



Twentieth Annual Report

to

the Prime Minister

on

the Public Service of Canada

Wayne G. Wouters

**Clerk of the Privy Council and
Secretary to the Cabinet**

For the year ending March 31, 2013

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Clerk of the Privy Council and
Secretary to the Cabinet



Greffier du Conseil privé et
Secrétaire du Cabinet

Ottawa, Canada
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March 28, 2013

Dear Prime Minister:

I am pleased to submit to you the *Twentieth Annual Report to the Prime Minister on the Public Service of Canada*, in accordance with the provisions of section 127 of the *Public Service Employment Act*.

In the report, I reflect on the significant changes that have unfolded in both the Public Service and the world around it in the two decades since the publication of the *First Annual Report to the Prime Minister* in 1992. As well, I highlight examples of the progress we are making to better position our institution for the future.

With this report, I also invite all public servants to take part in a dialogue to develop a clear and shared vision of what Canada's Public Service should become in the decades ahead and to develop an action plan to make this vision a reality. This dynamic exchange will help us ensure that our proud institution rises to meet the challenges of tomorrow.

I want to thank you for your ongoing support, Prime Minister, for a vibrant, non-partisan, and diverse Public Service of Canada. You can be assured of the strong commitment within the Public Service to serving Canadians and the Government with excellence.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Wayne G. Wouters'.

Wayne G. Wouters

Canada 

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I. Introduction

I am proud to deliver this twentieth report on the state of Canada's Public Service. For the past two decades, the Clerk has presented an annual report on the Public Service to the Prime Minister, who then tables it in both Houses of Parliament. The report has provided each Clerk with the opportunity to reflect on the challenges and accomplishments of this vital national institution and to consider what lies ahead.

Our Public Service stands among the best in the world and is a true asset to our nation. As the Prime Minister has stated, the combination of high standards of integrity, professionalism, and capability makes us second to none.

The advice we provide to government and the services we deliver to Canadians have a direct and positive impact on our fellow citizens' security and well-being and on our nation's economic prosperity and resilience. Our colleagues patrol our coastlines and secure our borders, keep our food supply safe, ensure Canadians remain healthy, and negotiate international partnerships and trade agreements that help our nation succeed in a competitive world. We do all this and much more, and our work helps to make Canada one of the best places to live in the world.

II. Looking Back

CHANGE HAS BEEN A CONSTANT

The Public Service and the world around it have changed in important ways since the publication of the *First Annual Report to the Prime Minister on the Public Service of Canada* in 1992.

Twenty years ago, we celebrated the 125th anniversary of Confederation and held the referendum that led to the creation of Nunavut. That was the year that Roberta Bondar became the first Canadian woman in space and Canada signed the North America Free Trade Agreement (NAFTA) with the United States and Mexico.

1992 was also the year the Toronto Blue Jays won their first World Series and that Canada took part in the Winter Olympics in Albertville, France and the Summer Olympics in Barcelona, Spain—the last time both games were held in a single year.

The world of work was quite different in those days. At first glance, the offices of 1992 appear familiar. Personal computers sat atop desks and cabinets brimmed with files. But public servants who worked in an age before the proliferation of cell phones and the Internet would be astounded by the communication technologies we take for granted today, and by the overwhelming abundance of information we can now access with a few keystrokes.

In those days, the desk phone was our primary means of connecting with our colleagues and partners. If we needed to track down a fellow public servant, we flipped through the pages of the *Government of Canada Telephone Directory*. Electronic mail was still in its infancy and, where it was available, it could only be used internally. In the pre-Internet era, policy research and evidence gathering meant trips to the departmental library and beyond to gather armloads of books, journals and reports to wade through.

What a difference a few decades makes. New knowledge is being created at an unprecedented rate. Canadians today make an average of 4.8 billion Internet searches a month and have moved many aspects of their personal and professional lives online. But while greater use of technology has undoubtedly made our lives more convenient, it has also brought new challenges. In a wired world, we are vulnerable to cyber attacks and Canadians now look to us to help protect them from these emerging threats.

