



Public Service Human Resources Environmental Scan 2004-2005

– Key Findings –



Research and Analysis Directorate
Human Resources Planning, Accountability, and Diversity Branch

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EXECUTIVE SUMMARY

The Public Service Modernization Act formalized the need to integrate the identification of current and future human resources needs with the broader process of human resources planning. To better assist departments and agencies in identifying their short-term and long-term human resources needs, the Public Service Human Resources Management Agency (PSHRMAC) conducted its first annual environmental scan (EScan). It is to be followed by an assessment of the Public Service's current and future needs. This scan focused on recent trends and issues facing human resources management (HRM) in the Public Service over the coming years. This Environmental Scan report provides a summary of the main findings arising from the more exhaustive Human Resources Environmental Scan report. It provides pertinent HR information, trends, and findings, external and internal to the Public Service, to subsequently help inform and/or influence staffing decisions, business planning, and system-wide governance from a current and future HR needs perspective.

The EScan covers major issues, trends, and implications from an external and internal perspective, filtered with a view to highlighting potential implications for human resources management. Described below are the key areas reviewed with their attendant main issues. These issues and the related trends and implications are covered in greater detail in the report proper.

A. SCAN OF THE EXTERNAL ENVIRONMENT

1. Population

Main Issues

- a. Population ageing will bring important changes to the workforce, in both the private and public sectors, and will affect both the demand for health and social services and the capacity to pay for them.
- b. The Canadian workforce is becoming increasingly diverse as a result of recent immigration trends, higher female participation rates, a burgeoning Aboriginal population and a changing linguistic profile.

2. Economy and Innovation

Main Issues

- a. The Canadian economy is expected to perform well over the next decade.
- b. The economy is expected to face important challenges in the coming years related to innovation, productivity and growing competitive pressures from Asia.
- c. Markets are becoming increasingly integrated into the world economy with innovative developments in computer and communications technology greatly altering the workplace and workforce.
- d. Innovation has become the main source of competitive advantage in all sectors of economic activity.
- e. Access to social programs is an important contributor to Canada's long-term competitiveness.

3. Labour Market

Main Issues

- a. About 70% of the recent growth in the labour force is due to immigration. It is projected that by 2011, all labour force growth will result from immigration, leading to an increase in the workforce availability of visible minorities.
- b. The number of self-employed workers in Canada doubled between 1976 and 2002. About one-third of these workers were professional, scientific, or technical.
- c. Temporary and part-time employment represents an important feature of today's employment landscape.
- d. Programs and tools aimed at achieving work-life balance are becoming increasingly important as the labour force ages.
- e. Early retirement is becoming a more common phenomenon.
- f. The workplace must adapt to the younger generations, as their expectations and needs differ from those of previous generations.
- g. Levels of education are rising in parallel with the development of a knowledge-based economy.
- h. Seven in ten new jobs will require some form of post-secondary education or training within the next few years.
- i. Sixty-one percent of immigrants of working age who arrived in the 1990s held trade, college, or university credentials in 2001.

4. Society and Culture

Main Issues

- a. Canadians increasingly emphasize propriety, flexibility, and fairness in the workplace.
- b. Concerns regarding values and ethics in the workplace have a higher profile than in the past.
- c. Fewer employees report problems with regard to working conditions and health and safety risks, but more employees report problems with tight deadlines and pressure to work ever faster.
- d. Education levels are increasing in the population but getting an education is becoming increasingly expensive.
- e. Poverty increases the difficulty of achieving higher education levels.
- f. Issues related to national security, both internally and abroad are driving multiple governmental initiatives.

5. Science and Technology

Main Issues

- a. Canada trails in overall research and development spending.
- b. Constant evolution of the level and types of skills required by the economy implies that workers and their employers need to invest in continual learning and skills development.
- c. Inequities in access to education and technology may adversely affect employment equity.

- d. The increasing sophistication of cyber-criminality and an increasing dependence on computer systems increases the need to secure computer networks and information and protect privacy.

6. Physical Environment

Main Issues

- a. Environmental degradation has potential long-term, significant consequences for nearly all facets of Canadian society.
- b. Government remains committed to safeguarding the environment, but recent events call for renewed vigour.
- c. Environmental issues are proving to be some of the greatest challenges for innovation in Canada, for both private and public sectors.

B. ENVIRONMENTAL SCAN OF THE PUBLIC SERVICE

1. Challenges Facing the Public Service

Main Issues

- a. Government is committed to investing in favourably positioning Canada on the international scene, both economically and diplomatically.
- b. Modernizing PS governance, management and accountability ranks high on the government's agenda.
- c. More frequent use of Public-Private Partnerships can be expected and could influence both how the government relates to the private sector and HRM needs within the Public Service.
- d. Public-Private Partnerships will also directly affect total numbers of PS employees and qualification requirements.
- e. Fiscal responsibility and accountability are at the forefront of government priorities.

2. Public Service Workforce

Main Issues

- a. Ageing of the PS raises challenges with regard to knowledge transfer and operational continuity, but also raises opportunities with regard to renewal and ensuring future, as well as current, needs are met.
- b. The PS is vulnerable to the impact of population ageing due to its older workforce.
- c. The PS workforce unlikely to grow over next 5 years.
- d. Overall annual turnover is projected to remain low over the next several years at approximately 4% to 5% -- includes retirement rate of 3-4% per year.
- e. A general labour shortage is unlikely; government will only experience pressure in specific skills areas.
- f. Lower skilled jobs will be replaced with more highly skilled positions. Future hiring will reflect this.
- g. The number of applicants, many very highly qualified, exceeds PS requirements.

