and that the method used has been reasonably calculated to obtain personnel qualified for the position to be filled.

Were the Commission permitted to view its task in these terms, it would be able to approve departmental appointments on an individual basis without imposing procedural and other requirements involving intolerable delay and cost. Only if Commission approval is based on firm understandings with the departments about selection procedures and criteria can such cost and delay be reduced. The higher the level of skill sought and the scarcer the skill, the less formal and rigid need be the agreed procedures and criteria.

The Civil Service Commission's present responsibility for recruitment and appointment extends beyond protection against improper external and internal pressures; it includes a responsibility under the Act to provide equal right of access to positions in the public service for all qualified Canadians. Again, costly and time-consuming procedures are required to provide these guarantees: country-wide competitions are held and, frequently, interview boards of senior officers travel from coast-to-coast to interview candidates for a particular position.

Parliament, by the 1961 civil service legislation, has recognized that there may be room for less rigid and formal approaches. Application has still to be given to the new discretionary powers granted to the Civil Service Commission

with respect to conferring authority on departments to manage their own personnel. There is virtue in a 'representative' public service but neither this objective, nor the principle of free competition, requires continuance of the elaborate approaches which were under observation during the course of this manpower study.

It can be argued that the practice of specifying in narrow detail the qualifications required in candidates has been carried to such extremes as to obstruct rather than guarantee equal access to the public service. Government must search as assiduously as any other large employer for people with a wide variety of scarce skills and professional qualifications to serve in all parts of the country. For this purpose, there is no longer any need for the Civil Service Commission, or any other independent body, to ensure equal right of access to the public service—except by guaranteeing that improper influence plays no part in selection.

We therefore recommend that: The Civil Service Commission should certify all initial appointments to the public service to ensure that selection has been made in accordance with appropriate standards.

Recruitment and selection are obviously of such critical importance to management that they should be prime responsibilities of the departments, who know their own needs and who will become, if your Commissioners' proposals are adopted, more closely accountable for their own performance. It is not logical, therefore, simply because the Civil Service Commission acts as a recruiting agent for departments, to attach controlling powers to this service.

Nonetheless, a common recruiting agency for the public service provides an economical and orderly means of approaching the labour market. Some special body might fill this service role, but a number of practical considerations suggest that it be filled by the Civil Service Commission: the Commission is in a position to serve all departments; it already has regional officers (essential if the needs of the service outside Ottawa are to be met); and its responsibility for ensuring against improper influences necessarily involves it in approval of initial appointments.

A common recruiting service will not be appropriate to all needs. It may offer little or no advantage, for instance, in the employment of special categories, such as ships' crews or trades and craft personnel, now largely included in the "prevailing rates" groups. Because the test should be administrative convenience, Treasury Board should, from time to time, decide whether particular categories of personnel might better be recruited directly by the departments and agencies concerned.

About ninety-five per cent of all initial appointments to what are now classified positions in the public service are made at starting salaries up to about \$5,200. As a practical matter, the Commission should have responsibility for recruiting, selecting and assigning persons of its choice to departments in response to their requests for staff in this bracket. The suggested level is an arbitrary dividing point which seems sensible in today's circumstances, but it should be adjusted as wage and salary levels change over the years ahead so as to retain the same practical meaning for the allocation of responsibility for recruitment and selection.

Above some such arbitrary dividing line, responsibility for recruiting their personnel (just five per cent of the total) should be assumed by the individual departments and agencies. This procedure is already foreshadowed to some extent by the new Civil Service Act which permits the Civil Service Commission to delegate to deputy heads "any of the powers or functions of the Commission under the Act in relation to the selection of candidates for a position." Your Commissioners go further, however, in recommending that this authority should not be exercised by a department as a matter of delegation from the Civil Service Commission, but as a matter of right to be used responsibly by each department. Selection of senior personnel must be carefully geared to the needs of the position to be filled, since the efficiency of a department's working force depends on the capacities of such persons. The onus of the selection should fall on the deputy head. However, as a practical matter, departments might often solicit the aid of the Commission in their search for suitable personnel.

This suggested division of responsibility would relieve departments and agencies of the great bulk of recruiting procedures by leaving to the Commission the selection of personnel for whom the needs of departments and agencies are least specialized. The selection of all key and highly specialized personnel would be left fully in the hands of departments, subject to general policy control.

Even below the suggested level, where the Civil Service Commission will be directly involved in the selection process, it is essential to stress its responsibility for rendering service. It should be guided by departments on qualifications to be sought for particular needs; it should accept the judgment of departments about needs, either in numbers or timing (although it should be able to advise an optimum timing of recruitment); and it should, in appropriate circumstances, e.g., in most recruiting of college graduates, invite departments to participate in the evaluation and selection of candidates. Above all, the Commission, in its common service recruiting role, must ensure that the government as an employer competes effectively for required skills and that appointments in the public service are filled without waste of time. Effective conduct of the

nation's business should brook no delay because of unnecessary procedural complexity in recruitment.

- We therefore recommend that:*
- 1 The Civil Service Commission should continue to provide a common recruiting service for the public service, except where the Treasury Board decides that administrative convenience warrants direct recruiting by the department or agency.
 - 2 Departments and agencies be empowered to recruit their own personnel above a proposed (say \$5,200) salary level.

The most careful selection of new recruits to the public service, whether by a common recruiting agency such as the Civil Service Commission or by a user department, will not ensure perfect results. For this reason, proper use of the probationary period, now normally one year under the Civil Service Act, is vitally important to good staffing. It should be a clearly understood responsibility of supervisors to assess the performance and general suitability of new employees throughout the probationary period. Well before the expiry of the probationary period, a definitive assessment should be made, as a basis for deciding whether the employee should be retained in the public service. In the final analysis, such an assessment is very much in the interests of both the department and the individual. Permanent status should be the result of conscious decision by the department immediately prior to the expiry of the probationary period. With properly qualified supervisors, authority for decision on this subject can and should be delegated throughout the supervisory structure.

SPECIAL PROBLEMS

Staffing of the federal public service cannot be adequately discussed without some reference to bilingualism and the recruitment of people whose first tongue is French. Valid arguments have been advanced that the public service should be representative of the country as a whole. The special position of French-speaking Canadians, in our history and constitution, in proportion of total population, and in language and cultural character, is of particular importance to the representative character of the public service. Without the confidence and respect of most citizens, it is doubtful whether the public service can be truly effective, and it is highly desirable that French Canada should share a proper feeling towards the federal public service.

Certain specific aspects of this problem fall within the terms of reference of your Commissioners. Many feel that service to the public can be provided acceptably only if citizens are able to deal with members of the federal service in whichever of the two official languages they happen to speak. In this regard, direct contacts between the public service and the public at the local level have been regulated by legislation since 1938. In that year the Civil Service Act was amended to stipulate that:

. . . no appointment, whether permanent or temporary, shall be made to a local position within a province, and no employee shall be transferred from a position in a province to a local position in the same or in another province, whether permanent or temporary, until and unless the candidate or employee has qualified, by examination, in the knowledge and use of the language, being the French or English language, of the majority of persons with whom he is required to do business.

However, members of the public sometimes have to deal with the headquarters' staffs of departments and agencies at Ottawa. Here, particularly at the higher official levels, the situation is different, for only a few deputy ministers and other senior officers are able to converse fluently in French. The Civil Service Act of 1961 contains the following new section, in place of the 1938 provision quoted above:

The number of employees appointed to serve in any department or in any local office of a department who are qualified in the knowledge and use of the English or French language or both shall, in the opinion of the Commission, be sufficient to enable the department or local office to perform its functions adequately and to give effective service to the public.

The effect of this broadening of the statutory provisions cannot as yet be measured. However, its application is bound to be influenced by the fact that most people recruited into the public service are likely to speak only one language. It is not within the power of the federal government to alter this condition. It is, however, within its power to improve the language qualifications of its own employees. A useful first step in this direction would be to provide courses in both languages and to assist public servants, on government time if necessary, to become genuinely bilingual. This should be done on a selective basis which recognizes the areas of greatest need, both geographically and among the various occupational groups within the service. Every encouragement should be given to employees who acquire facility in the other language, to use it in communicating with the public and in the daily conduct of their business.

Service to the public is one facet of the question; an adequate supply of the right kinds of talent is another. The more difficult it is for the government to compete for the higher level and wider range of skills it now requires, the less it can afford to be unattractive as an employer to potential employees in any large segment of the population. Yet the federal government has been less success-

ful in recruiting and retaining highly qualified French-speaking Canadians than it has been with others. There is no single, simple reason for this, but it is a problem that needs attention. It has been suggested that civil service competitions are generally related to the educational background of English-speaking Canadians and are not therefore appropriate to the educational background of French-speaking candidates. This should be relatively easy to correct.

A more troublesome problem, particularly in the Ottawa area, lies in the fact that most business is carried on, within the service and with the public, in English. French-speaking public servants, consequently, find themselves for most practical purposes in an English-speaking working environment. Moreover, they are likely to feel a sense of severance from familiar social institutions—which may also be experienced, to a lesser extent, by public servants recruited to Ottawa from other parts of English-speaking Canada.

Until a sufficient number of graduates of French-language universities are brought into the federal service and retained, the promotion of French-speaking Canadians to senior ranks in reasonable numbers will be inhibited. Today there is a relatively large proportion of French-speaking personnel in the junior ranks of the public service but a low proportion in the senior ranks, and the fact that French-speaking deputy heads are usually appointed from outside the service may not prudently be ignored. Clearly, the public service must take positive steps to promote a more congenial atmosphere which will attract and hold suitably qualified French-speaking Canadians.

- We therefore recommend that:*
- 1 The federal government adopt active measures to develop bilingual capacities among its employees on a selective basis.
 - 2 The government intensify its efforts to attract and retain more of the highly qualified young people of French Canada capable of advancement to senior ranks.

Another special aspect of recruiting procedures is the preference accorded to veterans, who constitute about forty per cent of all civil servants. In those departments and agencies to which the Civil Service Act applies, veterans, as defined in that Act, constitute a preferred category. Thus, when a ranked list of eligibles is set up for appointment to a particular position, all veterans who meet the minimum qualifications automatically go to the top of the list, regardless of merit. In 1946, immediately after World War II, sixty per cent of all new appointments to the civil service involved war service preference. Fifteen years later, the proportion was approximately ten per cent.

Whether or not the absolute preference provided by the Civil Service Act is genuinely in the interest of veterans is at least arguable. There is evidence that specifications for positions are sometimes written with the deliberate purpose of making it impossible for a veteran to qualify, because as has often been said, "when a veteran meets the minimum qualifications, there is no competition". In the United States, veterans enjoy a preference at initial appointment to the public service which is not absolute, but consists rather of adding a specified number of points to the veteran's rating in the competition. For certain classes of positions in the United Kingdom, there are special competitions, with a specified quota of vacancies allocated to ex-servicemen. In both these nations, veterans make up a larger proportion of the working population than is the case in Canada.

We therefore recommend that: The veterans' preference should apply to initial appointment to the public service and should consist of a bonus of points to be added to the marks achieved by veterans in competitive examinations.

PROMOTIONS AND TRANSFERS

A striking feature of civil service mores is an apparently widely-held belief that special protection must be provided in the public service not only against political influence in appointments, but also against what is called "internal patronage". By this is meant protection against arbitrariness, nepotism, and favouritism, all alleged in some quarters to be inherently characteristic of the managerial and supervisory ranks of the public service. The present role of the Civil Service Commission as protector of the individual employee in questions of transfer, promotion and salary increments derives from this fear, and from the belief that intervention of an independent authority is necessary to ensure preferment on the basis of merit.

No convincing evidence has been found that any special factors distinguish the public service from other employment in this respect. Consequently, it cannot be concluded that civil servants need special protective machinery which employees outside the public service do not have. Moreover, there is an impressive array of evidence that the procedures and machinery created to prevent internal patronage have imposed upon the public service a very high cost in terms of delay, unfilled positions, poor selection of personnel, and general frustration of responsible supervisors.

As in the private sector, the best guarantee that performance and capacity in the public service will be recognized as they deserve consists in a management

fully accountable for results and adequately staffed to make personnel decisions in light of performance objectives. Many civil servants, as well as staff associations, subscribe to a negative system of protection. But few of them have had experience under other rules, where good management regards the rewarding of performance and maintenance of morale as prerequisites for productivity, and therefore assigns high priority to fair and objective treatment of its working forces.

We therefore recommend that: Promotions and transfers be made by departments within general guide-lines established by the Treasury Board.

Efficiency in the public service requires that the filling of vacancies in, and promotion to, key positions be based upon an intensive and far-sighted programme of staff development. Such a programme should form an integral part of the whole management process in each department, but it should be sufficiently formalized to ensure that it is continuously operative, and to this end guidance and co-ordination from the Personnel Division of the Treasury Board will be essential.

The procedures and objectives of such a staff development programme may be briefly summarized. At least annually, each supervisor should consider and review with his superior the performance of each employee for whom he is responsible. The employee's potential should be assessed, both in the near term and over his career, not overlooking possibilities offered by the public service as a whole; and regard should be had to the value which any particular training or new assignment might have for him. This process, working up through the department, would enable senior officials to assess their replacement resources for each key job. The deputy minister and his senior colleagues in this manner should become familiar with the performance and qualifications of all those in the department considered to have important potential for advancement either within or outside the department.

The Personnel Division of the Treasury Board staff should participate in the proposed staff development programme by ensuring that each department devotes to employee assessment the time, energy and attention required. Thus, the Personnel Division and the departments will learn the areas of weakness and the resources available, both currently and for the future. Properly carried out, these procedures will reduce the tendency of departmental managements to think parochially about their own recruiting needs and about career opportunities for their able personnel. Many more transfers will advantageously be made across departmental lines and between branches of a department than now take place.

Present rules provide that the search for candidates in other departments be undertaken by means of interdepartmental competitions, under the aegis of the Civil Service Commission. The elaborate procedures, coupled with the right of any unsuccessful candidate to appeal the results of a competition, engender highly unsatisfactory delays in filling vacancies. Interdepartmental competitions would no longer be mandatory were authority for appointment (other than on initial entry to the public service) vested in departments. However, as a practical matter, departments might advantageously call upon the Civil Service Commission to act as their agent in conducting such competitions.

Many departments and agencies have large staffs in the field. For most field personnel, Ottawa is a remote and impersonal source of regulations, requirements, and most decisions of consequence. Action should be taken to improve this relationship by developing communication between headquarters and the field that will foster common understanding about policies, objectives, and standards of performance. This step is essential if the responsibility and authority of field personnel is to be enlarged to permit good management at the local level. The annual evaluation of personnel referred to above assumes, therefore, particular importance in relation to field personnel and positions.

Transfers of personnel, for career development purposes, from one field unit to another, from the field to headquarters or from headquarters to the field, are noticeably fewer than in well-managed, private organizations operating nationally. Responsible posts in the field should be seen by all as training and recruiting sources for headquarters' personnel. Supervisory and managerial staff, in the field and at headquarters, should recognize that both their own careers and the interests of the public service may require them and their families to move. Thus, present short-sighted attitudes and artificial barriers to transfers should be removed. Existing regulations governing removal expenses will scarcely stand searching examination either in terms of equity or of good business sense. A transfer arranged in the interests of the service and of proper career development for a valuable public servant should impose neither financial penalty nor other reasonably avoidable burden on the man and his family. The infliction of hardship on a moving employee, which now occurs all too frequently in the guise of protecting the public purse, amounts to sheer mismanagement.

Forward planning of manpower requirements, carried out on a consistent and continuing basis, should ensure that departments anticipate prospective manpower shortages and surpluses in particular branches. Surpluses may arise from the planned elimination or reduction of functions or programmes, or from the introduction of new operational techniques. The Personnel Division of Treasury Board should be in a position to direct surplus staff, so identified, in one

department, to areas of need in another. Certainly, through its continuous contact with departments it should be able to forestall one department hiring externally staff categories that are, or shortly will be, surplus in another part of the public service in the same location.

In some cases, the acquisition of new or improved skills must precede new assignments. Such situations should be met, so far as possible, by the training programmes of the departments or, where appropriate, by interdepartmental training programmes. In other cases, when the Personnel Division has determined that there is no early prospect of suitable alternative employment, departments must exercise their authority to lay off surplus employees. Such lay-offs are required by both the basic departmental concern for economy and the need to avoid the debilitating effects of overstaffing.

Lay-off of redundant staff must be undertaken so as to ensure equity of treatment, particularly for the long-service employees. As yet, the public service has nothing comparable to severance pay (except the gratuity in lieu of retirement leave for which certain public servants are eligible) or to specially supplemented pensions in case of forced early retirement. In this era of automation, it is advisable to have some such plan protecting civil servants, particularly those with relatively long service.

TRAINING AND DEVELOPMENT

Like promotions and transfers, and allied to them, the conduct of training and development programmes is inherently a management responsibility, requiring proper appraisal of the individual and close knowledge of the work situation and performance needs. Properly conceived, such programmes become a valuable component of effective supervision, but they cannot be planned or evaluated in isolation from the work situation; they should also be closely related to rapid changes in technology, in organization and in management itself.

Responsibility for such programmes is now shared between the Civil Service Commission and those departments and agencies under its jurisdiction. Your Commissioners are forced to conclude that, in general, training and development have received inadequate attention in the public service for many years. Earlier investigations have reached a similar conclusion—the 1919 Arthur Young Report, the 1946 Report of the Royal Commission on Administrative Classifications in the Public Service, and the 1958 Report of the Civil Service Commission on Personnel Administration in the Public Service.

Current training programmes, many of them interdepartmental in character, have been constructed too often on an academic foundation somewhat divorced from the needs of the individual and his work. This situation is to be expected

wherever training is treated either as an isolated activity to be planned and provided by specialists or as a bonus offered to individuals in recognition of good performance, rather than as a well-conceived step in career development for the mutual benefit of employer and employee.

Training and development ought to be closely related to appraisal and career planning, to changes in job requirements, and to the need for upgrading skills. Formal courses should merely supplement the continuing, and usually much more important, on-the-job coaching which is a basic part of good supervision. In any effective programme, well-planned job rotation is essential. Formal training courses away from the job are probably most advantageous when special craft or technical skills are to be taught, or when supervisory and managerial personnel are to be exposed to broader perspectives on their role and on the skills and attitudes involved.

Formal courses, therefore, should be only the more visible part of the total programme. Their content should be closely and continuously related to the needs of individuals and of the work situation. For this reason, departments should select the appropriate candidates, determine the content and operate their own training programmes. Departmental training specialists, usually in the personnel staff groups, will be required to help diagnose training needs, devise appropriate programmes and give training courses, all in close collaboration with departmental supervisors and management.

The function of the Personnel Division of the Treasury Board, as in other related fields, will be to guide, inspire and evaluate. For this purpose, it needs a relatively small group of qualified and experienced persons, who will not themselves act as instructors but will keep in close touch with the training specialists in each department and agency so as to be generally aware of training needs and able to help in identifying them. They should keep themselves closely informed of new developments in thought and technique throughout the whole training and development field outside the public service.

It is evident that there will be advantage in some interdepartmental training programmes of a formal kind. Supervisors, managers, and some professional people will be able to benefit from conferences and courses providing orientation in the functions, organization and management problems of the public service as a whole. Some public servants will need to improve their skills or acquire new skills to adjust to the impact of office automation affecting several departments and agencies. In such situations, there will be value in some service-wide training courses, seminars and conferences, and in some common training facilities.

As a practical matter, interdepartmental training programmes could be conducted on a service basis by the Civil Service Commission. The Personnel Divi-

sion of the Treasury Board, in co-operation with the departments, would continuously relate the total programme to departmental needs. The training branch of the Civil Service Commission should maintain contact with operational management and consequently its instructors should be drawn on a rotational basis from departmental training groups or from the Personnel Division.

Questions have been raised about the desirability of setting up a staff college for the public service. Our conclusion is that this should not be done. The public service of Canada, like any other large and complex organization, has a natural tendency to become ingrown. The managerial perspectives and competence required in senior public servants are not in any significant degree peculiar to public administration. The problems faced, the skills and the attitudes needed, are very like those in large private enterprises or in many semi-public, non-commercial organizations.

Much of the most fruitful progress in this type of training is taking place in academic institutions and in large private organizations. The public service of Canada will benefit if it exposes its best people to the experience and thinking of persons outside the service. This can be done most readily by sending selected people to the many excellent short courses now provided by universities and other bodies interested in management as a changing art. The Government of Canada should be prepared to make a substantial annual investment in such development opportunities, for any attempt to meet the need internally is certain to be more expensive and less rewarding.

PROFESSIONAL AND SCIENTIFIC PERSONNEL

The Government of Canada employs a large number of professional and scientific personnel and, in common with many other employers, finds a growing need for their skills. To compete effectively in the market for such personnel, recruiting methods must be sufficiently flexible to permit offers to be made as speedily as by other employers. Delays now encountered will be reduced if, as recommended, departments and agencies are empowered to recruit and select their key personnel, with the Civil Service Commission ensuring that appropriate recruiting standards are being followed.