Major geopolitical shifts have also unfolded since the publication of the first *Annual Report*. In 1992, in the wake of the recent break-up of the Soviet Union, the United States dominated the world stage. China's economy was less than one-eighth of its current size. Today, Asia is rising rapidly and wealth is shifting from west to east. By the end of this decade, 50% of global GDP will come from Asia.

The role of government has necessarily evolved to keep pace with these trends. As in the 1990s, governments are still called on to take the lead in addressing many of the difficult economic and social issues facing the nation. But for certain challenges, Canadians now see us more as a key partner. They expect us to collaborate with other governments, the private and voluntary sectors, and citizens themselves to tackle the multi-faceted challenges confronting Canada today.

However, while much has changed over the past twenty years, much remains the same. Throughout the remarkable changes that have unfolded in the world around us, our deep commitment to the public interest and to serving Canadians and the Government with excellence has endured. We remain a professional and non-partisan institution and our shared public sector values—*respect for democracy, respect for people, integrity, stewardship and excellence*—serve as a firm foundation for all our work.

THE PUBLIC SERVICE IN 2012-13

This past year, the Public Service managed a considerable amount of change—both in terms of delivering on a dynamic policy agenda and re-engineering how we deliver many of our internal and external services, as well as in renewing and streamlining our institution.

Public servants have worked hard to implement the ambitious agenda for Canada laid out in Budget 2012. Our efforts are advancing responsible development of the nation's rich natural resources, modernizing Canada's immigration system, securing the retirement income system for Canadians, reducing red tape, renewing border infrastructure, and expanding and strengthening Canada's trade with a broad range of international partners.

Finding ever more efficient and effective ways of delivering on our core business responsibilities continued to be a major focus for all departments and agencies. Our ongoing goal is to provide better service to Canadians at a lower cost. We are introducing new business models and ways of working, building on lessons learned and best practices from both the private and public sectors.

We can all take pride in the results: we are streamlining our business processes, leveraging technology and innovative partnerships, and pursuing creative solutions to fulfill our mandates. These efforts have combined to produce a leaner and more effective and affordable government.

While reshaping our institution for the future has never been an easy task, this past year was particularly demanding as we worked to implement the decisions announced in Budget 2012 that resulted in downsizing and reorganization across our institution. Our approach to making these significant changes has remained firmly rooted in our values. We have treated employees touched by these decisions with respect and provided them with the support they needed to access new opportunities in the Public Service and more broadly.

Through diligent human resources planning and effective implementation, we have managed the system-wide changes sensitively and responsibly. Workforce adjustment training for executives and managers at all levels equipped them to manage these changes effectively. Management teams also worked closely with bargaining agents to carefully implement the downsizing measures.

Reducing workforce impacts

Organizations have succeeded in finding other opportunities for employees affected by Budget 2012 decisions. Between April 1 and December 31, 2012, more than 3,100 affected indeterminate employees were placed in vacant positions across the Public Service. In addition, since April 1, 2012, more than 1,100 alternations have been completed, enabling employees affected by reduction initiatives to exchange positions with unaffected employees planning to leave the Public Service.

I want to express my deep gratitude to public servants across the country for demonstrating such a high level of dedication and professionalism throughout this challenging time. I am certain that the Public Service emerging from these reforms is stronger, more flexible and better positioned to respond to the evolving needs of Canadians. The changes we have already made, and those on the horizon, are part of the continuous renewal and improvement of our institution.

III. Signs of Progress

To continue to achieve excellence across all our core functions—policy development, program and service delivery, regulation, and management—in my *Nineteenth Annual Report*, I called on public servants and their organizations to be more innovative, collaborative, streamlined, high performing, adaptable and diverse. I asked deputy heads to tell me what they were doing to position their organizations for the future. Their reports demonstrate that we are making impressive progress.