- h. Current recruitment methods are primarily transaction-based, thus leading to delays and inefficiencies.
- i. Increases in the representation of most EE designated groups in the Canadian workforce must be matched in the PS.
- j. Demand for alternative working arrangements is on the rise in response to demographic changes (older workforce, increased number of workers with eldercare responsibilities, etc.) and strategic needs (delaying retirement of key workers).
- k. Recruiting youth and recent graduates is key to workforce renewal.

CONCLUSIONS

- The changing demographic characteristics of the population will bring important challenges, e.g., population ageing will have far ranging consequences for Canadian society, PS quite vulnerable due to its older workforce.
- No widespread labour shortages are expected but specific skill shortages are anticipated.
- The labour market will continue to diversify as a result of immigration trends, large cohorts of young Aboriginal persons entering the workforce and increased labour force participation rates for women.
- Continuous expansion of the knowledge-based economy and increases in the levels of education within the population.
- Increased impact and speed of innovation and productivity improvements on economic growth are triggering new demands on government.
- Potential benefits from investments in education and targeted immigration.
- PS workforce size is forecasted to remain relatively unchanged for the next five years with an annual overall workforce turnover rate of 4% to 5%.
- A focus on knowledge work will require more highly skilled employees.

A. SCAN OF THE EXTERNAL ENVIRONMENT

1. POPULATION

Population Ageing

Trends:

- The Canadian population is ageing due to low fertility and improved life expectancy.
- Ageing of the population will accelerate around 2010 as the baby boomers begin turning 65.
- The Canadian workforce will also be affected by population ageing. The segment of the population aged 45 to 64 is expected to increase to 9.5 million by 2011.
- Conversely, the number of Canadians between the ages of 25 and 34 declined by 18% between 1991 and 2001, as the tail of the baby boom generation was gradually replaced by the smaller baby-bust generation.

Women in the Workforce

Trends:

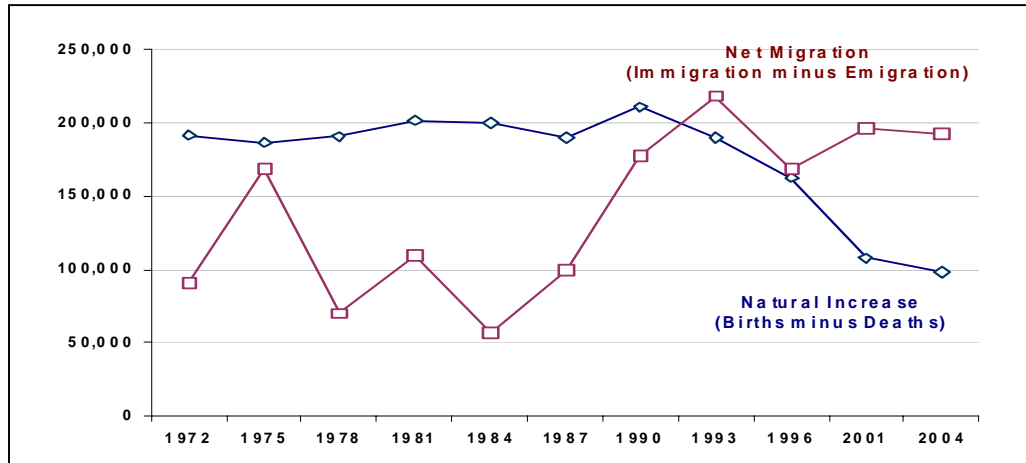
- Fifty-seven percent of all women aged 15 and over in 2003 had jobs, up from 42% in 1976. In contrast, 68% of men were employed in 2003, down from 73% in 1976.
- In 2003, a higher proportion of employed women work part-time (28% vs 11% for men).
- Although women have widened their range of occupations, they are still concentrated in occupations traditionally held by women. In 2003, 70% of all employed women were working in teaching, nursing and related health occupations, clerical or other administrative positions, or sales and service occupations.
- Unemployment is lower among women than men. However, women immigrants, visible minorities, Aboriginals, and women with disabilities have higher unemployment rates than other women.
- Women spend more time than men doing household work, and providing child-care and elder-care, and thus are more likely to require flexible working arrangements.
- In 2001, women headed 81% of single-parent families. Single mothers and senior women living alone were most likely to experience financial stress and even poverty.

Diversity

Trends:

- Immigration is the major source of Canada's population growth.
- Over the next decade, net labour force growth will depend solely on immigration.

Components of Population Growth in Canada, 1972 to 2004



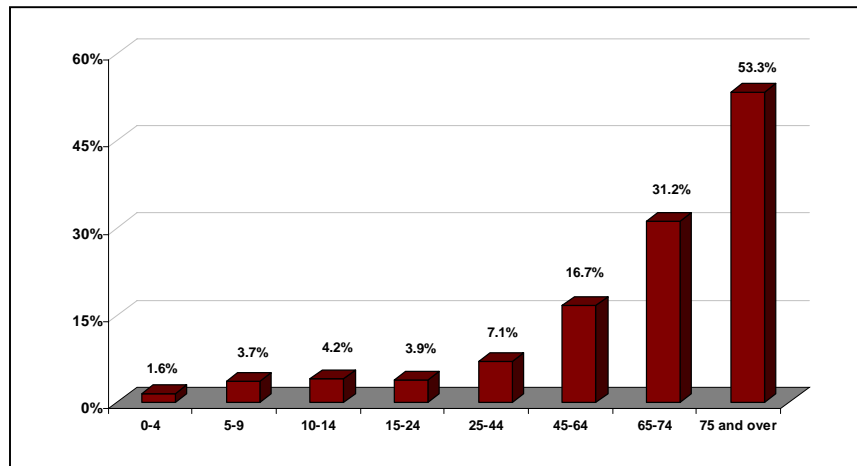
- The majority of recent immigrants are of working age, have university education, and know at least one official language.
- The immigration of educated and skilled workers helps sustain labour force growth and reduces the impact of potential skill shortages.
- The majority of recent immigrants have settled in Toronto, Vancouver, Montreal, and Calgary, contributing to their rapid growth.
- The majority of recent immigrants come from Asia, Africa, Latin America, and the Caribbean increasing Canada's diversity and contributing to the growth of visible minorities.