The government must do more than perfect its recruiting techniques if it is to compete effectively for these scarce skills. It should offer challenging and rewarding work in environments fully compatible with professional values. Outside contacts need to be encouraged and supported, as well as opportunities to obtain scholarly recognition by publication and similar means. Traditional structures of organization and authority should be modified in order to develop a pattern of supervision and direction that is adapted to groups that, by and

large, are regulated by their own self-imposed codes of professional conduct. Compensation should be related to professional performance and brought into line with salary scales in the administrative hierarchy. Otherwise, competent specialists may be forced against their real interests, as they frequently are at present, to desert their own fields for administrative roles. On the other hand, the professional with a genuine flair for administration should not be excluded from consideration for a senior administrative position.

The government has an uneven record in acquiring and retaining talented professional and scientific personnel. On the whole, its compensation policies for scientists have been more satisfactory than for most other professional groups—although scientists of equal quality enjoy better career-earning prospects in some units than in others. Scientists as a group have tended to receive more challenging work and more opportunities for growth than have many of their colleagues in the other professions. Economists and statisticians in most departments appear to have reasonable opportunities for external contacts and for publication.

The verdict, then, must be that the general working conditions for the scientist and professional vary substantially because no comprehensive assessment of the needs has been made. The Personnel Division of Treasury Board should be in a position to stimulate new thinking and new approaches to the effective use of each professional or scientific class.

A question of some importance is whether a department employing significant numbers of professional and scientific personnel should be headed by a deputy minister who is himself a member of that group. In considering this question, a review has been made of practice and experience in commerce and industry and in the governments of the United Kingdom and the United States. No universal rule can be applied to cover every situation but, in general, deputy ministers should not necessarily, in our opinion, be drawn from the ranks of the specialists.

There may be valid arguments, under special circumstances, for deviating from this arrangement, but, in the long run, the real test is that the permanent head of an agency, whether a trained specialist or not, is an administrator of proven competence. Experience suggests that in such departments the deputy should be supported by a professionally-trained principal lieutenant, bearing responsibility for the particular needs of the specialist group and for the professional or scientific aspects of its work. Scientific research groups may well constitute an exception to the general principle, for it is often desirable to have them headed by persons whose professional competence will attract research scientists of high calibre.

WOMEN

The Government of Canada is the nation's largest employer of women, having more than 65,000 on its payroll as of September, 1960. This reflects the high proportion of jobs of the sort normally staffed by women. The policy of equality of treatment for women, which is implicit in the Civil Service Act, is not fully implemented in practice. Traditional views on the suitability of women for many types of work and kinds of responsibility, as well as real factors of cost resulting from higher absenteeism and turnover, undoubtedly combine to produce this result.

The government, in employing women, is not precluded from pioneering new standards for the community. Indeed, because of the number and wide range of jobs which it has to offer to women, the Government of Canada has a better than average opportunity for giving creative leadership. Evidence reveals that Canada is trailing behind the United States and the United Kingdom in terms of the number of women it allows to reach senior positions in the public service.

5

EFFECTIVE PERFORMANCE IN THE PUBLIC SERVICE

Effort and expenditure devoted to improving the quality of the public service are largely wasted unless they are balanced by measures to ensure effective performance in the day-to-day work situation. Here the public service is lagging: there is little evidence of a clear conception of objectives or of a thorough appraisal of means for achieving them. The knowledge being made available to managers today by social scientists and the increasing body of experience in commerce and industry have scarcely been tapped. No central managerial group in the public service has under review or has stimulated others to think about work measurement and other performance factors. Nor have the departments acquired the resources or the authority to attack these matters.

THE ROLE OF THE SUPERVISOR

For some years private industry has noted with increasing concern the erosion of the responsibilities and influence of the foreman. This change has weakened the foreman's ability to act as an effective channel of communication with employees and as a medium for enlisting their support for the objectives of the enterprise. In the public service, this unsatisfactory position has been the accepted pattern for all levels of supervision up to and including the deputy minister. Central controls have deprived senior supervisors of any independent role in hiring, promoting, disciplining, or even controlling work assignments of their employees. At every point, central restrictions, legislative prescription, and the generally-held philosophy that supervisory discretion is an evil to be guarded

against, have inhibited proper supervisory performance within departments and agencies.

A drastic recasting of this position is now proposed. The recommendations of your Commissioners are founded on the conviction that the public service, like any private organization, can achieve effective performance and provide fair and rewarding working conditions for employees only if supervisors are given the necessary authority for proper direction of their subordinates and are continuously judged by their actions. It must be expected that many supervisors and managers in the public service will be faced with new challenges which they may be ill-equipped to meet. As a result, perhaps, of the inconsequential nature of present supervisory positions, selection has been based too little upon sound standards of suitability; and few so chosen have had adequate opportunity to learn from experience. Both deficiencies can be overcome.

The future needs of the public service include energetic and continuing programmes for developing management skills and deepening understanding of the supervisory role. These programmes should make use of all the training techniques available. Conferences, seminars and formal courses have obvious uses; but experience on personnel committees and with grievance machinery contribute to the development process, as does the basic on-the-job relationship between the supervisor and his immediate superior. The public service needs to develop supervisors who understand their role and discharge it more effectively by familiarizing themselves with the attitudes and responses of subordinates to their working environment.

Two important elements of good supervision are the supervisor's responsibility for discipline, and his responsibility for judging performance and competence. With both these responsibilities must be associated authority to demote, suspend, or dismiss. Dismissal for either misconduct or incompetence should be infrequent if there is good initial selection, proper assessment during the probationary period, wise assignment, and enlightened supervision. Under the best of circumstances, dismissal will be occasionally necessary; when it is, failure to take action is destructive of morale, productivity, and a healthy relationship between employees and management.

Dismissal for misconduct or incompetence is so rare in the public service today as to constitute evidence that the power is insufficiently employed. The obstacles to exercising it, even in clearly justified cases, are great. The deputy head must first face an appeal procedure centred in the Civil Service Commission which, as it has no guidance to the contrary, may move deliberately and not take into calculation the impact on departmental morale. If this hurdle is surmounted, a recommendation is made to the Governor in Council for dismissal. A consequence is that generally only the most blatant cases ultimately come

before the Governor in Council.

If the public service is to create a climate for good performance by rewarding it fairly, departmental managers must have the authority to handle all disciplinary cases, including the right to dismiss for misconduct. This authority should be offset by clearly established appeal rights which provide full review through the normal grievance machinery of the department, including, for all disciplinary cases, the right of appeal to an independent authority outside the department.

Similarly, proper rewards for good performance ought to be balanced by the obligation of departmental management to dismiss for incompetence, where this is warranted. For dismissals based on incompetence, management must share part of the blame: poor initial selection, failure to use the probationary period for proper assessment, or faulty assignment are likely to have played some part in the history of the employee concerned. As in the case of lay-offs of redundant staff, the longer the service of the individual concerned, the greater the department's responsibility and the greater the effort it should make to ensure that, if possible, a suitable opening elsewhere in the public service is found.

CONTROL OF ABSENCES

A significant, though often neglected, element of the cost of manpower is the extent to which employees are absent from work because of accident or sickness. The public service has an accident prevention programme which has not been effective largely because it appears to have insufficient support from the managements of departments and agencies. Both the frequency and cost of accidents in government service are higher than they should be, and despite a generally less hazardous environment, the record compares unfavourably with that of other employers.

In the public service, sick leave policy gives supervisors few opportunities to control or influence sickness absences, and sick leave rights are abused by some employees. The government operates a health service for its employees in the Ottawa-Hull area, but no such facilities are yet available to employees elsewhere in Canada. While the Ottawa health service is, at least in theory, aimed at reducing time off the job, the whole responsibility for its policies and operations is assigned to the Department of National Health and Welfare. Since this department has no managerial responsibility for those reporting sick, it can hardly be expected to act as more than a medical consultant.

The value of such a programme should be measured in part by the contribution it makes to the amount and quality of productive time on the job in return for the wage or salary dollar. Within the public service no appraisal in such

terms has been achieved. In commerce and industry, and in other public bodies on this continent, it has been found that health and safety programmes can make an important difference to payroll costs, as well as to employee welfare. The primary requisite for success is that these programmes should be viewed as an integral part of management's responsibility for achieving effective performance.

The relatively poor record in the safety field and the high costs involved, both for the government and its employees, suggest that a more positive approach to accident prevention should be adopted. Accident prevention should be a departmental responsibility and warrants the continuing attention of the deputy head. Where necessary, safety specialists should be appointed to stimulate, co-ordinate and advise. The Personnel Division of the reconstituted Treasury Board staff should be concerned with the general safety record and with the results achieved by individual departments. The records of departments and of their larger units should be published regularly in a statistical form which will permit comparison with the past and between various units of the public service, and so provide a basis for setting objectives. The cost of accidents should be assessed clearly and directly against the operations of departments and agencies.

Sick leave regulations for civil servants have generally been administered as if the aim were uniform treatment of all employees. Entitlements are tied to service, and unused sick leave may be accumulated. Too many employees view the present plan as creating entitlement to additional regular annual leave without too close a link to the justification of illness. Moreover, the programme is not uniformly applicable throughout the public service. Prevailing rate employees, for instance, are on a less favourable basis than civil servants, and their benefits appear less advantageous than those ordinarily found in private employment.

There is little appreciation of the cumulative direct and indirect cost of sick leave; moreover, no one assumes responsibility because entitlement is governed by general regulations. Medical certificates are not ordinarily demanded for absences of less than three days, and no comprehensive records are compiled of such absences. There is little or no evidence that the government as an employer is impressed by or even aware of the ample evidence that sickness absences may be significantly reduced without inequity—perhaps even with an improvement in equity, if there is proper supervisory concern about such absences and if supervisors are made responsible.

Your Commissioners believe that the authority to grant paid sick leave, within the framework of stated policy, should be exercised by the employer departments and should be delegated to appropriate levels of supervision. Paid

sick leave should be granted on the basis of need, with qualified medical advice available where necessary to assist the supervisor in his decision. Departments and individual supervisors should assess the record of sickness absences for their employees individually and collectively, and should be fully aware of the costs involved. The Personnel Division of Treasury Board should, for general policy purposes, make similar analyses for the public service as a whole.

The Health Services programme for civil servants and other employees of the government in the Ottawa-Hull area has been, on the whole, well organized and competently administered. However, compared to many successful programmes elsewhere, it has been limited in its purposes and achievements. Outside evidence is that such a programme can make a major contribution to improving performance and increasing time on the job and, in doing so, contribute equally to employee well-being and morale.

Properly established and oriented, the Health Services programme will be valuable in all centres where there is a sizeable group of public service employees. Greater use of this service could be made by departments for pre-employment medical examinations, and for advice on placement, absentee control, retirement, rehabilitation, and working conditions. In light of the successful experience of other employers, the government might also consider a programme of physical examinations at regular intervals for key personnel and those on particularly rigorous assignments.

The Health Service programme and Health Service Units are currently administered by the Civil Service Health Division of the Department of National Health and Welfare, which is well qualified for the task. The purpose of the programme and the tests of its value are, however, primarily managerial. General responsibility and policy direction should, therefore, come from the Treasury Board through its Personnel Division, and should reflect the experience of departments and agencies as users of the service.

MORALE AND PRODUCTIVITY

The term "morale" as employed in this report, and as a useful concept in personnel management, refers to the extent to which employees identify themselves with the objectives of the organization or the unit of which they are a part. Morale in this sense is intimately associated with productivity and is therefore of direct concern to management.

No quantitative comparisons between productivity in the public service and productivity elsewhere have been made. However, during the course of the examination of individual departments and agencies, your Commissioners' staff was able to make many individual assessments of performance and attitudes, on the basis of which certain conclusions have been reached. These are

set out in detail in Part II of this report, but some general observations must be made here.

Morale appears to be high among some groups in the public service, for example, in the ranks of senior officials, among research scientists, and in a number of agencies which have had reasonable autonomy in the field of personnel management. In other areas, morale and productivity are judged to be less satisfactory.

Knowledge available today makes it possible to identify a number of reasons for the failure to achieve high morale and productivity on a wide scale throughout the public service. First, the public service is geographically scattered and functionally divided into a great many unrelated units. As a result, public servants located outside Ottawa, and even some of those in the capital, tend to feel remote from the centres of influence and decision. In very few units has there been any consistent and continuing attempt to involve employees in the process of establishing objectives. Indeed, by comparison with most progressive employers, the government makes almost no effort to acquaint employees with the purposes, problems and achievements of their department or unit, so that they may understand them and see their own roles in relation to them. The need can scarcely be touched by a suggestion-award plan.

Further, in any large and complex organization, it is difficult in the best of circumstances to persuade employees that their individual contributions are significant. In the public service this task is rendered more difficult by the central controls which, to the individual employee, often appear impersonal, arbitrary, or even in conflict with what he understands to be the objectives of the department, or with what he regards as common sense and equity. The continuing conflict between the needs of a task to be done and procedural requirements of remote control bodies is always visible. The resulting frustration and confusion of purpose are serious.

The difficulty of convincing the individual that he has a significant contribution to make is further compounded by systems of detailed regulation and audit which make it appear that neither his discretion, nor the judgment of his responsible superior carries any weight. The government's travel regulations are a good illustration in point. Regulations, so detailed and restrictive, so elaborate and time-consuming in their reporting and certifying requirements, frustrate the conscientious and tend to sap morale.

EMPLOYEE COMMUNICATIONS

Satisfactory morale and productivity depend upon the maintenance of proper channels of communication between management and employees. Good communications must be deliberately planned as part of the task of management, for

there are a number of specific questions on which public servants should be properly informed if high morale and productivity are to be attained and if satisfactory employee relations are to be secured.

Many progressive employers today are finding that it is advantageous to spend large amounts of money to meet needs of this kind. They publish elaborate house organs directed to specific audiences among their employees. They give orientation courses, produce movies, and stage seminars and “question and answer” sessions. The federal government departments and agencies rarely do anything along these lines, but they should.

Public servants should, for instance, understand the personnel policies of their employer. The wide gap existing for many years between government benefit plans and those in the private sector, is rapidly narrowing, and it is important that public servants should understand both the benefits they enjoy and the financial implications of the rising cost of providing them. They should have some knowledge of the government’s policy in salary administration and of the general objectives followed in determining wage policies and procedures for promotion and transfer. As the pressure for improved productivity in the public service rises, and as changing technology and management practices disrupt long-established patterns, it becomes more important to help public servants gain better perspectives on their tasks and opportunities.

Public servants should also be aware of the purposes, current problems and recent achievements of their departments. As the public has more occasion to deal with government in many areas, it is increasingly important that large numbers of public servants, who from time to time have the public at their mercy, should be “customer oriented”. They need guidance in the quality of service they are expected to give, the kind of public image they should attempt to create, and the ways in which they may best contribute to these needs.

Many elements of a desirable programme of employee communications will appear to be expensive, but the dollars and effort spent for a carefully conceived, well-executed programme can be more than justified on a continuing basis. The visible cost is likely to be much less than the drain on the public purse—largely invisible and certainly unmeasured—that results from erroneous notions entertained by employees. No single channel or style of communication will be equally effective with groups as diverse, for instance, as scientific researchers on one hand, and postal clerks on the other. However, in a well-managed organization, an essential and fruitful channel of employee communication is provided at relatively no cost by qualified, experienced and properly oriented supervisors. The organizational impediments to good supervision, already described, make it extremely unlikely that supervisors in the public service could be used as effective two-way channels of communication with em-

ployees until important changes are made.

In certain special areas there is need for formally established machinery for two-way communication. Adequate grievance procedures meet a part of this need, but in most departments there are no such procedures established. Even where praiseworthy efforts have been made to develop them, serious difficulties have arisen because of the special treatment accorded "appeals" under the Civil Service Act, and because the Civil Service Commission and the departments have not worked out suitable procedures and grievance jurisprudence.

The solution to this problem lies in making each department responsible for developing its own grievance procedures and charging the Personnel Division of the Treasury Board staff with general responsibility for co-ordination and consistency. Good managers, recognizing the grievance procedure as a protection against injustice, which is occasionally bound to arise, will also appreciate its usefulness as a means of communicating with employees, as a safety valve, and as a priceless adjunct to the education of supervisors. Senior departmental officials should, therefore, be expected to ensure that the purposes, machinery and the limits of the grievance procedure are thoroughly understood by the departmental employees and supervisors.

The areas in which legitimate grievances may arise and the detailed steps in the grievance procedure should be clearly defined. Normally, review by the deputy minister should be the last formal step, and his decision should be final. However, in cases involving disciplinary penalties, appeal to an outside body should be allowed. The Civil Service Commission is qualified by its independent position to act as a final tribunal to review such appeals after they have gone through the regular grievance steps within a department. The types of case which may be so appealed should be clearly and unequivocally defined and the criteria in terms of which the Commission should judge them should also be firmly established. Present appeal procedures are often so time-consuming as to destroy much of their worth. Departments should ensure that grievances are handled expeditiously as well as equitably.

The subject of employee communications inevitably raises the matter of staff associations and their role in dealing with departmental and central management officials. A continuing controversy revolves around the question whether the government should negotiate with staff associations on salaries and wages, benefits, hours and working conditions. Your Commissioners have concluded that solution of this issue, although of great concern to staff associations in the public service, has relatively little direct bearing on efficiency, economy and service to the public—the objectives to which our attention is directed by the terms of reference.

Elsewhere, we have proposed standards that should guide the government in

determining its wages, salary, benefits and working conditions. Your Commissioners believe, however, that there should be machinery within departments and large branches to facilitate discussion between management and employees on a wide range of subjects not directly involving grievances or wage and salary disagreements. Local working conditions, local aspects of personnel policy, changes in organization, programmes and work assignments, changes in procedures and equipment—all are illustrations of the kind of subject on which there should be free exchange of information, ideas, and questions between management and employees. Adequate machinery for this purpose, open to either side, is likely to improve working relationships and performance.

Although the National Joint Council of the Public Service, which is designed to deal primarily with problems of broader character, does meet a distinct need within its own terms of reference, departmental machinery of the kind suggested here is largely non-existent, even on an informal basis.

Such a proposal at once raises the sensitive issue of the method of selecting employee representatives, and there are many reasons for questioning whether nominees of present staff associations would be entirely satisfactory. Other than the rather ill-defined and pragmatic approach adopted for the National Joint Council, there is, at present, no procedure for accrediting staff associations as the representatives of particular employee groups. These associations often compete for members, and there can be no assurance that in any one locality or department their nominees are entitled to speak for the employees as a whole. Departments should, therefore, be left to devise their own machinery and to work out patterns of representation acceptable to their own employees. Any central concern might well be limited to ensuring that departments do not, for any reason, commit the government to recognition of a representational status for a particular association, which cannot be justified on broad considerations.

6

COMPENSATION IN THE PUBLIC SERVICE— POLICY, PRACTICE, AND STANDARDS

The influence of compensation policies and practices pervades employee relations and personnel management. Pay levels at the point of recruitment and career-earning curves either attract or discourage potential recruits to the public service. Salary increments and the way in which they are linked to changes in duties, to quality of performance, or to the simple passage of time, encourage and reward good performance or frustrate it. The degree of clarity with which government policy in compensation matters is understood by the public service creates either a foundation for good morale or a source of continual irritation.

A comparison has been made between compensation levels within the public service and those for comparable work by other employees. This study covers wage and salary levels, employee benefits (including paid leave of all kinds) and working conditions, which are the several parts of the whole compensation package; these comparisons, which are set out in Part II of this report, take account of their value on a combined basis.

Levels of compensation comparable with those of other employers keep an enterprise financially competitive in the market for skills and talent. They also tend to minimize the risk of losing present employees to more attractive employment elsewhere. At the same time, the philosophies underlying the internal administration of wages and salaries may have a profound influence, for good or bad, upon the employee's morale and productivity, and upon his incentive for growth and development. They may emphasize the relation between employee effort and the objectives of the organization, or between performance and

reward, or they may conceal a link which should, but does not, exist. Classification and salary administration practices are of such importance throughout the public service that your Commissioners have reviewed the subject at some length.

WAGE AND BENEFIT LEVELS

Wages and Salaries

Although comparability with wage levels outside the public service has been a stated or implied bench-mark for wage determination in the federal public service ever since 1919, it is not possible to make a single, simple generalization about these relations. Rates for a large number of manual and craft workers—the so-called “prevailing rate” groups—are set by direct regional comparison with outside rates. At the same time, the jobs of other public servants performing identical work in the same places are classified under the Civil Service Act and paid at rates different from those for the prevailing rate group in the same area. Rates for classified jobs of this kind, because they are based on nation-wide averages, tend to be below community rates in large centres, but above community rates in the small centres where the majority of such classified jobs are located.

At the recruiting level, rates for clerical, secretarial and related office occupations compare very favourably with the national average for Canada and also with competitive rates in larger metropolitan areas, where, in fact, about eighty per cent of government employees in such classes are located. The twenty per cent in smaller centres, receiving the same salaries because of the policy of uniform rates for classified personnel, are significantly better off than those in comparable private employment in the same areas. Civil service rates for office occupations are fully competitive for junior positions, but lag behind private employment at more senior levels.