INNOVATIVE

Innovation in the public sector is about having the courage and space to try out new approaches and to transform insights gained from these experiments into better outcomes for citizens.

Departments and agencies, large and small, are finding creative ways to deliver on their missions. They are joining forces with a variety of partners and leveraging new business models and technologies to provide Canadians with better services at a lower cost.

An international first

Transport Canada pioneered the world's first vehicle use survey that collects travel data exclusively via an automatic data logger. Its Canadian Vehicle Use Study gathers road travel data from different types of vehicles across Canada, helping the department and its partners to develop programs and policies that keep Canadians safer and reduce fuel consumption. The electronic data logger collects 1,000 times more data than paper methods with greater accuracy and less effort.

Many of these innovations depend on the use of communication technologies, which continue to reshape the way we deliver government services. Last year, for example, 17 million Canadians filed their taxes electronically. We in the Public Service continue to adapt to meet the needs and expectations of Canada's digital citizenry while, at the same time, working to safeguard the personal information and data in our care.

New approaches to keeping Canadians healthy

More than 1.5 million Canadians suffer from Type 2 diabetes and this number is rising each year, despite the fact that this disease is often preventable. As part of its Canadian Diabetes Strategy, the Public Health Agency of Canada collaborated with seven provinces and territories to develop the CANRISK questionnaire. The questionnaire helps individuals to determine their risk of developing diabetes and to identify ways to reduce that risk. Canadians can use the questionnaire online and, thanks to innovative public-private partnerships with a number of pharmacy chains, at thousands of drugstores across the country.

Parks Canada, as one example, partnered with a national not-for-profit organization and provincial governments to develop AvalX, the most modern public avalanche forecasting software available. Canadians can see avalanche conditions at a glance and receive instant Facebook and Twitter updates on their mobile devices. The system provides users with access to remote weather stations so that they can receive real-time information about temperature, wind

direction and speed, and snow depth.

COLLABORATIVE

A growing number of departments and agencies are pooling their efforts and tapping into internal and external networks to co-create policy solutions and deliver citizen-centred service.

A partnership between Service Canada and the Canada Revenue Agency supported the development of an automatic enrolment process for the Old Age Security (OAS) benefit. This collaborative initiative will eliminate the need for many

Joining forces for better results

The Canadian Food Inspection Agency (CFIA) and the Public Health Agency of Canada (PHAC) both have regulatory responsibilities related to the safe and secure use of disease-causing pathogens in laboratories—CFIA for animal pathogens and PHAC for human pathogens. Since the regulatory requirements and controls for both types of pathogens are often similar, the organizations have partnered to consolidate some aspects of their pathogen control programs, such as those related to the certification of laboratories that handle these infectious agents. This change will reduce the regulatory burden on Canadian labs and lower costs.

Working together for First Nations students

Through the First Nation Student Success Program (FNSSP), the Government of Canada is partnering with First Nations to provide more than 64,000 First Nation students with the quality education they need to build a successful future for themselves and their communities. The program enables First Nations to develop school success plans, implement student learning assessments, and track school and student progress.

seniors to apply for this retirement benefit and reduce program administration costs.

There were also examples of productive partnerships between departments and external stakeholders, including the provinces and territories, non-profit organizations, and the private sector. For instance, Agriculture and Agri-food Canada (AAFC) recently

launched “AgPal” in collaboration with the provinces of Nova Scotia and Ontario, and Farm Credit Canada. This one-stop, web-based tool helps farmers quickly find the government programs and services that best match their business needs. AAFC is now working with other Canadian provinces to incorporate their programs and services into the AgPal tool.

STREAMLINED

Throughout the Public Service, we are streamlining and consolidating many of our processes and systems to transform both the way we run our internal operations and deliver services to citizens. This is modernizing the way government works while lowering costs.