Persons with Disabilities

Trends:

- In 2001, overall proportion of persons with disabilities in Canada was 12.4%. This proportion increases substantially with age.

Disability Rate By Age Group, 2001



- Less than half of persons with disabilities aged 15-65 were employed, compared to nearly 70% of people without disabilities.
- While 85% of persons with disabilities in the workforce have some limitation at work, fewer than 20% require any form of accommodation.
- Persons with disabilities are more likely to have lower incomes.

Aboriginal Peoples

Trends:

- While the Aboriginal population represents 3.3% of Canada's population, Aboriginal children represent 5.6% of all children in Canada.
- The Aboriginal population is younger and growing at a rate almost twice that of the Canadian population. Young Aboriginals represent future labour market entrants.
- The unemployment rate among the Aboriginal population is twice the Canadian unemployment rate.
- More Aboriginal people live in the urban areas of Canada than on reserves. A significant proportion lives in large cities in western Canada.
- The education level of Aboriginal peoples is rising. In 2001, 27% had graduated from secondary school, and 39% of these had a post secondary degree.

Linguistic Composition

Trends:

- English-speaking Canadians represent the majority of the Canadian population (59.1%), followed by French (22.9%), Chinese (2.9%), Italian, German, Punjabi and Spanish.

- Official bilingualism increased from 17.0% in 1996 to 17.7% in 2001. It ranges from 9% for English-speakers, to 14% among allophones, to 43.4% among French-speakers.
- Overall, 58% of Canadians who speak both official languages have French as their first official language.
- Over 90% of Aboriginal Canadians and members of visible minority groups have English as their first official languages.

Implications:

- Adaptive measures such as flexible working arrangements or flexible retirement options may help accommodate and retain older workers, allowing more time for knowledge transfer and allowing organizations to benefit longer from the contribution of more experienced employees.
- Effective human resources planning and workforce analysis (demographics, turnover statistics, etc.) will become essential.
- Higher rates of labour force participation can be encouraged through proper policies and programs (job search assistance, skills development, child care support, etc.)
- Increasing demand for economic, health and social services may affect the workload in certain parts of the PS, possibly requiring an adjustment with regard to the size and composition of the workforce.
- Pension program delivery will require considerable investment as demand increases.
- The retirement of baby-boomers will facilitate workforce renewal
- Current trends with regard to changes in family structure make it more difficult for employees to achieve work life balance, and could imply a higher demand for flexible working arrangements.
- Facilitating the integration of immigrants into the labour market (e.g., language training, recognition of foreign credentials, Canadian citizenship, etc.) would make it easier for the public and private sector to benefit from their skills.
- Increases in the representation of visible minorities in the broader Canadian workforce need to be reflected in the PS workforce.
- Diversification of the Canadian population could require further adjustments to programs and service delivery.

- Ageing of the PS workforce could result in an increase in acquired disabilities among employees, thus potentially raising demand for accommodations and flexibility in delivering work.
- Increase in the representation of persons with disabilities in the broader Canadian workforce would need to be reflected by an increase in the Public Service workforce.
- Programs and services may need to be adjusted in order to meet the needs of persons with disabilities.
- The increased representation of Aboriginal peoples in the Canadian workforce will need to be reflected in the PS workforce.
- Optimizing the utilization of the pool of young Aboriginal workers through recruitment and retention will be critical.

2. ECONOMY AND INNOVATION

Economy

Trends:

- The Canadian economy has performed well over the past year:
 - Gross Domestic Product growth is on the upswing;
 - Demand is strong;
 - Unemployment rate is close to its long-term level; and
 - Economy is expected to grow by 2.7% in 2004, by 3.3% in 2005.
- The economy is expected to face important challenges in the coming years related to innovation, productivity and growing competitive pressures from Asia.
- Employment, although up 2.0% in the second quarter of 2004, was expected to slow down somewhat in 2004 and 2005.
- Markets are becoming increasingly integrated into the world economy with innovative developments in computer and communications technology greatly altering the workplace and workforce.

Innovation and Productivity

Trends:

- Canada's real income per capita is about 20% lower than that of the United States. The situation is better than in 1997, but labour productivity needs to improve if the gap is to be closed.
- Immigration provides Canada with an important source of human capital.
- Innovation has become the main source of competitive advantage in all sectors of economic activity.

- “Smart” regulations are considered key elements of a government supportive of entrepreneurship and innovation.
- Access to social programs is an important contributor to Canada’s long-term competitiveness.