For professional employees the picture varies. Here, regional considerations are less pertinent, as the market tends to be nation-wide. At the recruiting level, civil service rates tend to be as good as or slightly better than averages outside, where the government must compete with private employers. For many professionals, however, career pay possibilities appear somewhat less favourable inside than outside the federal public service. For professionals to whom government service is the chief employment available, career earning prospects are significantly less favourable than for professionals for whom the government must compete actively with outside employers.

Some classes of administrative and executive personnel in the public service are the victims of a very noticeable aberration in salary policy. Whether by

comparison with outside employment or with patterns for classified jobs in the lower ranges, there is a marked compression of rates at all levels above \$12,500 per annum. Differentials in salary, between deputy ministers and assistant deputy ministers and between assistant deputy ministers and the next junior level of administrative officers, are very narrow. Salaries at the senior levels are significantly lower in the federal public service than outside. Crown corporations, in a few instances, pay more competitive salaries to their senior personnel, but in most agencies there is no significant departure from the standard civil service pattern.

The performance of senior officers is of material concern to the whole management process. The obvious need to provide fair rewards and incentives suggests that government can scarcely afford to offer rates significantly below the market for the kinds of talent and judgment necessary in these key positions. Why do good senior administrators remain in government service at a remuneration lower than they could earn in commerce or industry? Many reasons are advanced—the challenge and interest of the work, a sense of public duty, stimulating personal associations, freedom from the strain of the competitive tempo of business, job security and so on.

Whatever factor or combination of factors is responsible for this fortunate phenomenon, three questions must be asked. First, as a matter of simple justice, is it in the public interest to continue to set arbitrary limits on the remuneration of key employees at levels well below prevailing rates for comparable talent elsewhere in the economy? Second, if such persons are to be given real authority and responsibility, as recommended in this report, can the present pay policies be expected to attract and hold men and women of the calibre required? Third, can the recommended reorganization of departmental administration, with delegation to a responsible group at varying levels of competence and seniority, be accomplished without a scale of remuneration sufficiently broad to permit proper recognition through reasonable salary differentials?

It is recognized that, in Canada as elsewhere, public opinion may not be prepared to endorse a policy under which government is fully competitive with industry in the salaries paid to senior public servants. The question is, therefore, what is the workable differential? Relevant here is the fact that with increasing social benefits and security becoming available generally, the fringe benefits of government employment are losing much of their former superiority over those in other employment. No longer do relative security of tenure and generous pension provisions set employment by the government in a special category of attractiveness.

Your Commissioners believe that there must be an upward adjustment in

salaries paid to the senior administrative classes. The minimum amounts of salary increases to be granted should be sufficient to re-establish reasonable differentials between the four or five top levels in the scale of remuneration.

We therefore recommend that: The salaries of senior administrative personnel be increased at least by the amounts necessary to create reasonable differentials in remuneration for varying degrees of entitlement of senior staff.

Employee Benefits and Working Conditions

Traditionally, the public service has provided more generous employee benefits, particularly in pensions and paid leave (vacations, holidays, sick leave, and special leave), than have been generally available elsewhere, and security of tenure has also been greater. While certain employee benefits in the public service are still relatively attractive, others are of less value to some groups of public servants, particularly those at younger ages and with short service. Over the past decade, benefit plans in private employment have developed quickly and the gap has narrowed. At the same time, the security of tenure of large classes of employees outside the public service has tended to increase.

Civil service hours of work are in accord with general practice elsewhere. For public service clerical employees, overtime pay on a straight-time compensatory leave basis (at a slight premium rate) is less favourable than the usual outside practice of compensation in cash at rates equal to, or at one-and-a-half times, the normal rate. For non-office employees, overtime compensation is similar to industrial practice. With minor exceptions, members of the public service do not receive shift differentials, nor are they eligible for incentive pay in circumstances where such might be available in industry.

Benefit plans in the public service usually apply uniformly to all employees covered, whatever their level of remuneration, whereas in private employment some types of benefits are commonly, but not universally, less favourable for plant and office personnel than for senior professional, administrative and executive personnel. By comparison with outside practice, employee benefits as a whole in the public service are significantly more generous in some areas and relatively unfavourable in others. They provide liberal superannuation and survivor pension benefits to long-service employees, and unusual sickness and other special paid leave allowances to the majority. On the other hand, the life insurance coverage made available offers little protection to younger employees, at a time when their need to provide for dependants is greatest. There

is nothing comparable to the joint contribution savings plans of some outside employers and little in the way of financial aids to early retirement or lay-offs forced by programme changes or automation.

Several questions present themselves. Has the whole benefits package been conceived in terms designed to meet the real needs of the employee? The government spends a great deal of money in this field; are the right things being bought? Has there been any coherent and successful effort to relate individual benefit plans to the scheme as a whole? Are employee benefits viewed as a part of total remuneration?

EXTERNAL CRITERIA FOR COMPENSATION POLICY

The Government of Canada badly needs a clearly formulated compensation policy. In theory, the policy is guided by the practices of outside employers, but this concept has been blurred in practice by failure to decide in principle which particular outside employers constitute the relevant bench-marks. It is blurred further by adherence to a policy of uniform rates across the nation for many classes of jobs for which outside rates vary substantially from one locality to another. Such a policy guarantees that in many areas rates paid in the public service will be out of line with those paid by other employers.

Employee benefit plans in the public service do not seem to have been guided by any consistent philosophy or set of principles, nor is there any evidence that comparability with outside employment policies has been considered desirable. For instance, a recent change in the already generous superannuation plan altered the base for pension entitlement from average salary in the "best ten years" of service to the (usually higher) average for the "best six years" of service. This change, in fact, widened the existing gap between government and private practice. It includes costly survivor benefits by way of pension for widows and dependent children, which are of very little interest to short-service personnel in the years in which dependants are most vulnerable to loss of the wage earner. Less expensive pension provisions might make it possible to offer employees more evenly balanced benefits.

It has already been suggested that the federal government should be competitive but should not lead in the field of compensation. If it is to compete effectively for the people it needs, it must offer, both at recruiting level and in prospective career earnings, compensation (pay and benefits) not less attractive than that of other employers with whom it must compete. For obvious reasons, the government is not subject to the same restraint as a private employer who must control his costs if he is to remain competitive and survive. By adopting selected outside employers as its guide to proper general levels of

compensation, the government can ensure that it is competitive in the market, fair to its employees, and responsible in its use of public money.

This general proposition needs some elaboration. It means, for instance, that the government must carefully consider, for each category of employment and for each location, the nature of the market in which it must compete. For professional and scientific personnel, for senior administrative and managerial personnel, for the new university graduates, and for those with more advanced degrees, the market is clearly country-wide. To some extent it is an international market, in which Canadian employers, including the Government of Canada, are competing with United States corporations, colleges, and public bodies.

For clerical and secretarial personnel, for unskilled labour, and for most manual, non-office, and skilled trades operatives, the market is clearly regional and local. Regional differentials for office occupations would have little import for the public service, because most employees in these categories are in larger urban centres where rates tend to be above the national average. For non-office occupations, however, the regional differentials are considerably more important, because over half of the government's employment in these categories is in smaller centres where outside rates are usually below the national average.

Whether geographic differentials have a justifiable place in wage and salary policy for the federal public service is a much debated question. It is argued on grounds of equity that equal pay for equal work means uniform rates for all employees in the same category, wherever located. In practical terms this tends to mean dollar equality at a level set by the dearest market. But it can also be argued that equal pay for equal work means giving like employees the same relative income status in the various communities in which they are located. Geographic variations in compensation are often opposed on the ground that the determination of suitable regional boundaries is too difficult. Moreover, it is contended, differentials of any significant size would affect mobility of staff, or, conversely, create incentives for undesired transfers. This seems on analysis to be a somewhat spurious argument, for geographic differentials tend to disappear where there is sufficient mobility of labour. Even more important is the fact that regional differentials usually exist only for those classes of employees whom employers have little or no reason to transfer from one region to another.

It is difficult to see how existing geographic differentials can safely be ignored by the largest employer in the country. To the extent that they continue to be ignored, the government finds itself paying more than it should in some areas and perhaps less in others than it should to remain competitive. To the extent,

too, that the government or any other large employer pays rates above the market it does a disservice to the local economy. In general, the level of wages and salaries in an area reflects the relative productivity and the competitive position of that area in the economy as a whole. Arbitrary raising of costs, through bidding up the labour market in advance of real gains in productivity or real improvement in competitive position, is likely to hamper rather than stimulate the economic growth of the area. The conclusion is that the federal government should adhere to a policy of uniform rates only for categories of personnel for which the market is country-wide. For categories where markets are regional or local, government compensation policy should be guided accordingly.

It is essential to lay down a well-formulated policy on wages and salaries, so clearly enunciated that all members of the public service understand it thoroughly. Once it is manifest that the guide to proper wage and salary levels in the public service is the level of wages and salaries of the employers with whom the government must compete, and that, for reasons clearly stated, this means levels dictated in some cases by the nation-wide market and in others by regional or local markets, the government has both a firm basis for wage decisions and a case to discuss with its employees.

The government should, however, recognize the danger of committing itself fully and finally to a fixed formula and to an agreed mechanism for working it out. However desirable the standard, a firm commitment—particularly if it were backed by arbitration machinery—could make it difficult for government to pursue an independent pay policy dictated, for example, by the national needs of a temporary inflationary situation. The government should not risk finding itself in a position where it cannot at some future time discharge its major obligations to the economy without unilaterally breaking a commitment to its employees.

In the field of employee benefits (including paid leave entitlements) and working conditions generally, the federal government should also be guided to a major extent by external standards. Here again, to attract and retain the quality and number of employees it needs, it must offer benefits which, in combination with money wages, will be competitive without seeking to outbid other large employers.

The achievement of comparability is not the only objective to be sought. Employee benefit plans should in the long run be uniform for the whole of the public service. Like wage and salary levels, they should be designed to yield, for the dollars spent, the maximum value and attractiveness to all employees. The plan should not favour, as it now seems to do, older and longer service employees; it should appeal to female employees, who at the outset are less inter-

ested in pension rights; and it should take careful account of the costs of individual programmes in relation to their attractiveness and real value to all employees.

The benefit package in the federal public service today falls short on all of these counts. It reflects the lack of any governing philosophy or evaluation of benefits and costs; it ignores the concept of benefit plans as part of the total compensation of public service employees and as part of a programme whose general intent is to render the government competitive for skills without creating undue burdens on the public purse. By these standards, some parts of the present plan are extravagant, while others are deficient from the standpoint of employees. A thorough study might disclose that judicious trading of provisions within the benefits plans could produce net advantages for the government and for the vast body of public servants. At the least, steps should be taken to avoid further departures from the standards set by a properly selected group of outside employers.

INTERNAL CRITERIA FOR COMPENSATION POLICY

External comparisons do not in themselves solve all the problems of wage determination. Positions under the Civil Service Act have been grouped in some 1827 grades, in 887 classes, and in 84 different pay scales. Individual comparisons against external standards cannot be made for so many positions, partly because of the sheer volume and partly because it would be impossible to find proper equivalents for many of the specialized types of work. It is necessary, therefore, to make external comparisons for certain bench-mark jobs, and to follow these up by a process of job evaluation or ranking in order to fit other positions into an equitable scale.

This is the major purpose of job classification; but the system used in the civil service, as the large number of grades and classes clearly demonstrates, is too elaborate and complicated. Definitions of job duties and implied standards for differentiating between jobs are very detailed and appear to be aimed at a degree of precision that would be difficult to attain and probably not of much practical use.

Outside the public service, it has generally been found more useful to establish a limited number of broad, overlapping salary ranges to which, by the use of relatively simple standards of evaluation, each position may be assigned. In the United States public service there are currently eighteen pay scales and the Administration is proposing to Congress that two be added; for many large private organizations, there may be about twenty-five. The number of such pay ranges should be determined by the practical upper and lower limits of the

total salary scale at any given time: on this basis, something like twenty-five pay ranges would probably be satisfactory for the federal public service. To facilitate rotation among departments, the position of deputy minister should be classified in a single pay range.

Salary administration is concerned with proper treatment of the individual, as well as proper adjustment of jobs into a pay scale. For the mutual benefit of managers and employees, salary increments should be linked to individual performance. Salary schedules need to be designed with this link in mind and salary administration should be guided by this objective. Such an approach to salary administration is decidedly rare in the public service today, and the provisions of the Civil Service Act bear witness to a directly contrary philosophy. Fixed salary increments are almost entirely automatic and so much a matter of right that failure to be granted one on schedule constitutes grounds for appeal to the Civil Service Commission. If differences in individual levels of performance and varying degrees of effort can indeed be distinguished, this is a violation of the principle of equal pay for equal work. Certainly such an approach frustrates the use of the compensation system as an incentive to performance, and deprives supervisors of one of the most important tools of personnel management.

A system of broad, overlapping ranges has been found to provide an appropriate structure for salary administration, which will reward performance properly. With a fairly wide range in each salary class—with the top of the range, say, 35 per cent above the bottom, or perhaps as much as 50 per cent in the higher classes—there is room for suitable treatment of every level of performance from mediocre to exceptional, and room too for recognition of gradually maturing experience.

In the lower part of the range, increments may be automatic for those whose performance is acceptable, but only superior performance should take an individual beyond a specific point in the range (say, the mid-point), regardless of his length of service on the job. Because individual performance in the lower ranges of clerical positions and in the unskilled or semi-skilled jobs usually has less effect on the total results, there is some justification for a largely automatic system of increments, or even for fixed rates. This is consistent with the normal pattern outside the public service. Individual merit treatment has its greatest value when applied to those in intermediate or higher positions.

We therefore recommend that: 1 A simplified schedule of approximately twenty-five pay ranges be established for the public service, and departments be

made responsible for classifying jobs and allocating employees to the appropriate pay range.

- 2 For senior and intermediate positions, at least, salary treatment within the pay range be related to performance of the individual.

MACHINERY FOR DETERMINING WAGES, SALARIES AND BENEFITS

External Comparisons

The Pay Research Bureau of the Civil Service Commission was established in 1957. It has developed a high degree of competence in making quality comparisons between public service and outside positions, and in arriving at useful rate comparisons. This is a difficult task of large dimensions. A prerequisite is a proper selection of employers with whom useful comparisons can be made, and this must be based on a definition of the intended standards for pay determination. For example, it must be settled whether government is aiming at matching country-wide averages, the levels set by large employers in major urban centres, or going rates in smaller centres. No common standards are appropriate for all occupations and all locations in the public service and, to provide the right information, the Pay Research Bureau needs more detailed guidance on objectives than it has had in the past.

Wage comparisons for prevailing-rate employees and for most salaried employees exempt from the Civil Service Act are made by the Department of Labour. There is no apparent advantage in splitting this responsibility within the public service, particularly as some employees whose positions are classified under the Civil Service Act perform the same jobs as prevailing-rate employees. The Pay Research Bureau is the appropriate agent for developing the outside comparisons to be used as a guide for wage and salary determination in the public service.

Recently, the Bureau has initiated some comparisons with outside employee benefit plans. There is a clear need for such comparisons on a continuing basis. As pay and benefits can be appraised sensibly only as a composite package, the Pay Research Bureau is well placed to carry responsibility for obtaining comparative information. For this task it should have the same kind of policy guidance as it requires for wage and salary comparisons.

Both the Civil Service Commission and the Treasury Board now participate in decisions on salary levels. Because this is essentially a managerial responsibility

ity, it should in future devolve solely upon the Treasury Board advised by its staff. Nevertheless, the Pay Research Bureau should remain with the Civil Service Commission, for it has a service role of some technical difficulty, which is more likely to be most efficiently performed by a group in a position to be objective and independent. The Bureau has already established a good reputation, both inside and outside the service, and should be allowed to build on it.

This reputation might enable the Pay Research Bureau to serve a valuable secondary purpose in the field of employee relations. There may be real advantage in making the reports of the Bureau available equally to the Treasury Board and to employees, either directly or through their representatives (as is now done in practice). Unless public service employees have access to information of this kind, they are likely to decide sooner or later that they must seek other sources of data to support their claims for wage, salary and benefit adjustments. Access to information developed by a trusted body, such as the Pay Research Bureau, might permit discussion based on an agreed body of fact, and thereby lessen the likelihood of a widening range of misunderstandings between the government and its employees. No problem of breach of confidence need be involved, because in its reports the Bureau now avoids identifying the individual employers from whom it has received confidential salary information.

We therefore recommend that: The function of making wage comparisons now performed by the Department of Labour be transferred to the Pay Research Bureau.

Salary and Benefits Administration

Gearing salary administration to performance must clearly be the responsibility of supervisors and managers in the departments and agencies. Only they can adequately judge individual performance, and only through them can the link between performance and rewards be clearly and continuously communicated to employees. Both general policy guidance and approval of annual departmental salary budgets should come from the Treasury Board. Policy guides for the application to employees of increments and merit increases should be established on a service-wide basis, but decisions in individual cases should be taken by the departments.

The Treasury Board's annual assessment of departmental salary budgets would initially be a part of the process of programme review. The way in which departments handle salary administration could be tested by multiply-

ing the number of people in each pay range by the mid-point and comparing the results with the proposed salary expenditure. Any tendency in an individual department for disproportionate numbers to move into the upper levels of the established ranges could thereby be checked. The Treasury Board should also scrutinize from time to time the average size of merit increases, the number of employees in each pay range receiving them, and the general distribution of employees' salaries within each pay range. Departmental decisions on individual pay treatment should be based on annual performance evaluations made by the immediate supervisor and reviewed with his superior or with a personnel committee. There should be no expectation that merit increases would be given annually, except perhaps in the lower grades, but there should be no barriers to rewarding truly exceptional performance.

Classification of jobs, as an essential step in wage and salary determination, is also a management responsibility. Job classification inevitably involves an act of judgment, and no outside body can be in as good a position to assess differences between jobs as are the supervisors under whose direction the work is performed. Departments should, therefore, be responsible for the assessment of individual jobs and their assignment to the proper pay ranges in the schedule approved for the service as a whole. Here again, principles and policy guides should be laid down by the Personnel Division of the Treasury Board. That body should keep itself continuously aware of the way in which individual departments and agencies carry out their classification duties, so as to ensure general consistency throughout the service.

In many cases, a single occupation or profession is most appropriately classified by establishing a job series related to a number of pay ranges, salary differentials being based on experience, competence and status. For example, there may be a series for engineers, another for research scientists, another for stenographers. Where such job series are established for use by a number of departments, the Personnel Division of the Treasury Board should see that clearly defined classification standards are developed for common use.

Urgent need has been indicated for central appraisal of the government's employee benefit plans, and of their place in the total compensation policy, their costs, and their value to employees. The Personnel Division of the Treasury Board should have this as a continuing responsibility. It should have a similar concern for the standard of working conditions throughout the public service.

7

SUMMARY AND CONCLUSIONS

The terms of reference of your Commissioners direct attention to ways and means of "improving efficiency and economy by alterations in the relations between government departments and agencies, on the one hand, and the Treasury Board and other central control or service agencies of the government, on the other". Acceptance of the recommendations in this report will require substantial changes in these relationships, as well as in the attitudes which have hitherto characterized the management of people in the public service. The altered conditions envisaged by your Commissioners are summarized at this point.

Senior departmental officers will have substantially increased authority for personnel management and will be charged with responsibility to:

- Assemble and maintain a body of personnel suited in quality and quantity to the tasks of the department.

This involves:

- analysis of manpower inventory and of forward requirements;
- proper and timely recruiting by using, except for key personnel, improved facilities to be provided by the Civil Service Commission;
- promotion and transfer of personnel, guided by assessment of key job replacement needs;
- appraisal of the performance and potential of individuals, and planning for the further development of employees with high potential.

- Make use of available human resources so as to secure effective performance of the department's tasks.

This involves:

- organization and direction to minimize absence from the job by proper attention, for example, to safety and to sickness and other causes of absence from work;
 - creation of a climate in which morale and productivity may be kept high through effective supervision, good employee communications, equitable grievance procedures, reasonable and just discipline, and salary administration linking performance to rewards.
- Classify positions within the department and designate the pay range to which each attaches.
 - Prepare annual salary budgets as an integral part of programme budgeting for the work of the department and, having received authorization for them, administer them throughout the year within the broad policies established by Treasury Board.

The Treasury Board, carrying general responsibility for administrative policy and the quality of performance throughout the public service, will perform the following functions with the assistance of a small but competent staff:

- Establish personnel policy in broad terms for the public service as a whole.
- Ensure, by influencing the appointment of chief personnel officers to departments on a rotational basis, that departmental personnel staff groups are adequately manned and directed and that departmental supervisors are competently advised on personnel matters.
- Review manpower and salary budgets in relation to departmental programmes, so as to arrive at approved budget authorizations for departments.
- Scrutinize and assess departmental job classification and salary administration.
- Co-ordinate the personnel policies of departments so as to produce and maintain a unified public service, and in particular to:
 - scrutinize general developments and departmental performance in safety, absenteeism, training needs, employee communications, and morale and productivity;
 - determine the extent and character of the Health Service programme for the public service;

- co-ordinate common training programmes and facilities to be operated by the Civil Service Commission.
- Aid effective allocation of the personnel resources of the public service through:
 - analysis of manpower inventories and forecasts of manpower requirements;
 - co-ordination of interdepartmental transfers of surplus staff;
 - review of personnel development activities of departments;
 - initiation of interdepartmental transfers for career development purposes.
- Consider from time to time the need for general wage and salary adjustments and changes in employee benefit plans.