We continue to advance major enterprise-wide management ventures such as the modernization of the Public Service pay and pension systems. We have also successfully created Shared Services Canada, which is leading the process that will

Streamlining for better service

Health Canada, Transport Canada and the Canadian Food Inspection Agency have combined forces to develop the new *Recalls and Safety Alerts* web and mobile application to improve Canadians’ access to important safety information. The app provides an easy-to-use, one-stop resource for information on recalls and advisories related to health and consumer products, food and vehicles in Canada. Canadians have embraced this new service with over 600,000 hits in the first four months following its October 2012 launch.

see the consolidation of 63 different email systems into a single secure system.

In addition, departments are streamlining and automating their core business processes and routine, low-risk activities. For example, tangible improvements are being made in how we deliver federal grants and contributions. Canadian Heritage is reengineering its processes and leveraging technology to support online grant applications and to accelerate the processing of simpler, lower-risk requests, thereby freeing up staff to focus on the more complex cases. For grant applicants, this has meant simpler application procedures, a reduced paper burden, and faster processing of requests. As well, Health Canada, the Public Health Agency of Canada and Aboriginal Affairs and Northern Development Canada are working together to standardize and harmonize the way they process and administer grants and contributions.

HIGH PERFORMING AND ADAPTABLE

In a competitive and changing world, it is the high performing and agile organizations that are thriving. In my last report, I urged our organizations to be more adaptable and nimble by reducing red tape and experimenting with new models of organizing work. I also asked managers to place more emphasis on employee productivity.

I am encouraged by departments' efforts to ensure employees have the tools and support they need, including mobile devices and online technologies. Transport Canada is leading the way with its blueprint for integrating tablets and smartphones into the

Workplace 2.0

Public Works and Government Services Canada is leading a Workplace 2.0 initiative to create a modern Public Service workplace that attracts, retains and enables public servants to work smarter, greener and healthier in order to better serve Canadians. It involves modernizing the physical aspects of the workspace, updating policies and systems that support public servants in their work, and providing new technologies that empower them to connect and collaborate across government and with Canadians. To date, more than 100 installation projects have been undertaken and nearly 200 more are planned for the near future.

department, based on industry standards and best practices. This approach can be used by other departments to integrate these devices securely, effectively and at the lowest possible cost.

The ability to build and share knowledge and use it in new ways is a key characteristic of agile and resilient organizations. I am pleased to see that we are continuing to foster a learning culture in our organizations through support for more self-directed and continuous learning activities. The Federal Youth Network and our vibrant departmental and regional youth networks continue to organize a wide range of learning and community building activities—both in-person and virtual. These opportunities for a new generation of public servants to network with peers and share ideas and leading practices are sparking workplace innovation and helping to develop our future leaders.

An increased emphasis on performance and talent management is yielding real dividends. Many departments have broadened talent management discussions to include their executive feeder groups. This is strengthening their succession planning, while supporting employee development and a higher-performing workforce. We need to extend these good practices more broadly through our organizations.

Reducing rates of sickness and disability is another area that is crucial to increasing productivity and enhancing employee well-being, and we are seeing some encouraging results. A number of departments are proactively managing employee sickness and disability, with a focus on ongoing communication and modified work arrangements to encourage early return to work.

Helping employees return to work

The Department of National Defence's Return to Work Program helps convalescing employees integrate back into the workplace by temporarily modifying work arrangements until they are capable of resuming full duties. This has helped decrease the average number of lost business days due to work injuries and illnesses by nearly 50% in the last eight years.

Strength in diversity

Canada placed 1st on Ernst & Young's Worldwide *Index of Women as Public Sector Leaders* which measures the progress of G20 nations in achieving gender equality at senior levels of the public sector. Women make up 45% of Canadian public sector leaders, well ahead of the next highest ranking nations (Australia – 37%; U.K. – 35%).