3. LABOUR MARKET

Changing Labour Market

Trends:

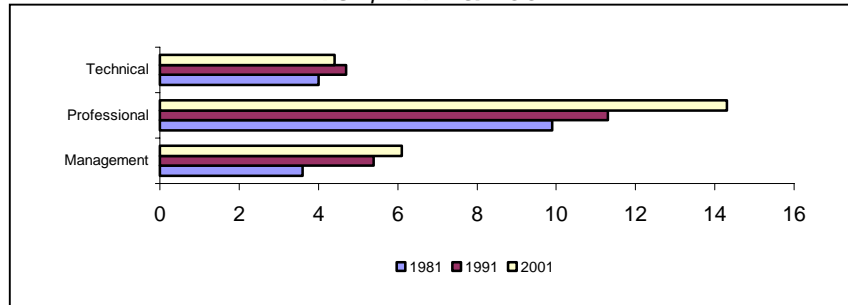
- About 70% of the recent growth in the labour force is due to immigration. By 2011, all such growth will result from immigration, leading to an increase in the workforce availability of visible minorities.
- Women constitute the second most important contributor to labour force growth.
- Women, however, are more likely than men to leave the workforce for extended periods of time to care for family members.
- The labour market participation rate of Aboriginal peoples (i.e. the percentage working or looking for work) increased from 84% in 1991 to 92% in 2001.
- Young Aboriginal peoples are rapidly flowing into the labour force.
- Early retirement is becoming more common with the percentage of persons retiring before 60 years of age jumping from 29% in 1990 to 43% in 2000.
- Early retirement is more common in the public sector than in the private sector.
- There is no evidence that Canada faces a looming general shortage of skilled workers as a result of population ageing.
- The labour market participation rate of youth has increased from less than 50% in 1996 to just below 55% in 2004.
- Young workers tend to show less patience for ‘climbing the corporate ladder,’ have higher salary expectations, are more inclined to look for better benefits and pension plans when comparing potential employers, and do not expect to stay in their current jobs in the long term.
- The number of self-employed workers in Canada doubled between 1976 and 2002. About one-third of these workers are professional, scientific, or technical.
- Temporary and part-time employment represents an important feature of today’s employment landscape.

Knowledge-Based Economy

Trends:

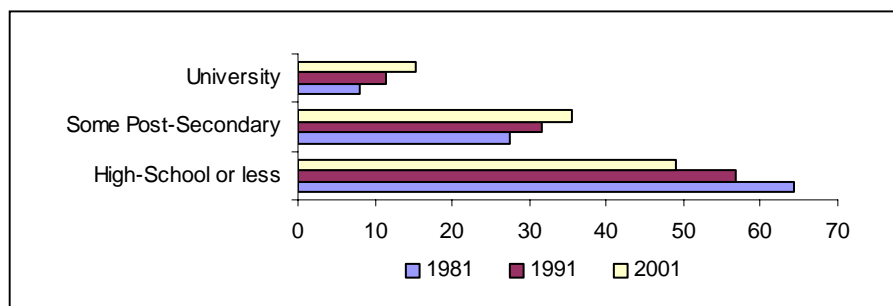
- Between 1981 and 2001, the largest increases in employment occurred in professional and management occupations.

**Share of Employed Labour Force Found in Selected Occupations:
1981, 1991 & 2001**



- Some of the highest concentrations of knowledge workers were in business services (66%) and finance and insurance (42%) in 2001.
- Within the next few years, seven in ten new jobs will require some form of post-secondary education or training.
- The average level of education is rising among adults in general and among young adults in particular.
- Canada ranks fourth among OECD countries in terms of the proportion of university educated citizens.

**Population Aged 15+ by Highest Level of Educational Attainment:
1981, 1991 & 2001**



- Technology and business are gaining importance as fields of study.
- Sixty-one percent of immigrants of working age who arrived in the 1990s held trade, college or university credentials in 2001.

Implications:

- The integration of newly arriving immigrants and new Aboriginal workers will be an important element of workforce renewal.

- Successful knowledge transfer to new recruits will be essential.
- The PS needs to be able to recruit new and younger employees.

4. SOCIETY AND CULTURE

Values and Ethics

Trends:

- Canadians increasingly emphasize propriety, flexibility, and fairness in the workplace.
- Adherence to ethics and values has a growing profile and is thus becoming more critical in terms of maintaining and building public trust in private and public institutions and in terms of promoting employees' pride and commitment to their organizations.

Working Conditions

Trends:

- Fewer employees report problems with regard to working conditions, health and safety risks, but employees report more problems with tight deadlines and pressure to work ever faster.
- Employees working long hours or at an intense pace report a greater number of stress-related health problems and greater difficulty in balancing work and family life.
- Perceptions of employment insecurity are on the rise, but remain below the levels measured in other countries of the OECD.
- Women report more feelings of insecurity than men.

Poverty and Education

Trends:

- Poverty levels continue to increase in Canada from the 1980 levels.
- Poverty increases the difficulty of achieving higher education levels.
- The income differential between persons with bachelor degrees and those without is 85%.
- Post-secondary education is becoming more expensive.
- Students who graduated in 2000 from a standard four-year undergraduate program carrying student loan debt (56% of students) owed an average of \$21,200. This represents an increase of roughly 300% from 1984, while the cost of living rose only 73% in the same period.

- Only 33% of children from households earning less than \$55,000 annually attend university.

Implications:

- Optimization of job satisfaction and of other working conditions will help the PS build a good reputation as an employer, and thus position itself better to compete for new, talented employees.
- Increasing investment in workplace wellbeing, counselling, mental health, and stress reduction techniques may become necessary.

