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**Ninth Annual Report**

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**to**

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**the Prime Minister**

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**on**

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**the Public Service of Canada**

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Mel Cappe

Clerk of the Privy Council,  
Secretary to the Cabinet and  
Head of the Public Service

**Canada**

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PRIME MINISTER • PREMIER MINISTRE

March 28, 2002

Dear Mr. Cappe:

Thank you for your annual report on the Public Service of Canada.

Over my long career of public service, I have had many opportunities to observe the accomplishments and dedication of Canadian public servants. Their response to the tragic events of September 11 has certainly confirmed my pride in them.

In my view, a competent, non-partisan public service, equipped with a modern legislative framework for human resources management, is critical to the Government's ability to serve the needs of Canadians today and in the years to come.

A great deal of valuable work has already been accomplished toward this goal. I will be counting on you and the leaders of the public service to bring it to fruition.

Yours sincerely,

A handwritten signature in cursive script, reading "Jean Chrétien".

Mr. Mel Cappe  
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Clerk of the Privy Council and  
Secretary to the Cabinet



Greffier du Conseil privé et  
Secrétaire du Cabinet

Ottawa, Canada K1A 0A3

March 27, 2002

Dear Prime Minister:

As Head of the Public Service, I am pleased to report to you on the state of the Public Service of Canada, pursuant to section 47.1 of the Public Service Employment Act.

In concluding my last report to you, I described the Public Service of Canada as an environment where "There are leaders at every level. People work in teams and networks. They break down barriers." I told you that public servants were "committed to serving their country and their fellow citizens with loyalty and dedication." Little did I know how profoundly the truth of these statements would be demonstrated in the hours, days and months following the tragic events which unfolded in the United States of America on September 11, 2001. As you well know, Canadian public servants acted swiftly and skilfully to assist our American friends and to ensure the safety and security of Canadians and the Canadian economy.

Our ability to mobilize and perform in times of crisis, as well as in times of calm, reveals the strength of our professional, non-partisan public service. On September 11, there was no time to consult the rule books. Decisions were needed quickly. Actions were by necessity instinctive and so they were guided by the underlying values of the Public Service of Canada. These shared values have long provided

a strong foundation for the public service, one on which we can build in the coming years.

Deputy ministers and I continue to work to build a more modern, people-centred public service, one which accepts both the challenges and the opportunities presented by innovation, collaboration and service. Recruitment, retention and learning remain key. Yet, as I said in my last report to you: “We need to move from our incremental approach to a more fundamental reform of the legislative framework for human resources management in the Public Service.” With your support, the process of modernization began last spring, and reform proposals are now being finalized.

However, legislative change alone will not allow us to attain our objectives. Cultural change is needed too — change that begins with leadership and is reinforced by action.

## **Duty Called**

On the morning of Tuesday, September 11, 2001, you and I and tens of thousands of public servants went to the office expecting a day like any other. In fact, many were not actually planning to work that day; they were exercising their legal right to strike. Needless to say, none of us had any idea what the day would bring.

Soon, news began to filter in about a plane crash in New York City, and then another, and more in Washington and Pennsylvania. The reports — some of which proved false, others horrifyingly accurate — shocked but did not paralyse us.

Within hours of the attacks, the Public Service Alliance of Canada suspended strike activity, recognizing the importance of having its members on the job at such a time to protect the safety and security of Canadians. Quickly, Canadian public servants, across the country as well as in our missions abroad, mobilized to ensure the security of our airspace, the integrity of our borders, the health and safety of our citizens, and the readiness of our defences.

And many of the public servants whose responsibilities were unrelated to the tragedy and ensuing security concerns also felt a duty — a call — to help. They were among the thousands of Canadians who donated money and blood to the relief efforts.

I am impressed by the way our efforts were marked by collaboration across organizational lines and international borders, with other levels of government, and with the private and voluntary sectors. They continued through the fall and winter, from the immediate security and policing challenges, to developing public safety legislation and budget initiatives, to ongoing efforts to counter terrorism and implement the Canada–U.S. Smart Border Declaration.

In December 2001, I recognized the actions of thousands of public servants with certificates of commendation at the Head of the Public Service Awards ceremony. And I am pleased that the Leadership Network, through its on-line publication *A Day in the Life of the Public Service of Canada* ([www.leadership.gc.ca](http://www.leadership.gc.ca)), has been profiling the teams and individuals whose actions brought credit to us all.