DIVERSE

Canada's diversity is a source of great strength and pride. I am proud that we continue to build a Public Service that reflects this richness of perspectives. For instance, the Canadian Security Intelligence Service strives to ensure that it reflects the society it serves by actively recruiting aboriginal Canadians and by working with Citizenship and Immigration Canada's

Newcomers Program. We have also embraced diversity in how we serve Canadians. We provide service in both official languages and a number of Aboriginal languages in various communities across the country. In addition, we offer service in, among others, Chinese, Gujarati, Korean, Persian/Farsi, Punjabi, Spanish, Tagalog, Tamil, Urdu, and Vietnamese.

Canada's linguistic duality remains central to the values of the Public Service. Online tools, matching programs, discussion clubs and other innovations are helping employees to learn and maintain their second official language.

By serving Canadians in both English and French, by creating a work environment that encourages employees in bilingual regions to work in the official language of their choice, and by promoting linguistic duality in Canadian society, our federal institutions give concrete expression to Canada's commitment to bilingualism.

Linguistic duality on the go!

In September 2012, the Government of Canada launched its first mobile linguistic application: ourlanguages.gc.ca on the go! This mobile application allows smartphone users to consult *TERMIUM Plus®*, the Government of Canada's terminology and linguistic data bank, to find equivalents for nearly 4 million English and French terms in various fields. There have already been more than 19,400 downloads of the app in more than 100 countries worldwide.

IV. Priorities for 2013 and Beyond

Public servants have already made significant progress in positioning our organizations for the future. In the coming year, we will continue our efforts to ensure that Canada has the Public Service it needs to meet the challenges of the decades ahead.

A FOCUS ON PERFORMANCE AND PRODUCTIVITY

Although we face continuous change in our organizations, our important responsibilities and mandates remain. In today's competitive world, a strong and high performing Public Service is critical to Canada's success. We must be able to deliver the best advice to Ministers and implement our mandates with excellence. To succeed, a leaner public service must be one that is continuously performing at peak productivity. Managers should expect excellence from all employees. Canadians deserve nothing less.

The bottom line is that the work of every employee counts, so we must create the conditions that empower all public servants to give their best. Public Service leaders and managers need to actively foster collegial and healthy work cultures that support open communication. They also need to establish clear performance expectations and then provide regular feedback to employees. While not always easy, one of the most important ways managers can motivate their employees is to offer them specific and timely performance feedback. This allows employees to adjust their actions and orient their personal learning and development efforts.

In their recent cross-Canada consultations, the National Managers Community heard a clear message that our managers want a system that truly supports a high performing Public Service. Managers need to set out clear expectations for their employees and provide them with the tools necessary to assess their progress. In this regard, managers are accountable for employee performance. Excellence needs to be encouraged and recognized, while performance issues need to be managed quickly and effectively. This will ensure that we continue to drive towards constant improvement and excellence.

EMBRACING ENTERPRISE APPROACHES

Departments and agencies have undertaken their own efforts to streamline, consolidate and increase efficiency with considerable success. However, there are limits to what can be achieved on an individual departmental basis. This is why we continue to look to whole-of-government solutions to modernize the way we run our internal operations, serve Canadians, and manage people, as highlighted in Section III.

We are not alone in this effort. Other governments and large private sector organizations around the globe are examining their operations and looking to enterprise solutions to improve their services and boost their productivity. We have learned from their experiences and the advantages are clear: by working collaboratively across our organizations and reducing duplication of effort, streamlining our processes, taking advantage of new technologies, and leveraging the Government of Canada's considerable purchasing power, we will improve our services, increase our productivity, and reduce costs.

Over the coming year, departments and agencies will work together to transform the Government of Canada's web presence by consolidating our more than 2,500 websites into one portal. This single entry point will allow Canadians to find and access information about government services and programs quickly and easily. As well, we will standardize and consolidate the procurement of software for federal employees' computers and laptops. This will enable us to achieve economies of scale and provide better service across our institution. Shared Services Canada will also work to consolidate our more than 300 data centres to fewer than twenty.