The prime role of the Civil Service Commission, as an independent arm of Parliament and with wider jurisdiction than in the past, will be that of guarding against patronage in initial appointments to the public service. It will shed some of the managerial powers it now exercises, but it will continue to provide a number of central services to departments on an agency basis. It will carry the following responsibilities:

- As an independent authority:
 - to approve all permanent appointments on entrance to the public service;
 - to serve as a final court of appeal on all grievances relating to disciplinary matters;
- As a provider of common services:
 - to recruit and select all new entrants to the public service up to an agreed salary level (the level of \$5,200 is suggested as appropriate to today's circumstances);
 - to operate common training programmes and training facilities for the benefit of departments and agencies, as required by the Treasury Board;
 - to assist departments and agencies in the conduct of interdepartmental competitions.
- In operation of the Pay Research Bureau:
 - to provide the Treasury Board and, if so decided, representatives of employees with suitable data on outside wage and salary levels, employee benefit plans, and working conditions.

Certain other common services in the personnel field will be provided by other departments. These are:

- The operation of the health service programme and health service units will be the responsibility of the Department of National Health and Welfare. Treasury Board will set objectives, approve the extent and character of the programme for achieving them and, with the help of department and agency managements, assess the value of the programme from time to time.
- Employee accident compensation will continue as a responsibility of the Department of Labour, working in close collaboration with the Personnel Division of the Treasury Board, which will have general concern for departmental safety records.

These proposals for re-allocation of authority and responsibility in the field of manpower management are designed to secure effective use of human resources in the public service. They do so by placing responsibility and the necessary degree of authority to discharge it in the hands of the government's operating management, the only place where the necessary links can be forged between people and programmes, between performance and objectives.

In an organization of the size and complexity of the Government of Canada, there is accompanying need for central guidance, for judgment as to objectives and the proposed use of resources to achieve them, and for central assessment of the effectiveness with which these resources are finally used. Responsibility for these functions is now divided in the public service but should be a clear responsibility of the Treasury Board. The senior management of departments and agencies would carry suitable responsibility and authority, which they lack today, but they would receive general guidance, would be compelled to seek certain authority, and would be accountable in broad terms for their performance in the use of human resources to a central body, properly manned for this purpose.

These proposals go further: proper assignment of responsibility and authority makes good management of human resources possible, but does not guarantee it unless a great deal of imaginative thought is given to personnel policy and its relation to performance. A clearer understanding of perspectives and proper tests of good personnel policy should be created at all levels. Once managers and personnel specialists share common and accurate conceptions, the public service should be able to build into its personnel policies and practices the wealth of new knowledge and experience available.

The net result should be a public service that attracts and retains the right people; organizes them in ways most suitable for the tasks to be done; provides adequate training and development opportunities for individuals and the

changing needs of the job; pays and promotes people in accordance with their performance and capacity; and builds employee morale and productivity to high levels. It is not possible to make any estimate of the dollar savings to be derived from these proposals and the new approaches implicit in them, or exactly how quickly they may be achieved. In no other area of public administration, however, are the prospects for real and continuing gain so great. Through re-ordering and re-orienting its personnel management, the public service of Canada can be transformed.

PART 2

1

SIZE AND DISTRIBUTION OF THE PUBLIC SERVICE

HISTORICAL GROWTH OF FEDERAL EMPLOYMENT

1 Lack of historical data based upon uniform and constant statistical concepts makes it impracticable to measure precisely the growth of the public service. The historical series presented below, covering the civil service and those members of the salaried exempt groups in regular departments, has been checked against a number of sources and gives a reasonable indication of growth within the groups concerned.

General Trends

2 Civil service employment has expanded from about 23,000 in 1913 to over 150,000 in 1960, including, in the latter year, some 20,000 departmental "salaried exempt" employees. This represents roughly a six-fold increase (*see* Table 1).

3 Growth has been influenced by changing international and domestic conditions. During World War I federal government employment doubled, reaching a peak of 47,000 in 1920. Thereafter, it dropped to 39,000 in 1926

Table 1—GROWTH OF FEDERAL DEPARTMENTAL
EMPLOYMENT—1913-1960

(Including civil servants and salaried departmental employees not subject to the Civil Service Act)

<i>Year</i>	<i>No. of Employees</i>	<i>Year</i>	<i>No. of Employees</i>
1913	22,621	1932	44,008
1914	25,107	1934	40,469
1916	29,219	1936	41,132
1918	38,369	1938	44,143
1920	47,133	1939	46,106
1922	41,094	1946	120,557
1924	40,068	1948	117,500
1926	39,154	1950	127,196
1928	41,243	1955	136,542
1930	44,175	1960	151,665

and rose during the next four years to 44,000. Between 1930 and 1939 there was little growth. Canada entered World War II with 46,000 civil servants and salaried departmental employees not subject to the Civil Service Act. An explosive growth in employment took place under the pressure of World War II and the conditions following that

conflict. From 46,000 in 1939, numbers expanded to 120,000 in 1946 and 150,000 in 1960.

4 Federal employment showed a slight drop in the immediate Post-War II period. The decrease in employment was much less than after World War I, although employment in a number of World War II Crown corporations and agencies was terminated or reduced. Continued international tension and the Korean War resulted in Canada maintaining a large peace-time defence complex for the first time in its history. At the same time, many government departments not directly involved in the war effort had suffered from manpower shortages between 1939 and 1946. With the return of more normal conditions, these departments expanded their staffs. Then, too, the federal government undertook a number of new functions, such as Unemployment Insurance, introduced in 1941. Yet another important influence in maintaining the war-time level of federal government employment was the great economic expansion and population growth experienced in Canada after 1945. Thus, even though rapid expansion of government employment ceased momentarily at the end of World War II, growth resumed by the end of the decade and has since continued.

Three Distinct Periods of Growth

5 The data suggest that federal government employment has experienced three different periods of growth. Between 1913 and 1939 it expanded modestly, increasing slightly more than two-fold in twenty-six years. There followed a period of dramatic increase during World War II when employment expanded three-fold. Finally, from 1946 to the present, growth has been slower but at a level of employment much higher than the pre-World War II level. Consequently, 1939 may be considered the great watershed of government employment.

6 Examination of the growth by departments and agencies shows that there has been virtually no decline in employment in any department. Even the loss of a function to another department or level of government has meant slower growth rather than actual decline. At the same time there has been considerable fluctuation in the rate of growth of individual departments.

7 Increase in federal employment has not come from spectacular expansion of new functions, but rather from substantial increases in well-established services. The largest absolute additions have been made in departments and functions which were already of significant size. Over 77% of the total increase in employment between 1939 and 1960 was accounted for by eight departments: National Defence (24.3%), Post Office (12.2%), Justice (8.8%), Veterans Affairs (8.4%), National Revenue (7.7%), Unemployment Insurance Commission (7.6%), Transport (4.4%), Agriculture (3.7%). Over one-third of the percentage increase took place in the National Defence and the Post Office. All, with the exception of the Unemployment Insurance Commission, are in long-established departments.

Growth Patterns of Other Governments

8 From available data, similar long-run trends can be traced in the growth of provincial government employment in Canada and, for that matter, in most other governments in the western world. Precise data are not available and caution must be used in making international comparisons because of differences in statistical concepts, political systems, rates of economic growth, and the impact of wars.

9 With the above reservations, the following statistics may be of interest. Regular civil servants in the employment of provincial governments in Canada increased in numbers from approximately 24,000 in 1941 to 41,000

in 1946 and to 105,000 in 1960. In the United States, federal civil service employment increased from 561,000 in 1921 to 1,437,000 in 1941 to 2,407,000 in 1961. United Kingdom experience reveals that non-industrial civil servants numbered 370,000 in 1939, and 632,000 in 1959. Furthermore, following the nationalization of various industries in the post-war period there was a large increase (of the order of 2,000,000) in the number of industrial public servants in the United Kingdom.

Growth in Government Expenditures

10 A further indication of the expansion of federal government activity since 1939 is revealed by the growth in government budgetary expenditures. During the period 1939-1960 government expenditures increased from \$553 million to approximately \$6.3 billion (including old age security payments). Perhaps a more precise indicator of the expansion of government employment is the growth in labour costs of the federal government. These rose from approximately \$100 million in 1939 to roughly \$1.4 billion in 1960 (excluding Crown corporations, for which comparable data are not available). In percentage terms, labour costs rose from 18.2% of all government expenditures in 1938-39 to 24.9% in 1959-60. Although employment does not vary directly with government expenditures and labour costs, nevertheless the latter do indicate in a general way the expansion of government activity and employment.

Growth of Government Employment, Labour Force and Population

11 The growth of federal employment is also significant when examined in relation to the civilian labour force and population. Here again the three time-periods previously mentioned can be clearly delineated. During the 1920's and the 1930's civil service employment as a percentage of the civilian labour force was consistently about 1.1%. This

amounted to about 4.4 civil servants per thousand of the population. By the end of World War II civil service employment had risen to 2.5% of the civilian labour force, or about 9.8 civil servants per thousand of population. Since 1946 federal employment has maintained a fairly consistent pattern at a level much higher than before 1939. It has varied between 2.3% and 2.5% of the civilian labour force. At 466,000, total federal government employment, including uniformed members of the services and employees of certain Crown corporations excluded from the public service as defined in this report, accounted for 7.3% of the civilian labour force. During this period there have been between 8.5 and 10 public servants per thousand of the population.

12 Between 1926 and 1939 the average annual growth of federal employment was about 1.4%, while that of the population was 1.5%. This was somewhat less than the annual rate of growth of the labour force (2%) and of the gross national product in real terms (2%). A somewhat different pattern was evident during World War II. During this period federal employment increased at an average annual rate of 8.8% while population grew at the rate of 1.3%. This compared with a growth in the labour force of 0.7% and an expansion in the gross national product in real terms of 8.6%. Since 1946 federal employment has increased more rapidly than the labour force. Its annual average rate of growth has been 1.7% compared to 0.9% in the labour force. This, however, has been less than the annual 4.8% rate of expansion in real gross national product.

CURRENT EMPLOYMENT IN THE FEDERAL PUBLIC SERVICE

13 The federal government is by far the largest employer of manpower in Canada. Indeed, both in terms of scale of organization and size of payrolls, it has become the biggest business in the nation. Since 1939

government activities and employment have expanded dramatically under the pressures of changing world and national conditions.

14 In September 1960, when the Royal Commission commenced its studies, there were 465,998 individuals employed by the federal government under a diversity of employment relationships. Details of the types of employment in which these persons were engaged are found in Table 2. This table indicates that there are two broad groups of employees in the public service: a group of civil servants who are subject to the terms of the Civil Service Act for all purposes, and a number of categories of employees whose employment relationship is not governed by the Civil Service Act. Within the latter categories fall uniformed members of the Armed Services, those who work for the various types of Crown corporations, prevailing rate employees and other exempt groups.

15 For statistical purposes only, the total figure of 465,998 shown in Table 2 includes 249,996 employees who, for obvious reasons, are not within the ambit of the observations which follow. They are the uniformed members of the Armed Forces and personnel of the Canadian Broadcasting Corporation, Canadian National Railways, Canadian Overseas Telecommunication Corporation, Eldorado Mining and Refining Limited and its subsidiaries, Polymer Corporation and Trans-Canada Air Lines.

16 There are, on the other hand, a substantial number of persons who serve the Crown but are not included in Table 2 because they are not regarded as servants of the Crown. For example, the figures do not include the 11,000 revenue postmasters, 3,000 full-time and part-time assistant postmasters, 333 judges, the Governor General, the Lieutenant Governors and ministers of the Crown. Furthermore, the above total does not take into account the increasing use of professional and special services offered by persons

outside the government service. It has been estimated that in 1960 the federal government contracted with professional and other organizations for services whose manpower equivalent was 20,000 to 25,000 full-time employees.

National and International Employment Comparisons

17 Some idea of the vast size of the contemporary federal public service in Canada may be gained from the following comparative statistics. The 465,998 persons employed amount to 2.6% of Canada's population or, as previously noted, 7.3% of the total labour force. In numbers they are roughly equal to the work force in the twenty-five largest industrial corporations in Canada, or to employment in the sixty largest manufacturing corporations in the nation. They are roughly double the total number employed by the ten provincial governments. Provincial governments employ approximately 225,000 individuals of whom roughly 105,000 are "civil servants". The remaining 120,000 are engaged in provincial institutions of higher learning, provincial government enterprises, and casual employment. It is impossible to make a comparison between the level of employment in the federal government and employment generated by local government activities, for there are no reliable statistics dealing with municipal employment in Canada.

18 Naturally great care must be exercised in making international comparisons between the levels of employment of central governments. Different sets of figures may not be strictly comparable because of the widely varying statistical concepts employed. Different systems of government tend to generate different levels of public service employment. Different economic structures call for varying types of public service.

19 Keeping these qualifications in mind, some comparisons may be made between

**Table 2—EMPLOYMENT IN THE FEDERAL PUBLIC SERVICE¹—BY TYPE OF ENGAGEMENT AND SEX—
SEPTEMBER, 1960**

<i>Type of Engagement</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Per cent of Federal Government Employment</i>
<i>Civilian Employees:</i>				
1. Under the Civil Service Act				
Full-time.....	94,156	36,404	130,560	
Part-time.....	1,216	171	1,387	
Total, Civil Service.....	95,372	36,575	131,947	28.3
2. Excluded from the Civil Service Act				
(a) Salaried Departmental Employees				
Full-time.....	13,228	3,109	16,337	
Part-time.....	1,390	1,991	3,381	
Total.....	14,618	5,100	19,718	4.2
(b) Employees in Crown Corporations				
(i) Agency Corporations				
Full-time.....	8,183	1,330	9,513	
Part-time.....	57	18	75	
Total.....	8,240	1,348	9,588	2.0
(ii) Proprietary Corporations				
Full-time.....	121,411	10,860	132,271	
Part-time.....	28	2	30	
Total.....	121,439	10,862	132,301	28.4
(iii) Other Crown Corporations				
Full-time.....	789	1,193	1,982	
Part-time.....	2	10	12	
Total.....	791	1,203	1,994	0.4
(iv) Departmental Corporations and Statutory Boards				
Full-time.....	5,126	1,376	6,502	
Part-time.....	4	7	11	
Total.....	5,130	1,383	6,513	1.4
Total—All Crown Corporations				
Full-time.....	135,509	14,759	150,268	
Part-time.....	91	37	128	
Total.....	135,600	14,796	150,396	32.3

**Table 2—EMPLOYMENT IN THE FEDERAL PUBLIC SERVICE¹—BY TYPE OF ENGAGEMENT AND SEX—
SEPTEMBER, 1960—Concluded**

<i>Type of Engagement</i>	<i>Male</i>	<i>Female</i>	<i>Total</i>	<i>Per cent of Federal Government Employment</i>
(c) <i>Prevailing Rate Employees</i>				
Full-time.....	17,192	3,923	21,115	
Part-time.....	9	1,374	1,383	
Other.....	1,263	30	1,293	
Total.....	18,464	5,327	23,791	5.1
(d) <i>Ships' Officers and Crews.....</i>	—	—	3,033	0.7
(e) <i>Casuals and Others.....</i>	—	—	17,061	3.7
<i>Total, Employees Excluded from Act.....</i>	168,682	25,223	213,999	45.9
<i>Total, Civilian Employees.....</i>	264,054	61,798	345,946	74.2
3. <i>Armed Forces.....</i>	116,740	3,312	120,052	25.8
GRAND TOTAL².....	380,794	65,110	465,998	100.0

¹ In order to present an over-all picture of federal government employment, certain groups which are excluded from the concept of the public service, as used in this report, are included in this table: Armed Forces and the following Crown corporations—Canadian Broadcasting Corporation, Bank of Canada, Canadian National Railways, Canadian Overseas Telecommunication Corporation, Eldorado Aviation Limited, Eldorado Mining and Refining Limited, Northern Transportation Company Limited, Polymer Corporation and Trans-Canada Air Lines.

² This total excludes the following groups: Revenue Postmasters..... 11,010
Full-time Assistant Postmasters..... 1,598
Part-time Assistant Postmasters..... 1,594
Governor General and Lt.-Governors..... 11
Judges..... 333
Ministers of the Crown..... 22

experience in Canada, the United States and the United Kingdom. In the United States, federal government employment approximates 2½ million civilians and 2½ million in the Armed Services. The total of 5 million persons engaged in the public service of the United States amounts to 2.8% of the population or 7% of the labour force—very close to the figures previously cited for Canada. In the United Kingdom, excluding the nationalized industries, there are approximately 650,000 persons employed in the civil service

and 464,000 individuals in the Armed Services. This total represents 2.1% of the British population and about 4.5% of the labour force. If employment in the nationalized industries is included, the British totals would be much closer to the comparable figures for Canada and the United States.

Government Payrolls and Labour Costs

20 The large size of federal government employment may also be gauged in terms of

payrolls and other labour costs. For the year 1959-1960 the total payroll for federal government employees has been estimated at roughly \$1.8 billion. This figure is made up of \$710 million for employees in government departments and departmental corporations, \$498 million for the Armed Forces and the R.C.M.P., and an estimated \$600 million for the various Crown corporations. The total of \$1.8 billion represents 10.2% of payrolls for all Canadian industry and 34.6% of payrolls in manufacturing industries.

21 Labour costs, other than direct payroll costs, are not readily available for Crown corporations but the Public Accounts do itemize these for employees in government departments, departmental corporations and the military services. In 1959-1960 total payroll and other labour costs amounted to \$1.4 billion in the latter areas. Of that total, 51% went to civilian salaries, wages and allowances, 35% to the pay and allowances of the defence forces and the R.C.M.P., 6% for professional and special services, and 8% for pensions, superannuation and other benefits. The total amounts to approximately one-half of all the government's operating expenditures, and one-quarter of the total of all government expenditures.

22 The foregoing data indicate that a large proportion of controllable government expenditure is accounted for by payroll and other labour costs. Government employment and payrolls also constitute a significant part of the whole Canadian economy and of the various labour markets in which the government operates.

*Current Employment—
By Type of Engagement*

23 Table 2 and Chart 1 also indicate the distribution of employment in the federal government by "type of engagement". The term "type of engagement" refers to the gen-

eral type of employment relationship under which the public servant is employed.

24 The number of employees fully subject to the Civil Service Act is relatively small. It amounts to 28% of total federal government employment. The remaining 72%, not subject to the Civil Service Act, fall into the following six categories:

Armed Services uniformed personnel	26%
Crown corporations.....	32%
"Salaried exempt" employees.....	4%
Prevailing rate employees.....	5%
Casual and other employees.....	4%
Ships' officers and crews.....	1%

25 At this point, it is pertinent to describe briefly the different categories of civilian employees not entirely subject to the Civil Service Act.

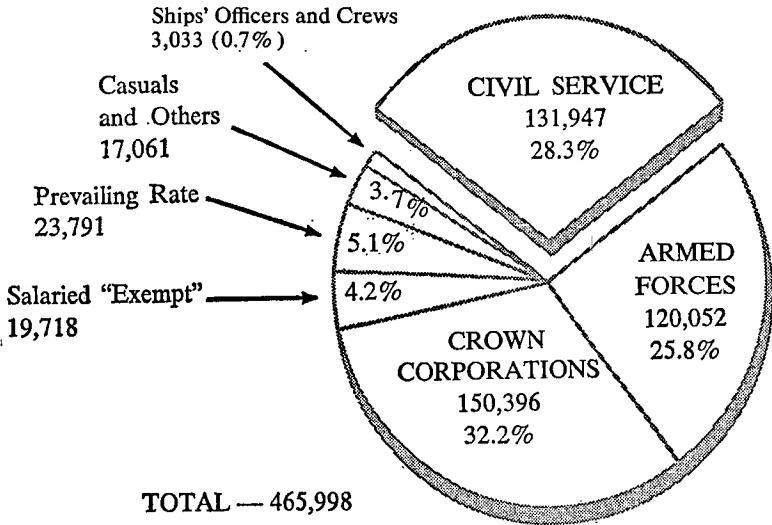
Exempt Employees

26 "SALARIED EXEMPT" EMPLOYEES. These employees are engaged in positions which are not subject in all respects to the provisions of the Civil Service Act. About one-half of them (9,079 out of 19,718) are members of the R.C.M.P. and the staffs of penitentiaries. The bulk of the remainder constitute the sessional staffs of Parliament, and the personal staffs of cabinet ministers, as well as deputy ministers and members of various boards and commissions.

27 PREVAILING RATE EMPLOYEES. This category, for the most part, comprises all employees whose remuneration is based on the rate of pay prevailing for the class of work performed in the area in which they are working. In most cases remuneration is expressed in terms of hourly wage-rates which, together with terms and conditions of employment, are largely the concern of the Treasury Board. The hiring of such personnel is performed by the employing departments.