It is also important to note that following the tragic events of September 11, the public service was able to help the Government of Canada balance the security needs of its citizens with its long-term, quality-of-life agenda. Just as so

many public servants rose to the security-related challenges of the fall, others worked on many fronts to strengthen both the economy and the fabric of Canadian society. Over the year, progress was made on a range of priority areas, such as Canadian culture and the arts, and strategic infrastructure. Public servants also worked steadily on behalf of Canadians to make progress on important issues, such as innovation and skills, Aboriginal policy, the environment and international development assistance.

The day-to-day work of the public service also continued through the fall. Canadians were able to count on the Public Service of Canada to deliver its most fundamental goal: service to the public. We forecast the weather; we sent out Old Age Security cheques; we promoted trade and investment. In other words: we kept on working.

## **Values — A Strong Foundation**

Our values shape our actions every day, both when we have time to reflect and when — like last September — we do not. While it may be more important to put our values into action than into words, the Public Service of Canada also benefits from discussions about our values and ethics. This was one of the conclusions of a task force, led by the late Deputy Minister John Tait, which in 1996 produced *A Strong Foundation*.

This ground-breaking work identified four families of public service values, so many of which were demonstrated by public servants responding to the events of September 11:

- Democratic values, such as loyalty and commitment to the public interest;

- Professional values, be they traditional values like neutrality and merit, or new ones like teamwork and innovation;
- Ethical values, such as honesty and integrity; and
- People values, like respect and humanity.

I believe we do have a strong foundation of values, but as John Tait recommended, it is time to develop a statement of principles that would provide a shared direction for all public servants. As we build a more people-centred public service, we need touchstones to remind us where we have been and where we are going. As a result, last fall, I invited public servants to take part in discussions about the principles of the Public Service of Canada ([www.principles-principes.gc.ca](http://www.principles-principes.gc.ca)). Since then, the co-champions of values and ethics in the public service — Janice Cochrane, Deputy Minister, Public Works and Government Services Canada, and Scott Serson, President of the Public Service Commission of Canada — have been talking to public servants across the country about a draft statement of principles for the public service.

We expect to finalize and promulgate a statement of principles in the coming months, but alone it is insufficient. In my view, the discussion and debate over our principles — in organized group discussions as well as on-line — has already been of great value. This level of engagement leads to better understanding. And understanding leads to action.

From the consultations to date, we know that many public servants feel that the draft statement describes the kind of public service they want, rather than the one they see today. And that is a fair comment. But scaling back the principles to match the present is not an option. We must be prepared to integrate our values and ethics into everything



we do. It will take commitment on the part of every public service manager and employee to ensure the Public Service of Canada lives up to our principles.

## **Building a People-Centred, Modern Public Service**

As I have said in previous reports to you, our ability to deliver quality services to Canadians and sound, non-partisan, professional advice to the Government, both today and in the years to come, depends on the calibre of the people in our public service.

### ***Working within the system***

Since becoming Clerk, I have stressed the need for greater efforts towards recruitment, workplace well-being, and learning. Departments and agencies are taking important steps in the right direction. And central agencies are supporting them in their efforts.

The Public Service Commission of Canada is delegating recruiting authority to those departments willing to take on additional responsibility and accountability to achieve their unique objectives. For example, the Department of Finance is bolstering its on-line and on-campus recruitment efforts with both technology and the commitment of its managers and recruits. And while most public service post-secondary recruitment efforts have targeted students at Canadian universities, the Privy Council Office is also aggressively seeking Canadians studying abroad at some of the world's finest universities.

As well, we have to think beyond recruiting the young and the university-educated. Recruitment will be needed at

all levels of the public service, for all types of jobs, and from all across the country.

Departments like Fisheries and Oceans, with its new Recruitment Centre of Excellence, are moving from a vacancy-by-vacancy approach to staffing toward a planned and strategic one. Several departments have formed partnerships to meet their needs collectively. For example, Health Canada is working with six other science departments to increase Aboriginal employment in the science and technology fields. And focussed job fairs have helped us recruit qualified people representative of Canada's diversity.

As you know, the age structure of the Canadian population is such that in the coming decade large numbers of experienced employees and managers will retire. This demographic shift will have more serious repercussions on the Public Service of Canada because our proportion of employees under age 35 is only half that of the Canadian workforce at large. While this suggests great opportunities for young people in the public service, it also makes for a tremendous challenge for today's managers to recruit and develop their staff to be the leaders of tomorrow.