5. SCIENCE AND TECHNOLOGY

Research and Development

Trends:

- Canada trails in overall research and development spending.
- Government investments are increasing both within the Public Service and outside.
- The innovation strategy, launched by the government in February 2002, supports substantial increases of investment in research and development.
- Federal government spending on science and technology was expected to surpass \$8.5 billion in fiscal year 2003-04, up 7% over the level forecasted for 2002/03. For every \$100 spent on science and technology that year, \$64 was to be spent on research and development.
- Constant evolution of the level and types of skills required by the economy implies that workers and their employers need to invest in continual learning and skills development.

Changing Nature of Services and Work:

Trends:

- The use of electronic and automated HR functions and tools is increasing; more than eight million Canadians have already used the Internet to search for a job.
- Organisations increasingly use on-line learning and development, and centralize their tools at learning portals.
- Computerization facilitates teleworking but also blurs the distinction between workplace and home, sometimes resulting in longer hours of work.

Digital Divide

Trends:

- 1.8 million jobs have been created since 1990 for highly educated people, while one million jobs have been lost by people with only a high school diploma.
- More than 70% of all new jobs created in Canada will require post-secondary education.
- Males, young people, the more highly educated, and higher income groups tend to have better access to technology and better technological knowledge and skills.
- Men use the Internet more than women in all countries for which data are available.
- People who are “digitally connected” are more likely to own a personal computer, have Internet access at home, make more frequent and diversified use of technology, and have better digital skills.
- Designated group members tend to be over-represented among poorer Canadians, and this could have implications for employment equity, particularly with regard to the development of e-recruitment initiatives.

Confidentiality and Privacy

Trends:

- Confidential information is increasingly being stored electronically and exchanged on-line.
- Corporate security is rising along with the frequency of attacks on this information.
- The protection of personal information has gained a higher profile in recent years.
- Computer viruses and worms continue to increase in number and complexity.
- Criminals are increasingly using the Internet to commit crimes including identity theft.

Implications:

- Support the training needs of employees and managers with regard to changes in science and technology.
- Target the recruitment of young science & technology workers while they are still students and research trainees, and encourage and fund the staffing of post-doctoral scientists.

- Market e-learning to employees and managers to optimize the use of e-learning programs and to maximize return on investment.
- Monitor the demographics of e-recruitment to ensure that designated groups are not disadvantaged.
- Computerization of government services needs to take into account the digital divide.
- Proper levels of protection and security need to be maintained on data held by the government, including HR data.

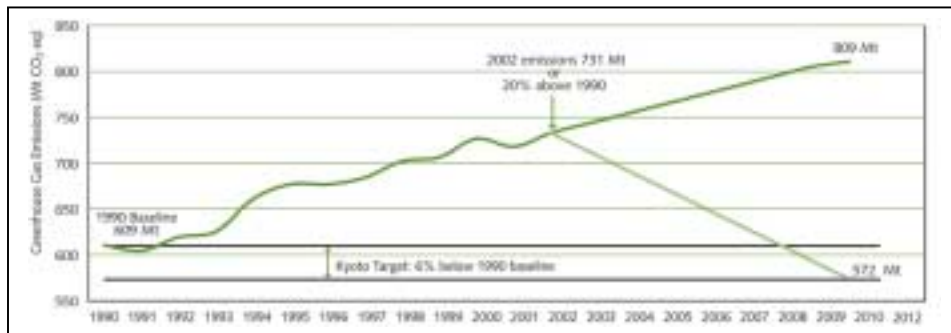
6. PHYSICAL ENVIRONMENT

Physical Environment

Trends:

- Two Speeches from the Throne delivered in 2004 underlined the government's commitment to safeguarding the environment.
- Recent reviews of Canada's performance with regard to the protection of the environment have been less than satisfactory.
- Environmental issues are proving to be some of the greatest challenges for innovation in Canada, for both private and public sectors.

Estimated and Forecasted Emission of Greenhouse Gases, 1990 to 2012



Implications:

- There is a need to ensure that departments and agencies have the skill mix required to conduct the activities outlined in the Speeches from the Throne.

B. ENVIRONMENTAL SCAN OF THE PUBLIC SERVICE

1. CHALLENGES FACING THE PUBLIC SERVICE

Canada in the 21st Century

Trends:

- Expanding knowledge-based economy and society.
- Immigration will play an important role in the development of a skilled workforce.
- Increased globalization and international cooperation in addressing common issues.

Public-Private Partnerships

Trends:

- Government shows a strong commitment to the development of public-private partnerships.
- Public-private partnerships could be applied to most governmental activities.
- Implementation of public-private partnerships could affect the occupational mix of the Public Service workforce, shifting away from skills associated with service/product delivery (operational, administrative support, some technical work), and toward skills associated with oversight and management functions.
- Outsourcing of human resources functions is gaining momentum among various levels of government in the United States, e.g., processing of payroll and benefits, training, and recruitment.

North American Integration

Trends:

- Alignment of the Canadian economy and security activities with the United States is being reinforced through various initiatives and statements.
- Canadians strongly support continued participation in the North American Free Trade Agreement, but have mixed feelings about US foreign policy.

Modernizing HRM

Trends:

- Implementation of the PSMA will make it easier and faster to address HR issues with more efficient and innovative solutions.
- PSHRMAC was created to assist the renewal of HRM in the PS.
- Managers are being delegated greater flexibility in staffing.
- HR planning is being integrated with business planning.