28 Prevailing rate employees are normally engaged in unskilled or skilled occupations

Chart 1—EMPLOYMENT IN THE FEDERAL PUBLIC SERVICE BY TYPE OF ENGAGEMENT—SEPTEMBER, 1960*



*Certain groups which are excluded from the concept of the public service as used in this report are included in this Chart: Armed Forces, and the following Crown corporations: Canadian National Railways, Canadian Overseas Telecommunication Corporation, Eldorado Aviation Limited, Eldorado Mining and Refining Limited, Northern Transportation Company Limited, Polymer Corporation Limited, Trans-Canada Air Lines, Canadian Broadcasting Corporation and Bank of Canada.

outside the office. Employment in this category ranges between 25,000 and 50,000, varying with the season of the year. More than one-half of these employees are found in the Department of National Defence. Almost all the remainder are in the Departments of Agriculture, Northern Affairs and National Resources, Public Printing and Stationery, Public Works, Transport and Veterans Affairs.

29 CASUAL AND PART-TIME EMPLOYEES. Members of this category are usually employed for short periods of time to help with peak work-loads. For example, the processing of income tax returns and the sessions of Parliament create temporary seasonal demands. Then, too, there are emergency situations. It may be necessary to obtain temporary help for unfilled vacancies in the authorized permanent establishment or to fill positions of employees on lengthy leave of absence or on sick leave.

30 SHIPS' OFFICERS AND CREWS. Ships' officers and crews of government vessels were specifically exempted from the operation of the Civil Service Act of 1918 by the statute itself. Over one-half of these are employed by the Department of Transport. Almost all of the remainder are in the Departments of National Defence, Mines and Technical Surveys, Public Works and Fisheries.

31 EMPLOYEES IN CROWN CORPORATIONS. A simple classification of the federal government's Crown corporations is not easy. It is equally difficult to summarize the employment relationship in these corporations. The classification used in Table 2 is largely that set out in the Financial Administration Act of 1951. It is based upon two factors: degree of financial independence and nature of the activity involved. On this basis there are four groups of Crown corporations: departmental, agency, proprietary, and "other" Crown corporations.

32 Departmental corporations have administrative, supervisory or regulatory functions closely allied to the regular departments of the federal government. Agency corporations undertake trading, service and procurement operations. Proprietary corporations manage lending, financial, commercial or industrial operations, and are usually expected to finance themselves from the sale of their goods and services. The category "other" Crown corporations includes the Bank of Canada, Canadian Wheat Board, Industrial Development Bank, and the Northern Ontario Pipe Line Crown Corporation.

Status of Exempt Groups

33 It is evident from the foregoing data that a substantial part of federal government employment is exempt from the provisions of the Civil Service Act. Hence, it is important to trace the evolution of this development and to consider its implications for public personnel management.

34 There were only a few specific and quite limited statutory exemptions under the original Civil Service Act of 1918 and its subsequent amendments. These embraced: employees of government-owned railways and ships, sessional staffs of both Houses of Parliament and the Library of Parliament, individuals operating small revenue post offices (i.e. those with revenues of \$3,000 or less per annum), private secretaries and executive assistants to Ministers of the Crown, persons engaged locally outside of Canada, and employees filling positions declared by the Governor in Council to be prevailing rate positions. Apart from these statutory exemptions, the Act contained a general provision permitting the Civil Service Commission to recommend to the Governor in Council partial or complete exemption under circumstances in which the application of the Act, in whole or in part, would not be practicable or in the public interest. Appointment of deputy heads by the Governor in Council is provided for

in the statute establishing the department or agency concerned.

35 By far the largest group of exempt employees, however, is to be found in public agencies, created by specific legislation and set up for the most part since the 1930's. The purposes for which they were established, their conditions of work, the attitude of their senior administrators, and prevailing conditions in labour markets have all been factors leading to such exemption. An argument for exemption was the need for freedom and flexibility in staff matters or the view, as in the case of the Prairie Farm Rehabilitation organization, that the agency would be transitory.

36 Careful analysis of the position of the various exempt groups leads to a number of important observations having a direct bearing upon personnel policy. In the first place, many exemptions appear to be inconsistent with the intent of the Civil Service Act, which was designed to provide a unified public service. Furthermore, there is an evident lack of consistently applied principles or criteria for the determination of what groups should be exempt from application of the Civil Service Act.

37 Functional differences in themselves have not been a consistent basis for exemption. For example, among semi-commercial and semi-industrial operations, some groups are exempt, others are not. The National Film Board is exempt, while other operations in similar categories, such as the Department of Public Printing and Stationery, are under the Civil Service Act. Again, in the field of government procurement, disposal and construction, there are several exempt agencies, while other similar activities are under the Civil Service Act. In the field of research, the National Research Council, the Defence Research Board and the Fisheries Research Board are exempt, while there are large research establishments elsewhere sub-

ject to the provisions of the Act (Department of Agriculture and the Department of Mines and Technical Surveys). For marketing and price support programmes similar inconsistencies exist, and other examples could be given.

38 Occupational differences are as unsatisfactory as functional differences in suggesting a rationale for exemption. Persons needed to carry out particular tasks, whether in an exempt agency or not, must have the same or similar qualifications. For example, the qualifications required of personnel to fill positions in the exempt Fisheries Research Board and the National Research Council are similar in most respects to those required in the research branch of the Department of Agriculture or the Department of Mines and Technical Surveys. Perhaps the clearest example of inconsistency lies in the prevailing rate group. One finds numerous instances of exempt employees working side by side with civil servants doing similar jobs under similar conditions, yet subject to different treatment with respect to hiring practices, compensation, leave and other benefits.

39 The large number of exempt agencies and the lack of consistent personnel policies and practices have been detrimental to the efficiency of the public service and to the morale of those employed in it. Indeed, the present situation would appear to result in a fragmented rather than a unified public service. This in turn leads to dead-end jobs and tends to destroy the esprit de corps of the public service. Furthermore, fragmentation makes it impossible to have any degree of co-ordination and conformity of practice in personnel management. Anomalies occur in compensation, benefits and other personnel matters. Again, fragmentation results in less than optimum utilization of manpower, particularly highly skilled manpower. Differing employment standards and conditions act as a barrier both to transfers and promotions

and to the movement of employees between exempt agencies and the civil service.

40 It should be noted that different employment conditions also give rise to much confusion among the public about government jobs and create recruiting problems. These varying conditions also lead to unnecessary competition between the civil service and the exempt agencies in the labour market, particularly for manpower in scarce supply. A threat to the merit principle is posed because so much of the public service is outside the operation of the Civil Service Act.

41 Rates of pay and other conditions of employment that are more favourable for many senior positions in the exempt agencies than those for comparable civil service positions create an unhealthy situation. It is pertinent to question whether the direction of a large department should entail a scale of remuneration less than that offered for the direction of more limited activities in any exempt agency.

Employment Pattern of Women

42 Every department and agency of the federal government employs women. However, their share of available positions varies widely. The principal factors determining the proportion of women in a department or agency are the types of work to be performed by the department and the influence of custom and tradition in certain employment fields. Table 2 indicates that 28% of the work force in the civil service is made up of females, as compared with 8% in the proprietary corporations and 12% in the exempt categories as a whole. This reflects the fact that the civil service contains a large number of clerical and related office occupations. These are fields where one usually finds a higher proportion of females employed. By way of contrast, the proprietary corporations have a higher proportion of non-office occupations in which it is usual for males to be employed.

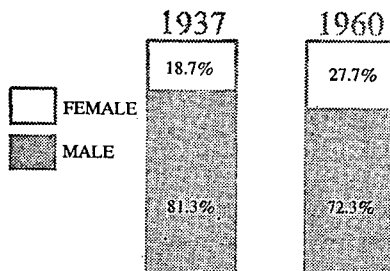
Again, it is evident that there are quite marked variations between the patterns in various regular departments within the civil service. In the Post Office Department, for instance, men have traditionally held most of the clerical and carrier jobs. A large proportion of the positions in the Dominion Bureau of Statistics and in the offices of the Comptroller of the Treasury, on the other hand, are in general clerical and office services—fields in which there is a high proportion of women.

43 Apart from clerical occupations, women find employment in professional and technical fields, particularly those connected with health, library work, the social sciences and social service. A few are found in administrative positions. The view may be entertained that employment opportunities for women in professional and technical fields are probably greater in the public service than in the private sector of the economy. Nevertheless, apart from the clerical occupations, an important factor limiting the number of women employed is the relative scarcity of women candidates with particular skills. However, a valuable pool of skilled and experienced female clerical employees is available as is evidenced by the number of married women found in part-time and casual employment in the public service.

44 The first available report on male-female ratios in the civil service is for the year 1937, at which time (as shown in Chart 2) 18.7% of civil service employees were women. By 1960, the proportion had increased to 27.7%. These numerical gains by women were related to the generally increased participation by females in the nation's work force. They also reflect the fact that, while the government's personnel requirements were increasing women secured the necessary training and employment experience to enter the public service in substantial numbers. Again, it is evident that a big stimulus to female employment occurred during World War II when

there was a shortage of male incumbents due to the demands of the Armed Services. Their excellent record during World War II resulted in a more willing acceptance of women by many departments.

Chart 2—MALE-FEMALE RATIOS IN THE CIVIL SERVICE 1937 AND 1960

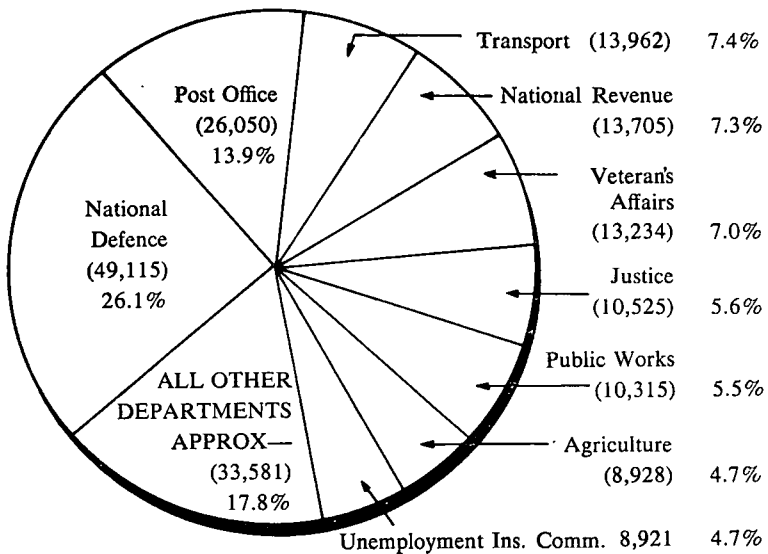


45 An important step leading to increased use of women was the dropping, in 1953, of the prohibition against the employment of married women in the civil service. Furthermore, the relatively recent provision protecting civil service tenure during pregnancy is undoubtedly influencing married women to retain jobs. It is quite evident that many women in the public service have now adopted a two-phase work cycle. After formal schooling, they work for a few years, then, following marriage, they stay out of the labour force for a number of years while they raise their families. Finally, they return to the labour force, often on either a temporary or part-time basis.

*Distribution of Employment—
By Department and Agency*

46 Further insight into the size and complexity of the public service may be gained by studying the distribution of employment by department and agency. Relevant statistical data is to be found in Table 3 and Chart 3. It should be noted that Table 3 in effect provides an inventory of all manpower in the public service by department or agency,

Chart 3—DISTRIBUTION OF DEPARTMENTAL EMPLOYMENT—SEPTEMBER, 1960*



*Employment includes Civil Service employees, salaried employees not subject to the Civil Service Act, prevailing rate employees, Ships' Officers and crews, and casual employees.

grouped together so as to reflect ministerial responsibility. A number of significant generalizations and implications can be drawn from an assessment of the details found in Table 3:

THE LARGE NUMBER OF DEPARTMENTS AND AGENCIES. Table 3 lists more than 80 departments and agencies; in 1919, a comparable list would have included less than 40. Over the years names of various departments have been changed, some units have been merged, others have been subdivided or again, others have been allotted additional functions.

GREAT VARIATIONS IN SIZE. Within the public service wide variations in the size of departments and agencies are evident. The Department of National Defence, for example, with approximately 50,000 civilian employees is twice as large as the Post Office and is many times larger than the more typical departments, where employment ranges from roughly 500 to 4,000. Similar variations exist

in the sizes of the various agencies, commissions and corporations of the public service. Historically, particular departments have waxed and waned. Such differences in size as well as large changes in size place particular strains and stresses on personnel management, especially in the matters of coordination, communications, functional organization and manpower control.

CONCENTRATION OF FEDERAL EMPLOYMENT IN A FEW DEPARTMENTS. Nine departments employ roughly 80% of those on the public service payrolls (Chart 3). By far the largest number of persons are employed in the Department of National Defence (26.1%); the Post Office comes next (13.9%); and those under their respective ministers, Transport (7.4%), of National Revenue (7.3%), of Veterans Affairs (7.0%), of Justice (5.6%), of Public Works (5.5%), of Agriculture (4.7%), and of Unemployment Insurance Commission (4.7%). The remaining 18.1% represents the other departments.

Professional and Special Services Contracted Out

47 There is also a considerable amount of what may be termed "invisible" employment resulting from the system of contracting for services. While this is not a large item measured against total federal government employment, its use has expanded rapidly both in terms of the volume of services traditionally contracted out and in terms of new areas where the technique has been introduced.

48 The rapid growth of contracting out may be gauged from the fact that expenditures on professional or special services rose from approximately \$2.6 million in 1938-39 to over \$89 million in 1959-60.

49 The growth of contracting out may be seen in greater detail by referring to Table 4.

50 The great bulk of contracting for professional and special services, as measured by 1959-60 expenditures, is accounted for by five departments, as follows:

	<i>% of all contracted services</i>
Department of National Defence.....	47.2%
Department of Veterans Affairs.....	13.4%
National Health.....	10.1%
Transport.....	9.0%
Citizenship and Immigration.....	7.9%
	<hr/>
Sub-Total.....	87.6%
Other.....	12.4%
	<hr/>
Total—all contracted services....	100.0%

51 A great variety of work and services is contracted out by the federal government. Important in size are the hiring of certain facilities in R.C.A.F. establishments, the use of the Corps of Commissionaires, and contracting for medical and dental services by the Departments of National Defence, Vet-

erans Affairs, and National Health and Welfare. D.V.A. hospitals employ "half-day fee" doctors to supply the knowledge, skill and guidance required in treatment. This avoids the necessity of competing with the full-time earnings levels of doctors in private practice. The doctors find certain attractions in this source of regular income and in the opportunity to gain unusual case experience in D.V.A. hospitals. Other work and services let out include research and development, management analysis and similar services, weapons systems' management, legal and architectural services, plant design and construction supervision, stevedoring, trucking of mail, catering, cleaning and printing.

52 The practice undoubtedly enables the federal government to obtain professional and special services which might not otherwise be readily available to it. It is thereby permitted to draw upon sources of knowledge and experience which are not common in the public service. At the same time, contracting out also permits the completion of short-term projects without hiring extra employees who would be surplus to establishment once allotted tasks were finished. Other advantages are that new ideas can be introduced into the main stream of public service thought, outside agencies can provide objective studies, and special equipment may be obtained for "one shot" projects.

53 The major attraction of contracting out is economy. It is often stressed that specialized tasks are best performed by outside experts who would be on "make-work" much of the time if retained as permanent members of the public service, and that contracting out eliminates short-term hiring to meet brief-peak periods of demand for particular services. The practice also makes it possible to hire individuals whose talents are in scarce supply.

54 The many benefits accruing from contracting out undoubtedly make it attractive.

Table 3—EMPLOYMENT IN THE FEDERAL PUBLIC SERVICE—BY DEPARTMENT AND AGENCY¹—SEPTEMBER, 1960²

	UNDER THE CIVIL SERVICE ACT			EXCLUDED FROM THE CIVIL SERVICE ACT								
				Salaried			Prevailing Rate		Ships' Officers and Crews		Casuals and Others	Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Other	Total		
A. Parliament²												
House of Commons, Senate and Library of Parliament.....	286	—	286	154	71	225	—	6	—	6	—	517
Auditor General (SO).....	127	—	127	1	—	1	—	—	—	—	—	128
Civil Service Commission (SB).....	653	—	653	3	—	3	—	—	—	—	16	672
Total.....	1,066	—	1,066	158	71	229	—	6	—	6	16	1,317
B. The Privy Council.....	141	—	141	13	—	13	—	—	—	—	—	154
1. The Cabinet												
The Prime Minister	—	—	—	—	—	—	—	—	—	—	—	—
Canada Council (OC)	—	—	—	—	—	—	—	—	—	—	—	—
Halifax Relief Commission.....	—	—	—	5	—	5	—	—	—	—	—	5
2. Treasury Board (Included under "Finance")	—	—	—	—	—	—	—	—	—	—	—	—
3. Committee on Scientific and Industrial Research												
National Research Council (DC).....	—	—	—	2,434	1	2,435	—	—	—	—	565	3,000
Atomic Energy Control Board (DC).....	—	—	—	8	—	8	—	—	—	—	—	8

Atomic Energy of
Canada Limited

(AC).....	—	—	—	2,629	7	2,636	—	—	—	—	—	—	—	—	2,636
Total.....	141	—	141	5,089	8	5,097	—	—	—	—	—	—	—	565	5,803

C. Governor General's
Secretary.....

	15	—	15	1	—	1	—	—	—	—	—	—	—	—	16
--	----	---	----	---	---	---	---	---	---	---	---	---	---	---	----

D. Departments

1. Agriculture

Department.....	6,181	119	6,300	676	1	677	1,407	11	195	1,613	—	—	—	338	8,928
Board of Grain Commissioners (SB)	886	—	886	196	—	196	2	—	—	2	—	—	—	125	1,209
Agricultural Stabiliza- tion Board (DC).....	—	—	—	6	—	6	—	—	—	—	—	—	—	—	6
Farm Credit Corporation (PC).....	—	—	—	245	26	271	—	—	—	—	—	—	—	2	273
Canadian Wheat Board (OC).....	—	—	—	687	9	696	—	—	—	—	—	—	—	—	696
Total.....	7,067	119	7,186	1,810	36	1,846	1,409	11	195	1,615	—	—	—	465	11,112

2. Citizenship and
Immigration

Department.....	2,801	3	2,804	1,547	31	1,578	48	7	—	55	3	153	4,593
Dominion Archivist (SO).....	93	—	93	5	—	5	4	4	—	8	—	5	111
National Librarian (SO).....	42	—	42	1	—	1	—	—	—	—	—	—	43
National Film Board (SB).....	—	—	—	734	—	734	—	—	—	—	—	52	786
National Gallery of Canada (DC).....	65	1	66	—	—	—	1	—	—	1	—	7	74
Total.....	3,001	4	3,005	2,287	31	2,318	53	11	—	64	3	217	5,607

Table 3 -- EMPLOYMENT IN THE FEDERAL PUBLIC SERVICE -- BY DEPARTMENT AND AGENCY¹ -- SEPTEMBER, 1960² -- Continued

	UNDER THE CIVIL SERVICE ACT				EXCLUDED FROM THE CIVIL SERVICE ACT								
	Full-time		Part-time		Salaried		Prevailing Rate			Ships' Officers and Crews		Casuals and Others	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time	Other	Total	Officers and Crews	Casuals and Others	Total
3. Defence Production													
Department.....	1,367	1	1,368	68	—	68	—	—	—	—	—	1	1,437
Canadian Arsenals Limited (AC).....	—	—	—	2,943	6	2,949	—	—	—	—	—	1	2,950
Canadian Commercial Corporation (AC) ..	—	—	—	56	—	56	—	—	—	—	—	—	56
Crown Assets Disposal Corporation (AC) ..	—	—	—	104	—	104	—	—	—	—	—	5	109
Defence Construction (1951) Ltd. (AC).....	—	—	—	376	—	376	—	—	—	—	—	53	429
Polymer Corporation Limited (PC) ²	—	—	—	2,633	—	2,633	—	—	—	—	—	—	2,633
Total.....	1,367	1	1,368	6,180	6	6,186	—	—	—	—	—	60	7,614
4. External Affairs													
Department.....	1,357	1	1,358	556	—	556	—	—	—	—	—	126	2,040
International Joint Commission.....	9	—	9	3	—	3	—	—	—	—	—	—	12
Total.....	1,366	1	1,367	559	—	559	—	—	—	—	—	126	2,052
5. Finance (Includes Royal Canadian Mint)													
Department.....	652	1	653	10	—	10	—	—	—	—	—	56	719
Comptroller of the Treasury (SO).....	4,297	—	4,297	60	—	60	—	—	—	—	—	—	4,357
Tariff Board (SB).....	17	—	17	5	—	5	—	—	—	—	—	—	22
Bank of Canada (OC) ²	—	—	—	1,012	—	1,012	—	—	—	—	—	—	1,012