I have created the Deputy Minister Board of Management and Public Service Renewal to help ensure a successful shift to managing as a single enterprise where it makes sense to do so. This group of deputies provides the shared stewardship and sustained leadership we need to drive these changes and to shape a Public Service that is ready for the future.

WORKING TOGETHER FOR BETTER OUTCOMES

We achieve the best outcomes for citizens when we work collaboratively across our organizations and beyond. The unique strengths of our institution are unmatched: a vast network of legal, scientific, social, economic, and other expertise; our presence and involvement in communities across the country and around the globe; our vast data banks; and, of course, our non-partisan nature and long-term perspective. These assets help government to make sense of a broad range of perspectives and to develop creative and workable policy and program solutions.

Engaging with others outside our institution—other levels of government, industry, academia, non-governmental organizations, and individual citizens—is also essential to our work. These diverse partners can help to identify and implement practical, effective solutions that get results. We need to develop our policies, programs and services *with* people, not just *for* them.

And as public servants, we each need to ask ourselves what we are doing to keep our own skills current and our thinking fresh. Tapping into networks—both in-person and virtual—is a powerful way to keep abreast of emerging trends and new insights, to obtain timely advice and assistance from peers and colleagues, and to develop relationships with leading thinkers and innovators.

Broad and interactive consultation

Bringing Canada's copyright laws into the 21st century required listening to as many Canadians as possible to learn of their varied interests. Canadian Heritage carried out a multipronged national consultation to develop the new *Copyright Modernization Act*. A number of tools were used to elicit feedback, including an interactive website, social media, and in-person consultations. There were more than 30,000 unique visits to the website, over 8,000 written submissions from individuals and organizations, and roughly 2,500 threaded discussions. A further 1,000 Canadians attended nine round tables and two web-streamed public town halls.

Kickstarting co-creation

Governments around the world are innovating and Canada is learning from them. For example, Singapore is shifting from a “Gov-to-You” to a “Gov-With-You” approach to foster a collaborative government that co-creates and connects directly with people. A key element of this approach is a citizen-engagement agency called REACH (Reach Everyone for Active Citizenry @ Home) that uses both traditional and new media channels to connect with Singaporeans and enable them to directly shape government policies.

It has never been easier to engage our colleagues and Canadians in a dynamic dialogue about our joint challenges and shared opportunities. Social media tools can help us harness the power of networks to co-create innovative policy solutions. We need to seize the opportunities these technologies offer. It is with this very purpose in mind that I established the Deputy Minister Committee on Social Media and Policy Development to explore the

linkages between social media and policy making, including new models for policy development, public engagement and the role of the public servant in the social media sphere.

V. Building the Public Service of the Future Together: An Invitation

As I have noted, global forces are compelling the transformation of large institutions around the world. From shifting demographics within our own borders to an increasingly interconnected global economy, the complexity of the issues and the pace and scope of change will not subside.

I have outlined some important near-term priorities for the Public Service in response to this reality. However, to continue to transform our institution to meet the demands of the future, I believe that we need a clear and shared vision of what Canada’s Public Service should become in the decades ahead.

Engagement is key

“Employees will be motivated to contribute to the process of transformation only if they are engaged in the process. The more they know about where they are headed and why, the less threatening the future will be, and the more they will be able to help achieve the desired goals.”
— *Seventh Report of the Prime Minister’s Advisory Committee on the Public Service*

We have a solid foundation to build upon. We will remain a proudly bilingual, professional and non-partisan institution, guided by our enduring public sector values. But we must build on these strengths, not rest on them. A common vision of the future will give us a clear sense of purpose, guide our decision-making, and orient our collective action.