- Employer-employee relations are being handled in a more collaborative manner through labour-management consultation committees, informal conflict resolution mechanisms, and co-development of policies and practices.
- The Canada School of Public Service has become the central training provider for the PS.
- Implementation of an integrated, results-based framework and approach to management across the Public Service.

Financial Management

Trends:

- The ratio of the national debt to the gross domestic product (41% in 2003-04) is targeted for reduction to 25% within the next nine years.
- Expenditure review aims at reallocating \$12 billion over the next five years with \$2 billion being raised through cuts to non-statutory spending and \$10 billion through improvements to the efficiency of selected government operations over the next three years. These improvements will include a consolidation of certain HR activities across the Public Service.
- Spending cuts are to represent about 5% of current non-statutory spending and may result in some job losses.
- Starting with the 2006 budget cycle, expenditure review of programs and services will become an annual exercise.

Government Commitments

Trends:

- The last budget included a number of measures intended to deal with important health issues, including support for the establishment of the Canada Public Health Agency.
- Funding was allocated for Aboriginal peoples, persons with disabilities, and immigrants.
- Funding of \$750 millions was assigned to a five-year action plan for Official Languages Programs.
- Financial support for research and development was increased.
- An additional \$605 million was committed to address security issues.

Changing Nature of Services and Work:

Trends:

- The Canadian government increasingly uses the Internet to disseminate information and provide services.

- Ninety percent of all federal and provincial government workers have access to computers, 88% to email, and 85% to the Internet.

Implications:

- Support a greater commitment to security initiatives.
- Support the development and maintenance of a highly skilled PS workforce.
- Support development of a greater capacity to initiate and participate in international initiatives, especially in the areas of environmental protection and sustainable development.
- Ensure that the Public Service is in a position to implement public-private partnerships with regard to skills and knowledge.
- Carefully manage possible expenditure reallocations, job losses and job outsourcing.
- Increased security integration with the United States could require additional resources in certain sectors of the Public Service.
- Ensure that all major stakeholders are ready to operate under the new HR regime.
- Provide the financial and HR support needed to renew the PS workforce.
- Ensure that PSMA improvements are well known to HR professionals, delegated managers and employees and fully implemented.
- Optimize the match between employees' training needs, organizational requirements, and the curriculum offered by the Canada School of Public Service.
- Raise employee awareness of government policy related to values and ethics.
- Fully inform managers and employees about the management accountability framework (MAF) and the people component of the MAF (PCMAF) common framework, and provide them with the necessary HR support.
- Continue to foster an open and honest workplace culture where ethical activity, employee engagement, and workplace wellbeing are valued.
- Invest resources in the annual expenditure review exercise.
- Consolidation of HR activities will impact the manner in which targeted personnel and finance operations are handled by departments.
- Prepare HR for increased workloads arising from the expenditure review process.

- The priority placed on health care issues could affect workforce needs in specific sectors of the PS.
- Improve the representation of designated group members in the PS.

2. PUBLIC SERVICE WORKFORCE

Expenditure Review and the PS

Trends:

- Close to \$11-billion in savings will affect approximately 10,600 positions.
- \$1.5-billion is expected to be saved through administrative efficiencies over the next five years.
- Government estimates the net number of employees at risk of job loss could be as low as 2,300 and as high as 4,100 over five years depending upon attrition rates, retraining, and redeployments.
- To date, the departments primarily affected are PWGSC, HRSD, NRCAN and DFO.

Ageing Public Service and Retirement

Trends:

- The PS is more vulnerable to the impact of population ageing due to its older workforce.
- The proportion of employees close to/ eligible for retirement rose from 4.4% in March 2001 to 6.4% in March 2004.

Indicators of Ageing in the Public Service Workforce		
Indicator	March 2004	March 2001
Proportion of the workforce eligible to retire <i>immediately</i>	6.4%	4.4%
Proportion of the workforce eligible to retire <i>within 3 years</i>	16.1%	13.1%
Proportion of the workforce eligible to retire <i>within 5 years</i>	33.5%	29.8%
Average age	45.1	45.0

Information extracted from Incumbent files as of the last pay period of March 2001 and 2004

- Recent hiring of younger employees has contributed to keeping the average age of the indeterminate workforce almost unchanged between 2001 and 2004 (at about 45 years), and to decreasing the average years of pensionable service from 16.1 years in 2001 to 15.3 years in 2004.

Employment Equity Issues

Trends:

- Estimates of workforce availability have increased for most designated groups: from 8.7% to 10.4% for visible minorities; from 1.7% to 2.5% for Aboriginal peoples; and from 48.7% to 52.2% for women.

Increase in Workforce Availability Estimates for EE Designated Groups			
Designated Group	Previous workforce availability estimates	New workforce availability estimates	Workforce representation in March 2003
Visible Minorities	8.7%	10.4%	7.4%
Aboriginal Peoples	1.7%	2.5%	3.9%
Women	48.7%	52.2%	52.8%
Persons with Disabilities	4.8%	3.6%	5.6%