Industrial Development Bank (OC)2.....	—	—	—	259	—	—	—	—	—	—	—	259	—	—	—	—	—	—	—	259	
Total.....	4,966	1	4,967	1,346	—	1,346	—	—	—	—	—	—	—	—	—	—	—	—	—	56	6,369
6. Fisheries																					
Department.....	1,183	18	1,201	9	—	9	59	1	406	466	327	346	2,349								
Fisheries Prices Support Board (DC)	—	—	—	5	3	8	—	—	—	—	—	—	8								
Fisheries Research Board (SB)2.....	—	—	—	541	7	548	—	—	—	—	67	10	625								
Total.....	1,183	18	1,201	555	10	565	59	1	406	466	394	356	2,982								
7. Insurance	92	2	94	1	—	1	—	—	—	—	—	—	95								
8. Justice																					
Department.....	317	—	317	42	—	42	—	—	—	—	—	3	362								
Royal Canadian Mounted Police.....	1,030	—	1,030	6,623	28	6,651	—	—	—	—	—	—	7,681								
Commissioner of Penitentiaries (SO).....	94	—	94	2,364	22	2,386	—	—	—	—	—	2	2,482								
Total.....	1,441	—	1,441	9,029	50	9,079	—	—	—	—	—	5	10,525								
9. Labour																					
Department.....	560	—	560	27	—	27	—	—	—	—	—	12	599								
Unemployment Insurance Commission (DC).....	7,849	—	7,849	3	—	3	3	—	—	3	—	1,066	8,921								
Total.....	8,409	—	8,409	30	—	30	3	—	—	3	—	1,078	9,520								
10. Mines and Technical Surveys																					
Department.....	2,315	297	2,612	9	—	9	71	—	10	818	563	—	2,758								
Dominion Coal Board (DC).....	18	—	18	—	—	—	—	—	—	—	—	—	18								
Total.....	2,333	297	2,630	9	—	9	71	—	10	81	56	—	2,776								

Table 3 — EMPLOYMENT IN THE FEDERAL PUBLIC SERVICE — BY DEPARTMENT AND AGENCY¹ — SEPTEMBER, 1960² — Continued

	EXCLUDED FROM THE CIVIL SERVICE ACT														
	UNDER THE CIVIL SERVICE ACT			Salaried			Prevailing Rate				Ships' Officers and Crews		Casuals and Others	Total	
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Other	Total	Officers	Crews			
11. <i>National Defence</i> ²															
Department.....	26,555	91	26,646	1,275	—	1,275	13,134	6	—	13,140	653	7,401	49,115		
The Armed Forces.....	—	—	—	120,052	—	120,052	—	—	—	—	—	—	120,052		
Defence Research Board (SB).....	—	—	—	2,785	3	2,788	—	—	—	—	—	336	3,124		
Total.....	26,555	91	26,646	124,112	3	124,115	13,134	6	—	13,140	653	7,737	172,291		
12. <i>National Health and Welfare</i>	2,906	47	2,953	1,098	—	1,098	457	—	—	457	4	299	4,811		
13. <i>National Revenue</i>															
Department.....	13,535	134	13,669	14	6	20	9	—	—	9	7	—	13,705		
Board of Broadcast Governors (SB).....	24	—	24	3	—	3	—	—	—	—	—	—	27		
Canadian Broadcasting Corporation (PC).....	—	—	—	7,272	—	7,272	—	—	—	—	—	73	7,345		
Tax Appeal Board (SB).....	—	—	—	7	—	7	—	—	—	—	—	—	7		
Total.....	13,559	134	13,693	7,296	6	7,302	9	—	—	9	7	73	21,084		
14. <i>Northern Affairs and National Resources</i>															
Department.....	2,033	143	2,176	260	—	260	1,465	19	682	2,166	—	—	4,602		
Eastern Rockies Forest Conservation Board	—	—	—	—	1	1	—	—	—	—	—	—	1		
National Battlefields Commission (AC) ..	—	—	—	23	28	51	—	—	—	—	—	—	51		

Northern Canada Power Commission (AC).....	—	—	153	—	153	—	—	—	—	26	179
Total.....	2,033	143	2,176	436	29	465	1,465	19	682	2,166	4,833
15. Post Office.....	22,911	—	22,911	6	2,504	2,510	24	—	—	24	26,050
16. Public Printing and Stationery.....	637	—	637	1	—	1	1,173	—	—	1,173	1,821
17. Public Works Department.....	4,781	476	5,257	720	294	1,014	686	1,297	—	1,983	10,315
Central Mortgage and Housing Corp. (PC)	—	—	—	1,874	—	1,874	—	—	—	—	1,927
National Capital Commission (AC) ..	—	—	—	620	—	620	—	—	—	—	636
Total.....	4,781	476	5,257	3,214	294	3,508	686	1,297	—	1,983	12,878
18. Secretary of State and Registrar-General Department.....	715	—	715	14	—	14	—	—	—	—	729
Custodian of Enemy Property (OC).....	—	—	—	22	1	23	—	—	—	—	23
Chief Electoral Officer of Canada (SO).....	21	—	21	2	—	2	—	—	—	—	23
Total.....	736	—	736	38	1	39	—	—	—	—	775
19. Trade and Commerce Department.....	1,114	3	1,117	315	11	326	50	—	—	50	1,542
Dominion Bureau of Statistics (SB).....	1,699	1	1,700	1	—	1	—	—	—	—	1,748
Eldorado Mining and Refining Ltd. (PC)..	—	—	—	1,201	—	1,201	—	—	—	—	1,205
Eldorado Aviation Ltd. (PC).....	—	—	—	43	—	43	—	—	—	—	43

Table 3 — EMPLOYMENT IN THE FEDERAL PUBLIC SERVICE — BY DEPARTMENT AND AGENCY¹ — SEPTEMBER, 1962 — Concluded

	UNDER THE CIVIL SERVICE ACT			EXCLUDED FROM THE CIVIL SERVICE ACT								
	Salaried		Total	Prevailing Rate			Ships' Officers and Crews		Casuals and Others	Total		
	Full-time	Part-time		Full-time	Part-time	Other	Full-time	Part-time				
Northern Transportation Co. Ltd. (PC).....	—	—	—	320	—	—	—	—	—	—	50	370
Export Credits Insurance Corporation (AC).....	—	—	—	31	—	—	—	—	—	—	—	31
National Energy Board (SB).....	35	—	35	6	—	—	—	—	—	—	—	41
Northern Ontario Pipe Line Crown Corp. (OC).....	—	—	—	2	2	4	—	—	—	—	—	4
National Productivity Council ²	—	—	—	2	—	2	—	—	—	—	—	2
Total	2,848	4	2,852	1,921	13	1,934	50	—	—	50	150	4,986
20. Transport												
Department.....	9,468	35	9,503	106	385	491	880	4	—	884	1,566	13,962
Air Transport Board (SB).....	67	—	67	3	—	3	—	—	—	—	—	70
Board of Transport Commissioners (SB).....	153	—	153	7	—	7	—	—	—	—	—	160
Canadian Maritime Commission (DC) ..	21	—	21	1	—	1	—	—	—	—	—	22
Canadian National Railways (PC).....	—	—	—	105,742	—	105,742	—	—	—	—	—	1,409
Trans-Canada Air Lines (PC).....	—	—	—	11,341	—	11,341	—	—	—	—	—	110

Can. Overseas Tele-communication Corp. (PC).....	—	—	380	4	384	—	—	—	—	15	399
National Harbours Board (AC).....	—	—	2,609	34	2,643	—	—	—	—	252	2,895
St. Lawrence Seaway Authority (PC) ²	—	—	1,174	—	1,174	—	—	—	—	133	1,307
Cornwall International Bridge Co. Ltd. (PC) ²	—	—	15	—	15	—	—	—	—	—	15
Total.....	9,709	35	9,744	423	121,801	880	4	—	884	1,566	3,437
21. <i>Veterans Affairs</i>											
Department.....	11,438	14	11,452	88	24	112	1,642	28	—	1,670	—
Canadian Pension Commission.....	—	—	—	15	—	15	—	—	—	—	15
Total.....	11,438	14	11,452	103	24	127	1,642	28	—	1,670	—
Grand Totals.....	130,560	1,387	131,947	286,657	3,509	290,166	21,115	1,383	1,293	23,791	3,033
											17,061
											465,998

¹Departments and Agencies have been grouped together so as to reflect ministerial responsibility.

²Information reported for a date later than September 30, 1960, by some departments and agencies.

³Excludes field parties which in the period April-December, 1959 employed 387 prevailing rate, 441 ships' crew and 83 casual employees.

Abbreviations and Definitions relating to Local Status

SO — *Statutory Officer* — An officer who, by statute, is in any way independent of the deputy head of the appropriate department or has extra-departmental responsibilities of a special nature.

SB — *Statutory Board* — A body created by statute but not incorporated.

DC — *Departmental Corporation* — A Crown corporation which is a servant or agent of Her Majesty in right of Canada and is responsible for administrative, supervisory, or regulatory services of a governmental nature.

AC — *Agency Corporation* — A Crown corporation which is an agent of Her Majesty in right of Canada and is responsible for the management of trading or service operations on a quasi-commercial basis, or for the management of procurement, construction or disposal activities on behalf of Her Majesty in right of Canada.

PC — *Proprietary Corporation* — A Crown corporation which (1) is responsible for the management of lending or financial operations, or for the management of commercial and industrial operations involving the production of or dealing in goods and the supplying of services to the public, and (2) is ordinarily required to conduct its operations without appropriations from the Federal Treasury.

OC — *Other Crown Corporations* — Bank of Canada, Canadian Wheat Board, Industrial Development Bank, Northern Ontario Pipe Line Crown Corp., Custodian of Enemy Property.

Table 4—PROFESSIONAL AND SPECIAL SERVICES CONTRACTED OUT RELATED TO OTHER TYPES OF FEDERAL GOVERNMENT EXPENDITURE FOR SELECTED YEARS

Year	Government Expenditure on Contracting Out	Expenditure as Percentage of Labour Costs*	Expenditure as Percentage of Civilian Salaries and Wages	Expenditure as Percentage of Total Govt. Expenditure
1938-39.....	\$ 2,599,223	2.6	3.4	0.5
1950-51.....	\$17,258,201	3.6	5.5	0.8
1954-55.....	\$49,553,110	4.8	9.7	1.2
1959-60.....	\$89,026,683	6.3	12.5	1.6

*Labour Costs include special pay and allowances, pensions, superannuation and other benefits.

Nevertheless, over-reliance on it has some disadvantages. In the first place, contracting out may limit the opportunities for permanent employees to gain experience and knowledge which would foster their career development.

55 Secondly, extensive use may tend to bid up the salaries of scarce skills. The United States government, for instance, has found that contract research and development has recently taken about 12,000 employees *per annum* from its service because, in many instances, governments cannot match salaries offered by outside concerns. Finally, contracting out is an area in which decision makers ought to be aware of the dangers of various species of patronage.

56 These observations are not to be taken as a condemnation of the practice; rather they warn of some of the dangers in its use. No simple set of rules can be developed to govern all circumstances and conditions in which government departments should contract out. Nevertheless, possible difficulties and areas of conflict should be recognized by those who settle the policy in this field. With the growth of modern government, the contract system is here to stay, and there is need for continuous examination of its effective use.

GEOGRAPHIC DISTRIBUTION OF MANPOWER IN THE PUBLIC SERVICE

57 An important characteristic of public service employment in Canada is its geographic distribution. Data dealing with this is presented in summary form in Table 5. Attention is drawn here only to major geographical patterns and trends.

Rapid Growth Outside Ottawa

58 By far the largest number of civilian employees in each of the four major categories found in the public service, are located outside Ottawa. The actual percentage of each group located outside the nation's capital is as follows:

Civil service.....	73.3%
Salaried exempt.....	87.8%
Crown corporations.....	73.2%
Prevailing rate employees.....	88.7%

59 Not only have the absolute numbers outside Ottawa grown rapidly in recent years, along with the over-all expansion of government employment, but there has also been some increase in the proportion of public service employees found outside the Capital. It has been estimated that 65% of the civil service was located outside Ottawa in 1939; by 1960 this percentage had risen to 73%.

Table 5—GEOGRAPHICAL DISTRIBUTION OF FULL-TIME PUBLIC SERVICE EMPLOYEES—
SEPTEMBER, 1960

	Civil Service		Not under Civil Service Act		
		In Departments (Salaried)	Crown Corpora- tions*	Prevailing Rates	Total
Grand Total.....	130,560	16,337	20,324	21,115	188,336
Ottawa-Hull.....	34,795	1,995	5,440	2,389	44,619
Remainder of Canada.....	94,967	12,853	14,782	18,726	141,328
Outside Canada.....	798	1,489	102	—	2,389
Total Canada.....	129,762	14,848	20,222	21,115	185,947
<i>Provinces and Metropolitan Areas</i>					
Newfoundland.....	2,247	314	129	532	3,222
St. John's.....	1,228	83	119	103	1,533
Nova Scotia.....	6,625	776	703	2,819	10,923
Halifax.....	4,616	348	673	1,880	7,517
Prince Edward Island.....	608	84	23	250	965
New Brunswick.....	4,568	622	256	921	6,367
Saint John.....	1,329	59	139	151	1,678
Quebec.....	21,167	1,582	5,897	2,798	31,444
Montreal.....	12,699	318	2,486	1,394	16,897
Quebec.....	2,851	53	1,111	309	4,324
Ontario.....	63,950	4,041	10,615	6,668	85,274
Toronto.....	12,120	277	1,436	695	14,528
Hamilton.....	1,449	35	57	14	1,555
London.....	3,090	48	100	467	3,705
Windsor.....	1,176	30	32	9	1,247
Manitoba.....	6,483	1,105	991	1,263	9,842
Winnipeg.....	5,168	282	724	497	6,671
Saskatchewan.....	3,394	2,017	235	607	6,253
Alberta.....	7,656	1,520	647	2,052	11,875
Calgary.....	2,313	156	105	358	2,932
Edmonton.....	3,570	489	112	241	4,412
British Columbia.....	12,165	2,241	597	2,558	17,561
Vancouver.....	6,863	469	312	417	8,061
Victoria.....	2,777	209	100	1,084	4,170
Yukon.....	533	138	14	363	1,048
Northwest Territories.....	366	408	115	284	1,173
Total Metropolitan Areas (excluding Ottawa-Hull).....	61,249	2,856	7,506	7,619	79,230

*Excludes the following Crown corporations which are not considered as part of the public service for purposes of this report: Canadian National Railways, Canadian Overseas Telecommunication Corporation, Eldorado Aviation Limited, Eldorado Mining and Refining Limited, Northern Transportation Company Limited, Polymer Corporation, Trans-Canada Air Lines, Canadian Broadcasting Corporation and the Bank of Canada.

NOTE: Detailed data on geographic distribution of full-time employees by department, agency, and corporation are set out in Statistical Appendices A1, 2, 3, 4, 5 and 6.

60 Government employees are found in every province and territory and in every city in Canada, with the majority of those located outside Ottawa concentrated in fourteen metropolitan centres. These metropolitan areas also have concentrations of Crown corporation, "salaried exempt", and prevailing rate employees.

61 An increasing number of public servants are located outside Canada. Approximately 9% of all "salaried exempt" employees and 0.6% of all civil servants are now located abroad. The largest groupings of civil servants outside Canada are attached to the Departments of External Affairs, Trade and Commerce, Citizenship and Immigration, National Defence, and Defence Production. In addition to the Canadians serving abroad, there are also a number of foreign nationals employed locally by Canadian missions.

Geographic Distribution by Department

62 An examination of employment in the public service by departments and agencies indicates that the largest departments have the greatest geographic dispersion. Employees of the Department of National Defence, the Post Office, the Customs and Excise Division and the Taxation Division of the Department of National Revenue, the Department of Transport, the Department of Veterans Affairs, the Unemployment Insurance

Commission and the Department of Agriculture form the bulk of the civil servants outside Ottawa. Some 1,200 public service employees are located in the Yukon and Northwest Territories, most of them attached to the Departments of National Defence, Transport, and Northern Affairs and National Resources, and to the Northern Canada Power Commission. On the other hand, the nature of the work of certain departments and agencies requires most of their employees to be located in Ottawa, for instance, the Dominion Bureau of Statistics.

Factors Affecting Geographic Distribution

63 The growth of Canada's population and economy has led to demands for speedier and more efficient service, thus requiring greater geographic dispersal of employees. This need for on-the-spot government services is reflected, for instance, in local branches of the Departments of Citizenship and Immigration, Trade and Commerce, Public Works, Transport, and the Post Office. In recent years, too, new functions have been established on a geographically dispersed basis. In this group fall local and regional offices of the National Employment Service, Unemployment Insurance, Family Allowances, Income Tax and Veterans Affairs. Added military and international responsibilities also require greater dispersion of employees.

2

COMPOSITION OF THE PUBLIC SERVICE

OCCUPATIONAL PATTERNS AND TRENDS IN THE PUBLIC SERVICE

Occupational Groups

1 A classification of occupations according to level of skill presents difficulties; nevertheless, a grouping is needed to give some perspective on the many occupational classifications within the public service. Occupations have been grouped into the five major occupational categories on the basis of skill requirements and responsibility carried. This five-fold occupational framework is one used frequently in manpower analyses and has been adopted in Table 6. Despite the probability of overlapping at the margins of these groupings, this approach gives a useful, general picture of the public service.

2 Normally, statistics on the civil service show separate categories for: Postal, Customs, Immigration, Hospital, and Legislation employees. For purposes of this analysis employees in these categories have been distributed among the five occupational groups listed. Because of common practice, graduate nurses have been included in the professional

category, although many of them do not have university degrees. Accounting and auditing positions are included under a special sub-heading of the Administrative category:

3 PROFESSIONAL. Employees engaged in work for which specialized university training is normally a requirement, e.g., chemists, engineers, economists, and solicitors. The professional group is further divided into the following areas of specialization: physical sciences, biological sciences, medical science and nursing, law, social science and others.

4 ADMINISTRATIVE. Employees engaged in work of a managerial or administrative nature, for which the normal educational requirement may range from high school graduation to university training (not necessarily specialized), e.g., personnel in senior managerial positions, and in work associated with accounting and financial control, auditing, purchasing and contract management, production planning and control, public relations, and industrial or personnel relations. Supervisors directly associated with professional, technical, clerical, or service, maintenance and production work have been re-

Table 6—OCCUPATIONAL DISTRIBUTION OF FULL-TIME PUBLIC SERVICE EMPLOYEES—
SEPTEMBER, 1960

Occupational Groups	Employees not under Civil Service Act				Total
	Civil Service	In Departments (Salaried)	Crown Corporations	Prevailing Rate	
1. Professional.....	7,819	2,396	2,346	—	12,561
2. Administrative.....	16,705	339	1,129	—	18,173
3. Technical.....	17,124	911	3,902	145	22,082
Sub-total, 1-3.....	41,648	3,646	7,377	145	52,816
4. Clerical.....	58,030	1,932	4,868	—	64,830
Sub-total, 1-4.....	99,678	5,578	12,245	145	117,646
5. Service, Maintenance and Production.....	30,882	10,759	8,079	20,970	70,690
Grand Total.....	130,560	16,337	20,324	21,115	188,336

NOTE: Detailed data on occupational distribution of full-time employees by department, agency and corporation set out in Statistical Appendices B-1 and 2.

ported with their respective trade or profession rather than as administrative employees.

5 TECHNICAL. Employees engaged in work for which university training is not normally a requirement but for which a relatively high degree of technical or specialized knowledge is required, e.g., laboratory technicians, draftsmen, radio operators, photographers, and inspectors of technical standards. Originally the Technical Officer series was established to provide sub-professional or technician support staff for professional groups. However, in recent years, the Technical Officer series has also come to include many lower level professional jobs as well as a few upper level clerical positions. Since the job specifications for Technical Officer positions are quite flexible (e.g., equivalent amount of experience as an alternative to educational requirements), this series has lengthened rapidly at both

ends. Unless specifications are tightened, the series will soon include a number of civil servants who are not, strictly speaking, technicians or sub-professional workers.

6 CLERICAL. Employees engaged in the provision of office services. Clerical positions have been grouped under the following sub-headings: general clerical, stenographic (including typing and secretarial), punched card operators, office machine operators and telephone operators.

7 SERVICE, MAINTENANCE AND PRODUCTION. Unskilled, semi-skilled and skilled employees directly involved in the maintenance or servicing of stores, buildings or equipment, or in the production of goods, e.g., tool and die makers, machinists, electricians, lathe operators, assemblers, packers, storemen, elevator operators, cleaners and operators.

Present Occupational Patterns

8 Statistical material outlining present occupational patterns and trends in the public service has been summarized in Tables 6 and 7, and Chart 4. Certain broad generalizations based on analysis of these data are possible.

OCCUPATIONAL BIAS OF THE PUBLIC SERVICE LABOUR FORCE. The civil service sector of the public service labour force is composed largely of professional, administrative, clerical, and technical employees. These account for 65.1% of total public service employment (76% in the civil service, 72% in the departmental "salaried exempt" group, 60% in Crown corporations and less than 1% in the prevailing rate group) as against only 40% in Canada's total labour force and 25% in its manufacturing industries.