Over the past year, deputies have come together to explore possible futures for our institution and to begin developing a vision of a revitalized and world-class Public Service equipped to serve Canada and Canadians now and into the future. The vision that is beginning to emerge is one of a Public Service with a capable, confident and high-performing workforce that works collaboratively with citizens and stakeholders. The Public Service of tomorrow will also fully leverage the power of new technologies and seek innovative whole-of-government opportunities for improved efficiency and effectiveness. And it will be agile and able to anticipate and respond to the evolving needs of Canadians and the Government.

I have asked deputies to now broaden the conversation so that public servants across the country can join in. We will refine this vision and determine what we need to do together to make it a reality.

In the months ahead, deputies will engage their staff in a dialogue on what the vision means for their respective areas of responsibility and what key areas of change are required. Throughout this process, we will make use of a combination of approaches to explore views and share ideas, such as working horizontally through networks and using web-based tools. The views gathered will help us develop a concrete blueprint for action so that, together, we can build the Public Service of tomorrow. More information about this important initiative will be provided in the coming weeks.

I invite all public servants to take part in this important dialogue about our shared future. Together, we can find fresh ways to uphold the tradition of excellence that is the hallmark of Canada's Public Service while working more creatively for the betterment of all Canadians.

Annex A: By the Numbers—A Demographic Profile of the Federal Public Service

This annex presents select demographics for the Federal Public Service (FPS)¹ for the period ending December 31, 2012, and compares them to figures from the end of fiscal year 2011-12 (March 31, 2012) in order to reflect the implementation of workforce management measures announced in Budget 2012.²

Demographic information for fiscal year 2011-12 is available at <http://www.tbs-sct.gc.ca/res/stats/demo12-eng.asp>.

Number of Employees

From March 31 to December 31, 2012, the **total FPS population decreased by 5.5%** and the total number of **executives decreased by 3.5%**.

	Number of Employees	
	Mar. 31, 2012	Dec. 31, 2012
All Employees	278,092	262,902
Executives	6,923	6,682
EX minus 1	12,155	11,524
EX minus 2	18,869	18,167

Employee Types

Over the course of the past year, the proportion of **fixed-term employees (term, casual and students) decreased**, while the proportion of **indeterminate employees increased slightly**.

	Employee Types	
	Mar. 31, 2012	Dec. 31, 2012
Indeterminate	87.4%	89.4%
Term & Casual	10.6%	9.1%
Students	1.9%	1.6%

¹ The "Federal Public Service" refers to the Core Public Administration (CPA)—departments and agencies for which the Treasury Board is the employer—and separate employers (principally the Canada Revenue Agency, Parks Canada, the Canadian Food Inspection Agency and National Research Council Canada). Data are primarily provided by the Office of the Chief Human Resources Officer.

² Note that *The Nineteenth Annual Report to the Prime Minister on the Public Service of Canada* presented figures for fiscal year 2010-11 (ending on March 31, 2011). The *Twentieth Annual Report* does not include information on Employment Equity representation for the period ending December 31, 2012, because numbers are only available as of March 31st of each year.

Gender Distribution

The overall **proportion of women and men in the FPS remained virtually unchanged**. However, the proportion of women executives increased from 44.9% to 45.3%.

Gender Distribution		
	Mar. 31, 2012	Dec. 31, 2012
Female	55.1%	54.8%
Male	44.9%	45.2%

Average Age

The **average age** of federal public servants has **slightly increased to 44.9 years** (compared to a recent low of 43.9 years in 2010).

The proportion of indeterminate employees eligible to retire without penalty increased from 9.4% to 9.9%.

Average Age (in years)		
	Mar. 31, 2012	Dec. 31, 2012
FPS	44.4	44.9
EX-01 to EX-03	50.0	50.1
EX-04 to EX-05	53.7	54.0
EX minus 1	48.6	48.8
EX minus 2	46.0	46.2

Since 2003, the **average ages of EXs** (at both lower and senior levels) have remained relatively **stable**.

Years of Experience

The **proportion of FPS employees with 5-14 years experience increased by 2.9 percentage points** from March to December 2012 and the proportion of those with **15-24 years of experience also increased slightly**.