We could spend all of our energies recruiting, but those efforts are wasted if we do not provide an attractive workplace for our employees. Workplace well-being is having challenging work and the tools to do it. It is feeling that our work is adequately classified and compensated. It is working effectively in a safe and respectful environment. It is balancing the responsibilities and aspirations of our personal and professional lives. Workplace well-being is the key to retaining our valuable staff. Fundamentally, it is a measure of whether we are living up to our people values.

Many departments and agencies have designed initiatives to improve workplace well-being — wellness programs and dispute resolution systems, for example. These organizations are formally recognizing and rewarding those who excel at people management — because good people management is good management. And public service-wide policies have been announced on the prevention and resolution of harassment and on disclosure of workplace wrongdoing.

In May 2002, a second survey of public service employees will be conducted. Public servants at all levels and across the country will have an important opportunity to make their views known on issues such as workload, career development, service to clients, harassment and discrimination. The results, which will be made public in the fall, will give us an important measure of well-being in our workplace today — compared to 1999, when the first survey was conducted. And the results will help us identify where we should focus our actions.

Learning has long been one of my priorities because the knowledge intensity of public service jobs has increased at every level. Today, we are all knowledge workers, but the Public Service of Canada has not yet fully become a learning organization. We still struggle to find the time to take advantage of learning opportunities while workload is high. And we know that, before our experienced staff retire, we must facilitate the transfer of knowledge to those who will remain. To maintain the quality of our work, we must develop our recruits, whatever their age or level, so that they can become *la relève*.

Learning is an essential investment in the public service and, ultimately, in the future of Canada. We must take better advantage of formal and informal learning opportunities, of technology that facilitates learning and

training, and of the best practices of the public and private sectors. Departments and agencies are active. Many are encouraging staff to use personal learning plans. The Canadian International Development Agency has established a knowledge-management approach designed to connect people across the agency so they can share knowledge and lessons learned in order to be more effective. Solicitor General Canada, in addition to offering several in-house learning opportunities, is partnering with Health Canada to access this much larger department's many career management and other learning programs. Furthermore, the Deputy Minister Learning and Development Committee is leading the promotion of a culture of learning in the public service.

In summary, we have been working hard to make the Public Service of Canada work better. We have been making better use of the flexibilities that the current system provides, testing good ideas, and learning from the successes as well as the failures of others.

Nevertheless, these efforts cannot overcome some of the fundamental problems with the public service human resources management system. To meet the goal you set in your response to the Speech from the Throne, "that we continue to have the talent necessary for a public service that is committed to excellence," legislative reform is required.

### ***Building the system we need***

After the tragic events of September 11, many questioned whether the Government would, or even should, continue the effort to modernize our human resources management regime. I didn't. Our accomplishments this past fall are a testament to the resilience of public servants

and to the strong values which guide us. Nevertheless, sustained high performance — excellence in service delivery and policy development for Canadians in the years to come — is clearly outside our grasp without significant changes to the system.

The current regime, designed to reflect the realities of another time, has become cumbersome and counter-productive. In fact, as you know, in her recent report on recruitment, the Auditor General concluded that “the public service faces a looming ‘human capital’ challenge due to the aging of its workforce, previous hiring and downsizing initiatives, a shift in the nature of work, and the tight labour market expected in the future.”

The problems are complex and interrelated. The average staffing action takes five months. Delays in staffing result in increased workload for other staff, unmet commitments, and reduced service to the public. Managers admit to overreliance on short-term staffing to speed up hiring. But those short-term offers of employment are insufficient to attract highly skilled workers, particularly experienced people who are already working elsewhere.

The Advisory Committee on Labour Management Relations in the Federal Public Service found that “although the system is supposed to protect employees from favouritism and similar abuses, union leaders considered it neither transparent nor fair.” Moreover, many seasoned employees feel that poor performance is ignored and that the only reward for good performance is more work. This is not conducive to workplace well-being. It is not conducive to public service.

On April 3, 2001, you appointed Ranald A. Quail to head the Task Force on Modernizing Human Resources Management, which reports to me and supports Treasury

Board President Lucienne Robillard in her responsibilities for human resources management reform. Over the last year, the task force has worked diligently to develop recommendations for a modern policy, legislative and institutional framework to enable the public service to attract, retain and develop the talent needed to serve Canadians.