HIERARCHICAL STRUCTURE. The public service resembles a pyramid, with a large base, substantial middle section, and tiny apex. The base consists of the large number of clerical workers and a smaller number of non-office workers. Professional, technical and lower level administrative employees constitute the middle section. The apex takes the form of a small number of senior administrative personnel.

LARGE NUMBER AND VARIETY OF OCCUPATIONS. Some idea of the scope and complexity of government can be gathered from the wide variety of employment it embraces. There is scarcely an occupation unrepresented in the public service: every sort of work, every type of skill, every level of technical specialization, every profession is to be found. This high degree of specialization contrasts with the situation a few decades ago when nearly all employees in most federal departments were clerks engaged largely in administrative and clerical work. Today, the many-sidedness of government operations has expanded the work of public servants beyond the realms of administration into the fields of research, inspection, services, and even production. In

short, heterogeneity is the essence of the federal service today. There is no "typical" federal public servant.

VARYING OCCUPATIONAL MIX IN DEPARTMENTS. The distribution of occupations varies greatly among departments, depending on the nature of the departmental functions. For example, the Comptroller of the Treasury employs a relatively high number of clerical workers. A high proportion of craftsmen and other manual workers are concentrated in the Department of Public Works and the Department of Public Printing and Stationery, while the Department of Agriculture employs a large number of professional employees for its research activities. Some occupations, such as the clerical, are well represented in almost all departments. Others are largely concentrated in a few, as for example, lawyers and economists. Specialized occupations, such as meteorologists, may be limited to one department.

MANY UNIQUE OCCUPATIONS IN THE PUBLIC SERVICE. Although a majority of occupations in the government are similar to those in non-public agencies, there are a number found uniquely, or primarily, in public employment, such as meteorologists, or certain classes of agricultural scientists. The occupational and educational composition of the public service tends, therefore, to differ in a number of areas, from that of private industry.

LARGE PROPORTION OF HIGH-CALIBRE MANPOWER IN PUBLIC SERVICE. The degree of specialization in the public service is indicated by the fact that 28% of all occupations (32% in the civil service and 36% in Crown corporations) may be classified as "high-calibre manpower" occupations — professional, administrative and technical. Increasingly, these require university or specialized training; many require post-graduate study and considerable experience. The range of professional, technical, and administrative positions is suggested by Chart 4. With the in-

Table 7—OCCUPATIONAL DISTRIBUTION OF CIVIL SERVICE EMPLOYEES—BY AREA OF SPECIALIZATION—
SEPTEMBER, 1960

<i>Area of Specialization</i>	<i>Number of Employees</i>	<i>Percentage Distribution</i>
1. Professional		
(a) Physical Science		
Engineering.....	1,336	1.0
Other.....	1,327	1.0
Total.....	2,663	2.0
(b) Biological Science.....	1,388	1.1
(c) Medical Science and Nursing		
Medicine.....	494	0.4
Nursing.....	1,753	1.3
Veterinary Science.....	408	0.3
Total.....	2,655	2.0
(d) Law.....	193	0.2
(e) Social Sciences and Others		
Education.....	142	0.1
Dietetics.....	108	0.1
Social Work.....	95	0.1
Library Science.....	117	0.1
Economics and Statistics.....	411	0.3
Other.....	47	—
Total.....	920	0.7
<i>Total, Professional Group.....</i>	7,819	6.0
2. Administrative		
A—Managerial.....	1,861	1.4
B—Accounting.....	3,070	2.4
C—General.....	11,774	9.0
Total, Administrative.....	16,705	12.8
3. Technical.....	17,124	13.1
<i>Sub-Total 1-3.....</i>	41,648	31.9

Table 7—OCCUPATIONAL DISTRIBUTION OF CIVIL SERVICE EMPLOYEES—BY AREA OF SPECIALIZATION—
SEPTEMBER, 1960—Concluded

<i>Area of Specialization</i>	<i>Number of Employees</i>	<i>Percentage Distribution</i>
4. Clerical		
(a) General Clerical.....	41,367	31.6
(b) Stenographic.....	13,072	10.1
(c) Punched Card Equipment Operator.....	942	0.7
(d) Office Machine Operator.....	1,063	0.8
(e) Telephone Operator.....	1,586	1.2
<i>Total, Clerical</i>	58,030	44.4
<i>Sub-Total 1-4</i>	99,678	76.3
5. Service and Maintenance		
(a) Crafts and Trades.....	3,714	2.8
(b) Stores and Buildings.....	15,750	12.2
(c) Other.....	11,418	8.7
<i>Total, Service and Maintenance</i>	30,882	23.7
<i>Grand Total</i>	130,560	100.0

NOTE: Detailed data on occupational distribution of Civil Service employees by area of specialization and by department are set out in Statistical Appendix B-3.

creasingly technical nature of modern warfare, the armed forces also require highly trained specialists, including engineers and scientists as well as technicians. No other employer can boast such an impressive array of talent on its payrolls. Nowhere else in Canada is there found such a collection of specialists in a single organization.

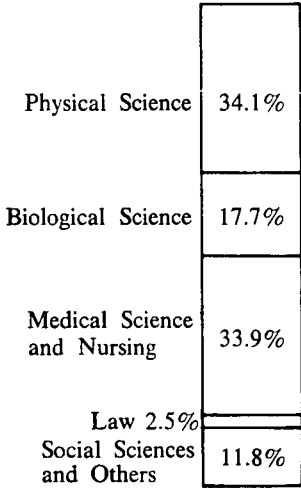
CONCENTRATION OF HIGH-CALIBRE MANPOWER IN CERTAIN DEPARTMENTS. There are large variations in the degree of utilization of high-calibre manpower among various departments in the public service. It tends to be concentrated in a few departments and scattered thinly throughout the balance of the public service. In fifteen departments and agencies professional manpower as a per-

centage of the full-time salaried employees varies from 10% to 29% (Table 8). Of these fifteen, six account for more than 60% of the professional manpower in the public service, with the Departments of Veterans Affairs and Agriculture having the largest groups. A number of factors influence this pattern. Services provided by some departments require a relatively large proportion of high-calibre manpower, for example, medical doctors in the Departments of National Health and Welfare and Veterans Affairs; lawyers in the Department of Justice; and economists in the Dominion Bureau of Statistics. In other departments or agencies extensive research activities demand large numbers of professional personnel, as, for example, in the Departments of Agriculture and Mines

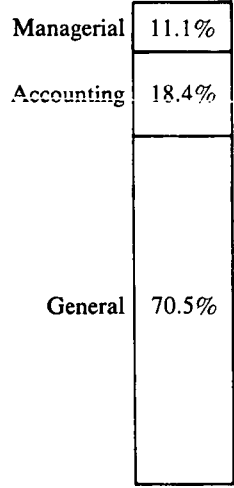
Chart 4—OCCUPATIONAL DISTRIBUTION OF CIVIL SERVICE EMPLOYEES—BY AREA OF SPECIALIZATION—SEPTEMBER, 1960



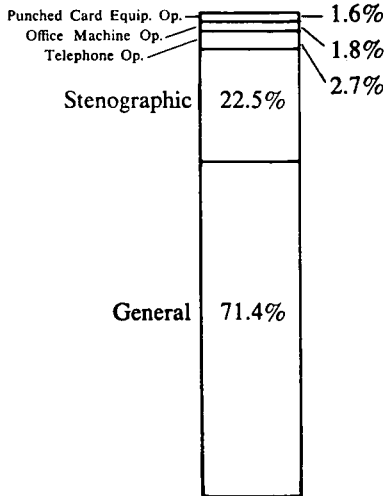
PROFESSIONAL GROUP
6.0%



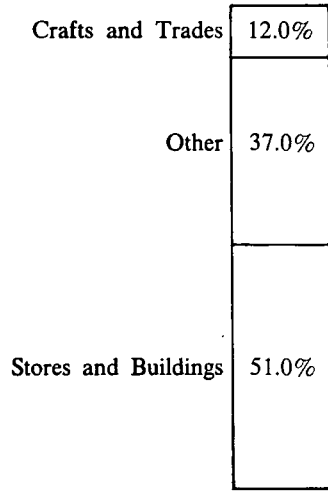
ADMINISTRATIVE GROUP
12.8%



CLERICAL GROUP
44.4%



SERVICE AND MAINTENANCE GROUP
23.7%



TECHNICAL GROUP
13.1%

Table 8—CONCENTRATION OF PROFESSIONAL MANPOWER IN THE PUBLIC SERVICE*—BY DEPARTMENT OR AGENCY

(Total Employment of 100 or more) September, 1960

<i>Department or Agency</i>	<i>Number of Professional Employees</i>	<i>Professional Employees as a Percentage of Full-time Salaried</i>	<i>Distribution of all Professional Employees</i>
1. Fisheries Research Board.....	156	28.8	1.5
2. National Research Council.....	683	28.1	6.7
3. Agriculture.....	1,724	27.9	16.9
4. Mines and Technical Surveys.....	586	25.3	5.8
5. Defence Construction (1951) Limited.....	90	23.9	0.9
6. National Health and Welfare.....	688	23.7	6.8
7. Defence Research Board.....	590	21.2	5.8
8. Justice.....	61	19.2	0.6
9. Industrial Development Bank.....	49	18.9	0.5
10. Atomic Energy of Canada Limited.....	478	18.2	4.7
11. Northern Affairs and National Resources.....	367	18.1	3.6
12. Veterans Affairs.....	2,057	17.9	20.2
13. Secretary of State.....	107	15.0	1.1
14. Dominion Bureau of Statistics.....	188	11.1	1.8
15. Board of Transport Commissioners.....	16	10.5	0.2
Total, Above Departments and Agencies.....	7,840	—	77.1
All Other Departments and Agencies..	2,325	—	22.9
<i>Total, Public Service.....</i>	<i>10,165</i>	<i>6.7</i>	<i>100.0</i>

*Includes Civil Service and Crown corporation employees only.

NOTE: Detailed data appear in Statistical Appendices B-1 and 2.

and Technical Surveys, the Fisheries Research Board, National Research Council, and the Defence Research Board. A minority have, like the Post Office, recruited almost exclusively at relatively low levels, promoting up through the ranks to senior positions. With larger and more complex operations, such departments may find themselves short of required types of high-calibre manpower.

Changing Occupational Composition of the Public Service

9 One of the most significant personnel developments in recent decades has been the great quantitative and qualitative occupational changes taking place in the labour forces of both the public service and non-public institutions. Although these changes

have been going on for many years, the pace has recently quickened. The gradual and cumulative nature of these changes has tended to obscure the significance of their impact. Historical data on the occupational mix of the public service is scanty, but bits of information pieced together from several sources do provide some insight into the consequences of certain major trends.

10 The most important occupational change has been the increase in employment of highly trained persons, particularly in the professional, technical and administrative groups. In 1914 the work of the public service was mainly administrative and was performed by large numbers of clerks, a proportionate number of clerical supervisors, and a small number of senior administrators. By 1930, a significant number of professional and technical persons had been engaged, but they still formed a very small proportion of the service. Since then, these groups have increased substantially, both in number and as a proportion of the service. Since 1930, a three-fold increase in public service employment has been accompanied by a four-fold increase in the number of professional employees. There have been even greater relative increases in the number of administrative and technical officers. For example, the number of technical officers, the group with the most rapid rate of growth, between 1950 and 1960, has risen by nearly 60%.

11 To some extent these statistics understate the situation. As already indicated, there has been an important increase in recent years in the contracting out of many professional services. Then, too, many professional and technical positions are unfilled, while still others have been filled by employees with lower classifications. Finally, one should not forget the valuable pool of professional manpower provided by the annual summer employment of university students. In 1960, over 1,200 were employed under the University Summer Employment Programme.

12 Qualitative changes in the nature of many jobs within each of the broad occupational groupings have probably been even more far-reaching in their impact than the quantitative shifts just noted. Many categories of work, if not eliminated, have undergone substantial change. Levels of skill and of basic education demanded of workers within all groups have been rising. For example, many professional occupations now require post-graduate university education and specialized training. In the clerical field, too, new occupations are springing up, and skill requirements are changing as new mechanical and electronic equipment and new techniques are applied to office operations. As a result, the relative proportion of *general* clerical occupations in the office has fallen, while the proportion encompassing machine operators and office technicians has risen.

13 Rapid extension of more advanced electronic data processing to large clerical operations in the public service will further accentuate these trends. Many of the new jobs created are for technicians, the counterpart of the growing number of technicians in the field of production. Similar qualitative changes are beginning to affect skilled craftsmen in the public service. Along with rising requirements for skill and specialized training, many craftsmen now need broader understanding of their specific field. For example, many electricians now also need a general understanding of electronics in order to service the growing volume of electronic equipment. These representative examples give some indication of the changing nature of many occupations in the public service.

14 These changes in the occupational mix and in skill requirements within the public service parallel those which have been proceeding at a quickening pace in the economy generally. The more highly trained managerial, professional and technical groups have been growing at more than double the rate of the clerical groups. The proportion of

manual workers (particularly unskilled and semi-skilled) has dropped sharply. During the 1950's professional, technical, and all office employees increased from about 31% of the total Canadian labour force to 40%. Similarly, in the United Kingdom civil service there has been more than a six-fold increase since 1939 in the number of the professional, scientific and technical classes.

HIGHER EDUCATION IN THE PUBLIC SERVICE

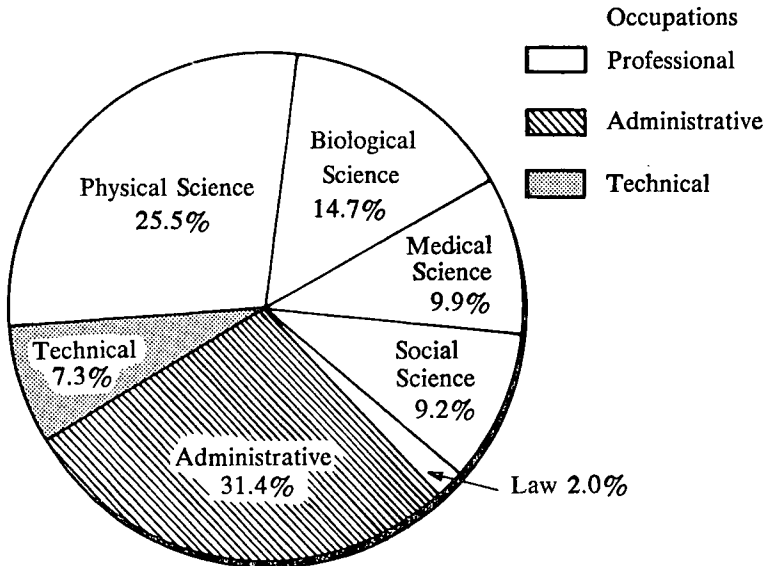
15 The large number of public servants holding university degrees further reflects the trend to greater use of higher talent manpower in the public service. Statistical material summarizing these educational characteristics is presented in Chart 5 and Tables 9 and 10. Certain broad generalizations can be derived from these data.

NUMBER AND PROPORTION OF UNIVERSITY DEGREES. As of September, 1960, approximately

13,000 public servants, or 7% of the total public service, held university degrees (Table 9). This figure is based on a survey conducted by the Pay Research Bureau of the Civil Service Commission of 20,000 civil servants employed in classes for which university graduation was considered to be either a mandatory or a significant qualification. An unknown number of civil servants in other classes are also university graduates. For this reason, the 7% figure understates the proportion holding degrees. The greatest relative concentration of graduates (over one-quarter) is found in the departmental corporations and statutory boards, reflecting the employment needs of the National Research Council, Defence Research Board and Fisheries Research Board which are included in this category.

MANY EMPLOYEES WITH POST-GRADUATE DEGREES. Particularly significant is the large number of graduates in the public service

Chart 5—DISTRIBUTION OF CIVIL SERVICE EMPLOYEES HOLDING UNIVERSITY DEGREES BY AREA OF OCCUPATIONAL SPECIALIZATION—SEPTEMBER, 1960



TOTAL—9,485 Employees Holding University Degrees

Table 9—EDUCATIONAL CHARACTERISTICS OF FULL-TIME PUBLIC SERVICE EMPLOYEES—SHOWING LEVEL OF UNIVERSITY DEGREES—SEPTEMBER, 1960

	University Degrees				Employees Holding University Degrees as a Percentage of all Full-time Employees
	Bachelor's	Master's	Doctor's	Total	
1. Civil Service.....	6,633	1,886	966	9,485	7.3
2. Employees not under the Civil Service Act					
(a) In Departments (Salaried).....	427	82	17	526	3.2
(b) In Crown Corporations					
(i) Agency Corporations.....	609	91	113	813	8.5
(ii) Proprietary Corporations....	288	18	6	312	9.3
(iii) Other Crown Corporations..	89	26	1	116	12.0
(iv) Departmental Corporations and Statutory Boards.....	808	407	581	1,796	27.6
Total—All Crown Corporations.....	1,794	542	701	3,037	14.9
3. Total.....	8,854	2,510	1,684	13,048	7.0

NOTE: Detailed data on level of university degrees held in the Civil Service by departments are set out in Statistical Appendix C.

with advanced degrees. Of the total of approximately 13,000 holding university degrees, over 2,500 are at the Master's level and nearly 1,720 are at the Ph.D. level. Particularly heavy concentrations of graduates with the Ph.D. degree are found in the Department of Agriculture (432), National Research Council (325), Department of Mines and Technical Surveys (198), Defence Research Board (178), and Atomic Energy of Canada Limited (110).

VARYING PROPORTION OF UNIVERSITY GRADUATES IN DEPARTMENTS. The proportion of university graduates varies from department to department, largely reflecting the different occupational composition of departments.

For example, in the regular departments they range from 23.1% of the labour force in the Department of Agriculture to 0.1% in the Post Office; in the Crown corporations and agencies, from over 35% in agencies like the Fisheries Research Board to almost zero in others.

AREA OF OCCUPATIONAL SPECIALIZATION. Of the 9,485 employees with university degrees in the civil service proper, 31% are in administrative occupational classifications, 7% in the technical officer series, and 61% in the professional category (Table 10 and Chart 5). These professionals are distributed, by category of degree, as follows: physical sciences (25%), biological sciences (15%), medical

science (10%), law (2%), and social sciences and other (9%).

ENTRANCE ROUTE TO SENIOR POSITIONS. The statistical data indicate that entrance to senior level positions in the public service depends increasingly on high educational qualifications. It is becoming more and more difficult for employees without degrees in lower level jobs to be promoted to senior positions. In class grades with maximum salary rates of \$15,000 and above, 80% hold university degrees and the younger they are the more likely they are to have one (Table 11). In the grades immediately below, those with rates of \$12,500 and \$13,500, 71% are university graduates, and here too the younger they are the more likely they are to have a degree (Table 12). This reflects the changing way in which individuals are now prepared for high level work. At one time such skills were largely acquired through a form of "apprenticeship" on the job. Today, the majority prepare themselves initially for these occupations through a university education.

STRONG BIAS IN FAVOUR OF SPECIALIZED DEGREES. The evidence would seem to suggest the strong bias in the service in favour of the candidate who can demonstrate the immediate practical value of his university education. The whole system is heavily weighted to give preference to the person who can demonstrate competence for a *particular* job. The classification system atomizes each position and stresses the particular competence required to perform a specific set of duties. Recruitment and promotion place the emphasis upon "special qualifications and aptitude".

OTHER CHARACTERISTICS OF MANPOWER IN THE PUBLIC SERVICE

16 Serious gaps in the available manpower data make it difficult to analyze other important characteristics of manpower in the public service. For example, not much data

are readily available about such characteristics as length of service, absenteeism, accidents, illness, other skills, and linguistic ability. In other areas the data are incomplete in many respects. For example, the age of employees in the service is not broken down in a meaningful fashion by occupation or by sex. Consequently, it is possible only to outline characteristics for which some data are available.

Age Distribution

17 The age composition of the public service varies from group to group. Median ages are: civil service—41.1 years; "salaried exempt"—35.7; Crown corporations—40.5; and prevailing rate employees—44.2. Females as a group in the civil service are relatively younger than males. The median age of males is 42 years, of females 37.8 years.

18 Imbalance in the age structure of the civil service reflects unevenness in recruiting over the years. Very few employees were recruited during the period 1932 to 1938, while there was a rapid expansion in employment during World War II and the immediate post-war years. An unbalanced age structure poses personnel management difficulties because of the subsequent bunching of retirements and the resulting replacement problem. More balanced age groupings should be the objective, so that larger numbers in the younger age groups will provide for normal turnover and for an adequate pool for future promotions to more senior positions.