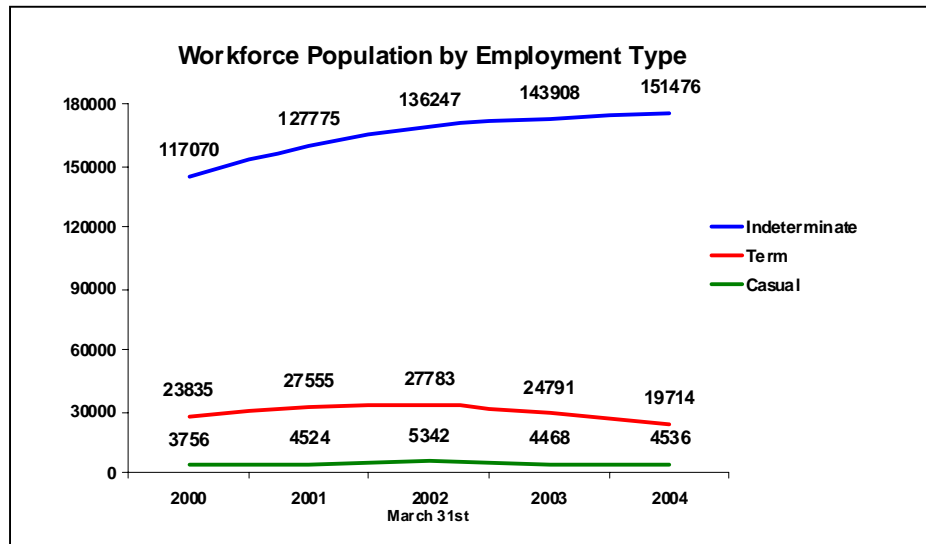
The preceding workforce availability estimates and workforce representation as of March 2003 were drawn from Treasury Board Secretariat's Annual Report on Employment Equity for fiscal year 2002-03, while the new workforce estimates were drawn from the 2003-04 Report.

- Estimated availability of persons with disabilities has decreased from 4.8% to 3.6%.

Indeterminate Employment

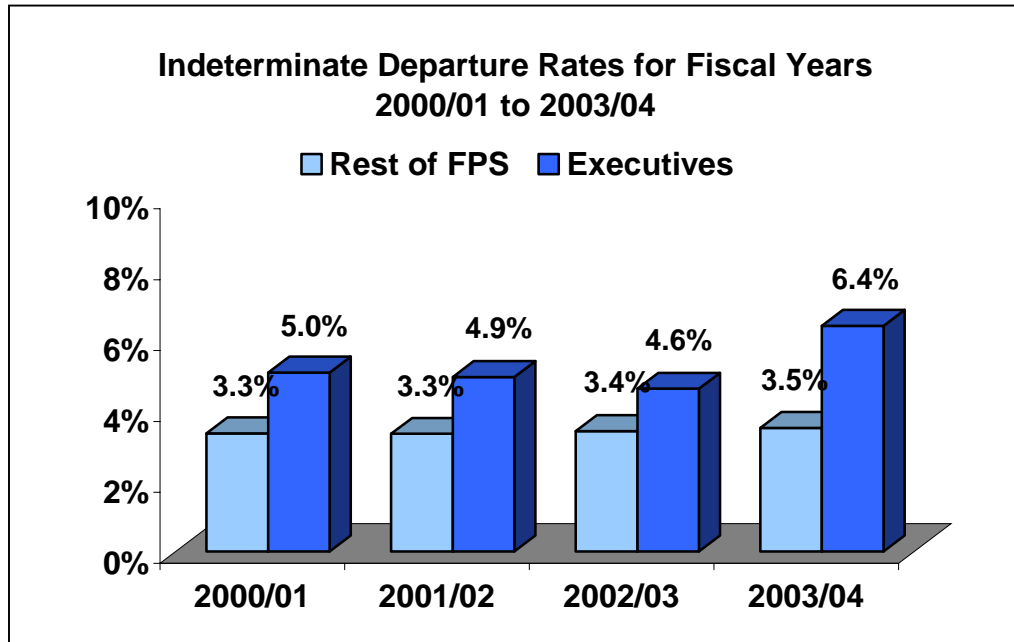
Trends:

- Total PS workforce has increased by 21% over the last five years.

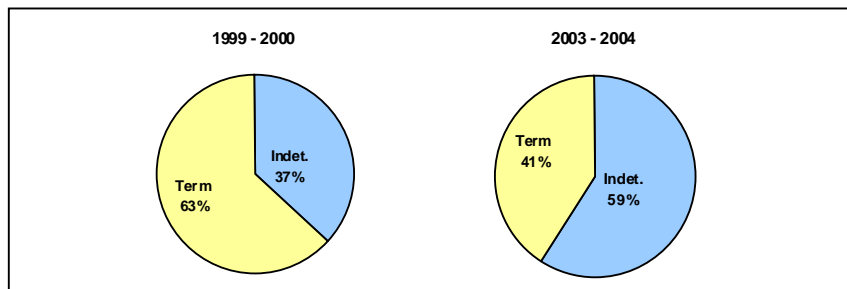


	March 31st				
	2000	2001	2002	2003	2004
Indeterminate	80.9%	79.9%	80.4%	83.1%	86.2%
Term	16.5%	17.2%	16.4%	14.3%	11.2%
Casual	2.6%	2.8%	3.2%	2.6%	2.6%

- This growth is partly attributable to an increase in the number of indeterminate positions due to the implementation of the term conversion policy in 2003.
- Indeterminate hirings have far exceeded departures over the last several years, providing a buffer against future departures – year to date, Q3, 5252 indeterminate departures vs 7290 new indeterminate hires.
- Overall PS turnover rate (for all reasons) is expected to reach approximately 5% in each of the next 4 years, 3-4% for retirements and 1% for all other reasons.



- Term positions have decreased significantly, approaching lows not seen since the 1990's.



Official Languages

Trends:

- In March 2003, government launched a five-year plan to renew Official Languages in the PS including a review of policies, better monitoring of results, and funding for innovative projects.