To support the Government, we need a competent, non-partisan public service able to speak truth to power. To serve Canadians, we need a competent, non-partisan public service committed to excellence and innovation. To attract and retain bright, hardworking Canadians, we need a competent, non-partisan public service known for its quality and teamwork. Unfortunately, I believe the merit process we have developed in a way which undermines the merit principle. Legislative change is needed to protect merit.

Let me reiterate that the work of the task force continues to be guided by the principles I spoke of in my report to you last year:

“We believe that modern human resources management legislation should be based on the following guiding principles:

- First and foremost is the protection of merit, non-partisanship, representativeness and competence.
- Second, management should be responsible for all aspects of human resources management.
- Third, authority for human resources management should be pushed as far down in the organization as possible.

- Fourth, managers should be held accountable for the exercise of their responsibilities.”

Since its formation, the task force has undertaken broad consultations, for which I would like to recognize the assistance of the Association of Professional Executives of the Public Service of Canada and the federal regional councils. And I have benefited from the advice of young people in the public service in addition to an external advisory group made up of experts from the private and public sectors, labour and academia.

Proposals for modernizing the legislative framework for public service human resources management are being finalized for consideration by you and your Cabinet. As Mrs. Robillard has stated, draft legislation is expected to be ready for tabling in Parliament in the fall.

Legislative change is, however, only the beginning of our work. Implementing a modern human resources management regime is an even bigger challenge. To succeed, we will need your continued confidence, as well as the commitment of public service managers and staff. We will need to ensure that our management culture modernizes along with the legislative and institutional framework. Our managers must be ready, willing and able to assume the responsibility, authority and accountability of the new regime.

## **Leaders — Heeding a New Call**

Leadership is never easy, but it is particularly difficult when expectations for results are high. The modernization of human resources management will provide tools for those willing to use them. But there is a great deal of skepticism and cynicism across the public service, a feeling that those

tools will never be picked up and used. I understand the disillusionment that comes from hearing a lot of talk without seeing very much action. But today we have an opportunity for fundamental change — change that neither you nor I can make alone.

It will take the commitment of senior public servants, who have had the challenge laid out for them in the *Corporate Priorities for the Public Service of Canada, 2002–2003* ([www.pco-bcp.gc.ca/performance-rendement](http://www.pco-bcp.gc.ca/performance-rendement)). The priorities call on them to take concrete, measurable action to improve their human resources management and ready their organizations for legislative change; to ensure their workplaces better reflect Canada's linguistic duality and respect the provisions of the Official Languages Act; to provide for the integrity and continuity of government programs and services in terms of security and preparedness; and to work in greater collaboration with colleagues and stakeholders in the public, private and not-for-profit sectors.

In the knowledge economy, prosperity requires innovation. In turn, innovation requires investment in people's creativity and talent. And innovation and investment in people is equally important to the Public Service of Canada. We must engage the enthusiasm and brainpower of the people we already have on our teams, as well as the people we want to attract. That's why we are promoting a leadership style that encourages a change in culture and a culture that encourages change.

I must say that I am often struck by the humility of the everyday heroes of our public service. They insist that they did nothing special; they just did their jobs. That is probably true, and that is why we can learn so much from them. We public servants must learn from those who do it right the first



time; those who work in collaboration; those who believe that one person, one action, one change can make a difference.

## **Conclusion**

I am extremely proud of the Public Service of Canada, both for what it accomplished in the aftermath of September 11 and for what it achieves every day across the land. Shared values give public servants a strong foundation on which to build.

In order to meet the challenges of public service in the future, we will continue the efforts that we have begun on recruitment, workplace well-being, and learning. We will provide you with sound proposals for modernizing the framework for human resources management. And we will work to ensure that these legislative reforms result in improvement, not just change.

As public service employees, we rely on one another to advance the interests of Canadians and to serve the government. For some, public service represents a special calling. Others see it as a job where they have a chance to grow personally while contributing to building Canadian society. Regardless, we are all drawn together by the values we share and the principles that guide our work.

I invite every public servant to join the discussion on our principles, values and ethics.

I call on public service leaders, whatever their level, to do something different, something better, to make today's Public Service of Canada a little more like the one we aspire to have.

I challenge public service managers to become better people managers.

Together, we can build a public service which is strong and able to serve the needs of future generations of Canadians.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Mel Cappe', written in a cursive style.

Mel Cappe