19 The existing significant variations in the age distribution pattern within departments and agencies reflect the different ages of the departments themselves, their occupational composition, and their varying staffing policies and practices. Among regular departments, the median age ranges from 46.5 years in Public Works and 44.7 in Veterans Affairs to 36 years in Mines and Technical Surveys,

Table 10—EDUCATIONAL CHARACTERISTICS OF CIVIL SERVICE EMPLOYEES—SHOWING UNIVERSITY DEGREES BY AREA OF SPECIALIZATION AND OCCUPATIONAL GROUP—SEPTEMBER, 1960

	University Degrees Held			Percentage Distribution				
	Bachelor's	Master's	Doctor's	Total	Bachelor's	Master's	Doctor's	Total
1. Professional								
(a) Physical Science								
Engineering.....	1,084	94	13	1,191	16.3	5.0	1.4	12.6
Other.....	690	300	238	1,228	10.4	15.9	24.6	12.9
Total.....	1,774	394	251	2,419	26.7	20.9	26.0	25.5
(b) Biological Science.....								
	442	459	492	1,393	6.7	24.3	50.9	14.7
(c) Medical Science and Nursing								
Medical Officers.....	478	—	—	478	7.2	—	—	5.1
Nursing.....	19	1	—	20	0.3	—	—	0.2
Veterinarians.....	435	1	2	438	6.5	—	0.2	4.6
Total.....	932	2	2	936	14.0	—	0.2	9.9
(d) Law.....								
	157	19	5	181	2.4	1.0	0.5	1.9
(e) Social Sciences and Others								
Education.....	26	57	56	139	0.4	3.0	5.9	1.5
Dietitians, Nutritionists and Home Economists.....	92	3	—	95	1.4	0.2	—	1.0
Social Workers.....	34	35	—	69	0.5	1.9	—	0.7
Librarians.....	92	19	4	115	1.4	1.0	0.4	1.2
Economists and Statisticians.....	241	142	35	418	3.6	7.6	3.6	4.4
Other.....	16	26	9	51	0.3	1.4	0.9	0.5
Total.....	501	282	104	887	7.6	15.1	10.8	9.3
Total, Professional Group.....	3,806	1,156	854	5,816	57.4	61.3	88.4	61.3

2. <i>Administrative</i>										
A - Managerial.....	818	320	68	1,206	12.3	17.0	7.0	12.7		
B - Accounting.....	593	144	1	738	9.0	7.6	0.1	7.8		
C - General.....	825	183	25	1,033	12.4	9.7	2.6	10.9		
<i>Total, Administrative.....</i>	<i>2,236</i>	<i>647</i>	<i>94</i>	<i>2,977</i>	<i>33.7</i>	<i>34.3</i>	<i>9.7</i>	<i>31.4</i>		
3. <i>Technical.....</i>										
	591	83	18	692	8.9	4.4	1.9	7.3		
<i>Grand Total.....</i>	<i>6,633</i>	<i>1,886</i>	<i>966</i>	<i>9,485</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>	<i>100.0</i>		

NOTE: Detailed data showing level of university degrees by area of specialization for the Civil Service are set out by departments in Statistical Appendix C.

Table 11—PERCENTAGE DISTRIBUTION OF CIVIL SERVICE EMPLOYEES IN CLASS GRADES WITH MAXIMUM SALARY RATES OF \$15,000 AND ABOVE, MEDICAL CLASSES EXCLUDED, FOR EACH AGE GROUP BY LEVEL OF HIGHER EDUCATION—SEPTEMBER 30, 1960

<i>Age Group</i>	<i>Highest Level of University Degree Held</i>			<i>Total, Univ. Grads.</i>	<i>Other</i>	<i>Total</i>
	<i>Bachelor</i>	<i>Master</i>	<i>Doctor</i>			
30-34.....	77.8	22.2	—	100.0	—	100.0
35-39.....	76.5	17.6	5.9	100.0	—	100.0
40-44.....	51.6	32.3	3.2	87.1	12.9	100.0
45-49.....	37.5	34.7	13.9	86.1	13.9	100.0
50-54.....	43.7	16.7	14.6	75.0	25.0	100.0
55-59.....	47.0	18.4	12.2	77.6	22.4	100.0
60-64.....	24.4	17.1	19.5	61.0	39.0	100.0
65-69.....	28.6	14.2	28.6	71.4	28.6	100.0
All Age Groups.....	43.4	23.7	12.8	79.9	20.1	100.0

Table 12—PERCENTAGE DISTRIBUTION OF CIVIL SERVICE EMPLOYEES IN CLASS GROUP B (CLASS GRADES WITH MAXIMUM SALARY RATES OF \$12,500 AND \$13,500), MEDICAL CLASSES EXCLUDED, FOR EACH AGE GROUP BY LEVEL OF HIGHER EDUCATION—SEPTEMBER 30, 1960

<i>Age Group</i>	<i>Highest Level of University Degree Held</i>			<i>Total, Univ. Grads.</i>	<i>Other</i>	<i>Total</i>
	<i>Bachelor</i>	<i>Master</i>	<i>Doctor</i>			
30-34.....	25.0	25.0	37.5	87.5	12.5	100.0
35-39.....	47.4	14.0	28.1	89.5	10.5	100.0
40-44.....	44.6	18.2	21.5	84.3	15.7	100.0
45-49.....	38.2	14.0	14.0	66.2	33.8	100.0
50-54.....	39.7	10.7	15.7	66.1	33.9	100.0
55-59.....	31.0	16.0	16.0	63.0	37.0	100.0
60-64.....	40.5	6.8	17.6	64.9	35.1	100.0
65-69.....	33.3	20.0	6.7	60.0	40.0	100.0
All Age Groups.....	39.4	13.9	17.9	71.2	28.8	100.0

36.8 in External Affairs and 37.3 in Northern Affairs.

20 There are like variations in the age distribution patterns within Crown corporations.

21 Within departments there are wide variations in the pattern of age distribution of

senior personnel (Table 13). Among senior officials, approximately 30% are in the group aged 55 years and over. In intermediate positions nearly as many fall into the same age bracket. This forecasts problems in replacing senior personnel in the decade ahead and suggests a need for immediate action to spread actual and potential talents for senior administration posts more evenly throughout

the public service. Planned transfer of personnel across departmental lines is an obvious route to this end.

22 Evidence suggests that there has been an increase in the average age of personnel recruited to the civil service during recent years. Older entrants can make a valuable contribution to the service, when they bring with them experience, knowledge, and judgment for which the service has a need. In too large numbers they do, however, pose personnel management problems of special kinds.

Distribution of Employees by Salary Groups

23 Since compensation in the public service is dealt with in detail elsewhere in this report, only generalizations are presented here on the distribution of employees by salary groups (Table 14 and Chart 6).

24 Median salaries for the major employee groups in the public service follow:

Civil service.....	\$4,038
Agency corporations.....	\$3,955
Proprietary corporations.....	\$3,970
Other Crown corporations.....	\$3,367
Departmental corporations and statutory boards.....	\$4,965
"Salaried exempt".....	\$4,095
Prevailing rate employees.....	\$3,906

The relatively high median of \$4,965 in the departmental corporations and statutory boards reflects the large proportion of professional manpower, particularly in scientific research, concentrated in the agencies classified in this category. On the other hand, the relatively low median of \$3,422 in "other Crown corporations" is accounted for by the heavy concentration of clerical personnel in these agencies.

25 One-half of all civil servants earn less than \$4,000 per year and only 3.2% earn \$8,000 and over. The proportion of employees earning \$8,000 and over is higher in the various Crown corporations than in the civil service. Forty-two employees in the "prevailing rate" group earn more than \$10,000 per year. As of September 1960, no employee in the *civil service* (this does not include deputy ministers) earned over \$20,000 per year, while 40 persons in the Crown corporations earned \$24,000 or over.

26 The median salary for all female employees in the civil service is \$3,221 as compared to \$4,553 for male workers, a pattern common to the public service as a whole. Approximately 80% of all females in the service earned under \$4,000, reflecting the heavy

Chart 6—DISTRIBUTION OF PUBLIC SERVICE EMPLOYEES BY SALARY GROUPS—SEPTEMBER, 1960

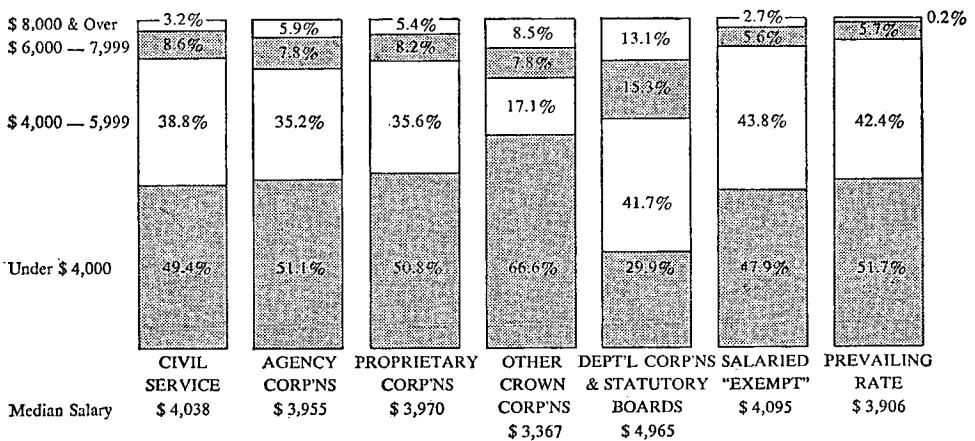


Table 13—DISTRIBUTION OF CIVIL SERVICE EMPLOYEES IN CLASS GROUP A (CLASS GRADES WITH MAXIMUM SALARY RATES OF \$15,000 AND ABOVE) BY DEPARTMENT AND FIVE-YEAR AGE GROUP—
SEPTEMBER 30, 1960

<i>Department or Agency</i>	<i>Age Groups</i>								<i>Total</i>
	<i>30-34</i>	<i>35-39</i>	<i>40-44</i>	<i>45-49</i>	<i>50-54</i>	<i>55-59</i>	<i>60-64</i>	<i>65-69</i>	
	Number of Employees								
Agriculture.....	—	—	—	3	1	2	2	3	11
Citizenship and Immigration.....	—	—	1	—	—	—	3	—	4
Civil Service Commission.....	—	—	2	3	1	—	—	—	6
Defence Production.....	—	2	3	4	4	1	1	—	15
External Affairs.....	—	—	6	19	6	11	9	2	53
Finance.....	—	2	4	4	4	2	—	—	16
Comptroller of the Treasury.....	—	—	—	—	2	1	—	—	3
Fisheries.....	—	—	1	2	—	2	—	—	5
Insurance.....	—	—	2	—	1	—	—	—	3
Justice.....	8	6	3	4	1	—	—	—	22
Labour.....	—	1	—	1	2	—	—	—	4
Unemployment Insurance Commission.....	—	—	1	—	1	2	—	—	4
Mines and Technical Surveys.....	—	—	—	3	2	—	2	—	7
National Defence.....	—	—	—	3	1	3	2	—	9
National Health and Welfare.....	—	3	4	8	10	2	5	1	33
National Revenue—Customs and Excise.....	—	—	—	2	2	1	1	—	6
National Revenue—Taxation Division.....	—	—	1	4	3	3	1	—	12
Northern Affairs and National Resources.....	—	2	—	1	—	4	1	—	8
Post Office.....	—	—	1	1	2	1	2	—	7
Privy Council.....	—	—	2	1	—	1	1	—	5
Public Works.....	—	—	—	2	3	3	—	—	8
Secretary of State.....	—	—	1	—	1	—	1	—	3
Trade and Commerce.....	—	2	3	2	3	8	3	—	21
Dominion Bureau of Statistics.....	—	—	—	2	1	—	1	—	4
Transport.....	—	1	—	7	1	1	4	1	15
Board of Transport Commissioners..	—	—	—	3	—	1	1	—	5
Veterans Affairs.....	1	5	6	12	17	11	9	2	63
Other Departments with Less than Three Employees.....	1	1	—	—	1	1	3	—	7
Total, All Departments.....	10	25	41	91	70	61	52	9	359

Table 14 — DISTRIBUTION OF PUBLIC SERVICE EMPLOYEES BY SALARY GROUPS — FULL-TIME EMPLOYEES ONLY — SEPTEMBER, 1960

Salary Groups	Civil Service			Crown Corporations			Salaried Employees Excluded from the Civil Service Act			Prevailing Rate Employees					
	Male	Female	Percentage Distribution	Male	Female	Percentage Distribution	Male	Female	Percentage Distribution	Male	Female	Percentage Distribution			
Under \$2,000	455	516	0.7	36	140	0.8	368	364	732	4.5	1,290	2,170	3,460	16.4	
\$2,000—3,999	34,382	28,969	48.7	5,715	3,258	8,973	44.0	5,310	1,753	7,063	43.4	5,767	1,680	7,447	35.3
\$4,000—5,999	44,299	6,439	38.8	6,632	785	7,417	36.0	6,279	843	7,122	43.8	8,886	73	8,959	42.4
\$6,000—7,999	10,746	425	8.6	1,997	90	2,087	10.2	812	104	916	5.6	1,207	—	1,207	5.7
\$8,000—9,999	2,411	34	1.8	763	9	772	4.8	176	9	185	1.1	—	—	—	—
\$10,000—11,999	898	14	0.7	468	7	475	2.3	74	—	74	0.5	42	—	42*	0.2
\$12,000—13,999	623	6	0.5	259	2	261	1.2	91	—	91	0.6	—	—	—	—
\$14,000—15,999	254	1	0.2	95	—	95	0.4	21	—	21	0.1	—	—	—	—
\$16,000—17,999	70	—	—	44	—	44	0.2	22	2	24	0.2	—	—	—	—
\$18,000—19,999	18	—	—	9	—	9	0.1	20	—	20	0.1	—	—	—	—
\$20,000—21,999	—	—	—	9	—	9	—	16	—	16	—	—	—	—	—
\$22,000—23,999	—	—	—	3	—	3	—	2	—	2	—	—	—	—	—
\$24,000 and Over	—	—	—	3	—	3	—	—	—	—	—	—	—	—	—
Total	94,156	36,404	100.0	16,033	4,291	20,324	100.0	13,191	3,075	16,266	100.0	17,192	3,923	21,115	100.0
Median Salary	\$4,553	3,221	4,038	\$4,683	3,231	4,273		\$4,292	3,339	4,095		\$4,358	Under	3,906	\$2,000

*\$10,000 and over.

†Excludes 37 males and 34 females in overseas service, Department of National Defence, for whom salary data are not available.

concentration of female employees in clerical occupations.

War Veterans in the Public Service

27 Approximately 40% of all civil servants are war veterans. In the United States, veterans comprise about 50% of the Service (1958).

28 In the Canadian civil service the proportion of employees who are war veterans varies from about 50% in the Departments of Veterans Affairs, National Revenue (Customs and Excise), and Citizenship and Immigration to 4% in the R.C.M.P. (civil service only), 16% in the Dominion Bureau of Statistics and National Revenue (Taxation), and 19% in Penitentiaries. (These data relate to all employees who had service in either or both World Wars, but not necessarily appointed under the War Service Preference).

29 In the Crown corporations, this proportion again varies from almost 50% in the St. Lawrence Seaway Authority, 39% in the Export Credits Insurance Corporation and 36% in the Atomic Energy of Canada Ltd., to 5% in the Canadian Wheat Board, 7% in the Canadian Commercial Corporation and 10% in the C.B.C., Bank of Canada and Fisheries Research Board.

30 The number of War Service Preference appointments has dropped from 59.1% of all new appointments in 1946 to 10.3% in 1960 (Table 15). Among departments the proportion of new appointments based on War Service Preference has varied greatly over the years. It has tended to be highest in departments employing a large number of relatively unskilled or semi-skilled workers. In appointments to such positions, War Service Preference is often a deciding factor. The heaviest concentrations have been in the Department of Veterans Affairs, Department of National Defence, Post Office and Unemployment Insurance Commission. War Service Preference

has probably resulted in greater employment of males in clerical jobs which are normally assigned to females.

Labour Turnover

31 A continuous check on labour turnover constitutes one of the most valuable methods of testing the adequacy of personnel policies and practices. Unfortunately, important gaps in the available data prohibit an intensive study of turnover in the public service.

32 A substantial number leave the public service voluntarily. A total of 9,730 civil servants were reported as having done so in 1960. There is, too, a steady stream of deaths, disablements and retirements which in 1960 amounted to 8,999 persons.

33 The annual estimated turnover rate in the civil service, as calculated, has dropped from 16.1% in 1953 to 10.5% in 1960. This decline, particularly during the past three years, reflects a decline in the number of job opportunities available in the private sector of the economy and an increase in public service salaries. Although comparable data is not available, turnover rates for the service appear generally lower than those in private industry.

34 As would be expected, the significant turnover rates are in those occupations requiring special training and experience which are in high demand outside the service; for example, engineers and physical scientists, younger assessors and lawyers, who often leave to enter business for themselves or to join consulting firms. The other large area of turnover is among single women leaving for marriage or married women leaving because of pregnancy. There does not appear to be excessive loss of skilled personnel, apart from the areas noted above. A more serious problem today seems to be the difficulty of the public service in recruiting enough high-calibre personnel.

Table 15—CIVIL SERVICE APPOINTEES RECEIVING WAR SERVICE PREFERENCE AS A PERCENTAGE OF ALL NEW APPOINTMENTS, FOR SELECTED YEARS

Department	1960		1955		1946	
	Number Receiving War Service Preference	Percentage of Total Appointments	Number Receiving War Service Preference	Percentage of Total Appointments	Number Receiving War Service Preference	Percentage of Total Appointments
Agriculture.....	44	4.4	79	8.2	446	33.7
Air Transport Board.....	—	—	1	33.3	11	45.8
Auditor General's Office.....	1	8.3	—	—	14	37.8
Board of Broadcast Governors....	—	—	—	—	—	—
Board of Transport Commissioners.....	—	—	—	—	5	33.3
Canadian Maritime Commission..	—	—	—	—	—	—
Chief Electoral Officer.....	4	21.1	—	—	—	—
Citizenship and Immigration.....	28	7.0	71	19.8	—	—
Civil Service Commission.....	—	—	4	3.4	145	34.4
Defence Production.....	11	6.8	20	9.7	—	—
Dominion Coal Board.....	—	—	—	—	—	—
External Affairs.....	18	10.5	9	5.7	133	44.0
Finance.....	13	1.9	22	3.2	2,621	60.1
Fisheries.....	16	9.8	33	22.4	28	50.9
Governor General's Office.....	—	—	—	—	—	—
House of Commons.....	3	21.4	—	—	2	100.0
Insurance.....	—	—	—	—	7	35.0
International Joint Commission..	—	—	—	—	—	—
Justice.....	2	2.4	3	6.8	20	42.6
Labour.....	1	1.2	9	11.4	107	26.9
Mines and Technical Surveys.....	12	1.5	26	4.0	—	—
National Defence.....	487	11.7	1,178	16.3	5,446	52.3
National Energy Board.....	1	8.3	—	—	—	—
National Gallery.....	6	26.1	—	—	—	—
National Health and Welfare.....	24	4.9	43	8.6	435	51.7
National Library.....	—	—	—	—	—	—
National Revenue (Customs and Excise).....	70	10.9	135	17.6	863	80.0
National Revenue (Taxation Division).....	19	1.4	44	2.0		
Northern Affairs and National Resources.....	28	4.5	36	10.3	—	—
Office of the Commissioner of Penitentiaries.....	—	—	—	—	—	—
Post Office.....	409	16.2	551	16.4	4,017	79.5
Postmaster.....	9	6.8	29	35.8	59	48.0
Privy Council.....	6	26.1	—	—	1	6.3
Public Archives.....	1	4.8	2	28.6	4	20.0
Public Printing and Stationery.....	6	4.3	28	13.9	94	61.8
Public Works.....	210	25.8	329	38.8	618	61.7
Royal Canadian Mint.....	—	—	—	—	—	—
Royal Canadian Mounted Police	—	—	3	1.6	28	19.9
Secretary of State.....	1	1.2	3	3.0	27	21.6
Senate.....	1	20.0	—	—	—	—
Tariff Board.....	—	—	—	—	—	—
Trade and Commerce.....	40	7.5	58	12.3	571	39.8
Transport.....	241	14.9	208	18.3	847	44.3
Unemployment Insurance Commission.....	71	6.5	116	8.4	2,782	52.4
Veterans Affairs.....	286	15.8	314	20.5	9,817	66.4
Totals.....	2,069	10.3	3,354	14.0	29,148	59.1

35 In some departments and occupations, lack of adequate turnover rather than excessive mobility may be a problem. The high value placed on stability and security may be detrimental in some cases to genuine effectiveness. In the scientific and research fields, for instance, there is value in turnover which brings in new ideas and approaches. The advantages may more than compensate for the cost of turnover. A balance between a stagnant public service and one with excessive turnover rates seems to be what is called for, with the desirable balance varying between occupations.

*French-speaking Employees
in the Public Service*

36 The proportion of employees with the ability to speak French fluently varies widely

in the public service by geographic location, type of engagement, and individual department and corporation. Based on limited reports, the proportion in the civil service varies among departments from almost 40% to 18%, with several departments recording proportions from 20% to 25%. In the broadly defined administrative occupations, the proportions reported are lower and vary from 28% to 2%. In the "salaried exempt" group, the proportion varies from 100% to very low percentages. In the prevailing rate group, relatively large proportions of French-speaking employees—up to two-thirds—were reported in some departments, ranging down to a small fraction in other departments. Similar wide variations in the proportion of French-speaking employees are found in the various Crown corporations.