- Anglophones represent about 68% of the PS workforce and 76% of the overall Canadian population while Francophones represent about 32% of the PS workforce and 24% of the overall Canadian population.
- In 2004 more than half of PS positions required knowledge of English only, while 5% required knowledge of French only.
- The proportion of employees occupying bilingual positions grew 7% from 34.2% to 36.6% between 2001 and 2004.
- The share of bilingual positions in overall recruitment jumped 33% from 20.6% in 2000-01 to 27.4% in 2003-04.
- Imperative staffing is presently the norm when filling bilingual positions.
- In April, 2007 imperative staffing will be mandatory at EX-02 level and above and non-imperative staffing at other levels must be justified in writing.
- Among employees who have been tested for their knowledge of the second official language, about 30% of those who declare English as their first official language are bilingual at the CBC level or above, compared to nearly 90% for employees who indicate French as their first official language.
- Aboriginal peoples and members of visible minorities, have a higher than average proportion of employees who declare English as their first official language.

Alternative Working Arrangements

Trends:

- Work-life balance has been identified as one of the most important factors in determining employee satisfaction.
- Younger men seem to value work-life balance more than those of preceding generations.
- A higher proportion of employees will likely face eldercare responsibilities, often, in addition to caring for their own children.
- More employees, as they age, may seek alternative working arrangements for health-related reasons or other personal reasons.
- Transition to a knowledge-based economy is facilitating the use of alternative working arrangements.
- Some alternative working arrangements may adversely affect the career progression of employees, adversely affecting more prevalent users (i.e. women and Aboriginals).

HR Community

Trends:

- HR work has evolved quickly in recent years resulting in more complex functions being added to the more traditional roles of supporting and delivering HR operations.
- The workload and turnover of HR professionals are problematic.
- The retirement of more experienced employees may affect the HR community sooner and more profoundly than the rest of the PS due to the higher average age of the community.
- HR professionals seem to have better access than other PS employees to alternative working arrangements, skill-development opportunities, and departmental support of career development.

Implications:

- Expenditure review reallocations and professionalizing the PS will result in HR reductions in some job categories, with possible growth in others.
- The trend towards reductions in lower administrative and program officer levels and clerical positions is likely to continue for the foreseeable future.
- Expenditure review re-investment is expected to affect professional and scientific roles, but its affect on future recruitment needs is still unclear.
- Expenditure review reallocation and shared services initiatives may also affect the PS workforce.
- The greatest challenge during expenditure review implementation is how to manage staff reallocations while meeting present and future recruitment needs.
- Departmental employment equity specialists need to update their workforce analyses taking into account the new availability figures.
- They also need to review and update employment systems and the employment equity plan where warranted by the workforce analysis.
- PS-wide initiatives may need to be implemented to help increase the representation of visible minorities.
- Department-specific employment equity programs may also need to be developed to assist in raising representations rates.
- Develop mid- and long-term HR plans to clarify current and future recruitment, retention and financing needs.
- Integrate language training needs into career planning.

- The impact of linguistic requirements on the mobility of the existing workforce needs to be better understood and monitored.
- Appropriate financial, human, and technical resources need to be allocated to respond to an expected increase in the demand for language training.
- Recruitment campaigns may need adjusting to bring in more candidates who are already bilingual, including designated group members.
- Specific programs may be required to develop second-language proficiency for designated group members.
- Integrate alternative working arrangements into the development of HR strategies and customize them to foster recruitment and retention of new employees, improve retention of older employees, and facilitate the transfer of knowledge from retiring employees.
- Increased demand for alternative working arrangements may require investment in up-dating policies or developing new ones.
- Increase monitoring and assessment of the impact of alternative working arrangements on career progression, particularly among employment equity designated group members.
- The recruitment and training of HR professionals need to reflect the evolution of their work from operations to more analysis, planning, and a broader use of technology.
- Development of HR-friendly alternative working arrangements could provide a way to retain HR professionals longer.
- Monitor departure and turnover rates of the HR community.

CONCLUSIONS

The ongoing change of the demographic characteristics of the population will bring important challenges. In particular, population ageing will have far ranging consequences for Canadian society. Although no widespread labour shortages are expected, there may be shortages of specific skills. The Public Service may be more vulnerable to the impact of population ageing due to its older workforce.

The Canadian population in general, and the workforce in particular, are expected to further diversify as the result of immigration trends, large cohorts of young Aboriginal peoples entering the workforce and increased labour force participation rates for women. These changes will need to be reflected in the Public Service.

In addition to ageing and diversification, the workplace is also influenced by the continuous expansion of the knowledge-based economy and the parallel increase in the level of education of the population. Innovation and productivity improvements are triggering additional governmental investments in research and development. This trend underlines the potential benefits that can flow from investments in education and targeted immigration.

In terms of fiscal management, reduction of the national debt remains a priority for the government. In this context, measures to control government spending have been established through the implementation of a permanent expenditure review process and the development of partnerships with the private sector. Both of these are likely to have budgetary impacts on departments and agencies.

The PS workforce size is forecasted to remain relatively unchanged for the next five years, with an overall annual turnover rate of 4% to 5%. Although a general labour shortage is unlikely, the PS may experience recruitment problems in the near future in the area of more-specialized and unique skills. With expenditure review and the focus on knowledge work it is likely that lower skill jobs will be replaced with more highly skilled positions.

The passage of time will help confirm or nuance the issues raised in this first environmental scan. Nevertheless, the information and analysis gathered in this report should provide a sound basis for determining the main factors influencing the current and future needs of the Public Service at a global level.