Years of Experience		
	Mar. 31, 2012	Dec. 31, 2012
0-4 years	21.7%	18.2%
5-14 years	41.2%	44.1%
15-24 years	20.2%	20.8%
25+ years	17.0%	16.9%

These changes reflect the workforce management measures implemented in response to Budget 2012 announcements, including reduced levels of recruitment across the FPS.

First Official Language

Official languages representation has remained virtually unchanged over the course of the past year, continuing a stable 25-year trend.

	First Official Language	
	Mar. 31, 2012	Dec. 31, 2012
FPS: French	28.9%	29.0%
FPS: English	71.1%	71.0%
EX: French	30.2%	30.2%
EX: English	69.8%	69.8%

Annex B: Report of the Prime Minister's Advisory Committee on the Public Service— Modernizing the Employment Model

MESSAGE FROM THE CO-CHAIRS

We are pleased to present to you, Prime Minister, the seventh annual report of your Advisory Committee on the Public Service.

In looking back on the past year, we find Canada's Public Service at an important juncture. The government has come through a significant downsizing. Managers and employees alike are conscious that the shape and direction of their work is changing. They want to be part of a 21st century institution.

We have chosen in this report to offer our reflections and some advice on how the Public Service employment model is evolving, and how it will have to evolve if it is to meet the needs of Canadians in the future.

From our work this year, we have come to three major conclusions, with associated recommendations:

- 1. Modernizing the employment model is the key challenge facing the Public Service today.*
- 2. It calls for sustained attention and a sense of urgency.*
- 3. Engagement is the key to employee commitment. If public servants can see where their institution is headed, they will be keen to get there.*

This year we note with sadness the passing of a valued member of our Committee, John MacNaughton, and the resignation for personal reasons of Tony Comper. Their insights and determination to make things work better inside government will be greatly missed.

As always, Prime Minister, we appreciate your engagement with the Committee and your receptiveness to our ideas and recommendations.

The Honourable Paul M. Tellier The Honourable David Emerson

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PART I: THE PUBLIC SERVICE IN 2012

This is the Committee's seventh report since we began our work in 2006. Last year we commented on the significant reductions under way in budgets and personnel across government. Further substantial reductions were announced in the February 2012 Budget.

Those changes have been implemented with remarkable dexterity. The number of positions was reduced by nearly 17,000 along with their associated resources. Employees directly affected by the changes have been dealt with fairly. This smooth transition is a credit to good planning, more modern personnel policies, and effective communication by managers with affected employees.

The Government continues to focus on elimination of the deficit, on jobs and growth, and on specific priorities in the social sphere. Those objectives are clear inside government and, we believe, clear for Canadians as well. The Public Service will make an important contribution to achieving this agenda.

Canada's Public Service has been engaged for some time in reshaping itself to respond to the challenges of the information economy and society. In previous reports, we described a wide range of transformative initiatives intended to support this process of institutional change.

Some of the measures being taken today are obvious to Canadians – the implementation of electronic service delivery, for example, and the elimination of unnecessary reporting requirements for recipients of grants and contributions. These steps will make a measurable difference to Canadians.

Other changes are of great significance inside government but almost invisible to the general population. Here, we can point to the creation of Shared Services Canada, now up and running and

starting to deliver the savings and efficiencies that flow from a common information infrastructure supporting government administration. We also note a number of initiatives to consolidate other internal services on shared platforms. These are positive signs of real change.

These steps toward a more modern and agile Public Service are, in part, a response to the pace of change in this country, and indeed throughout the world. And our world is one in which future changes are hard to predict, as we have seen in recent months.

Who would have thought a year ago that our resource-rich country would face the challenge of competitive energy supplies from shale gas and new sources of petroleum in the U.S.? Who would have imagined that pipelines would be so prominent on the national and international agenda? Or that they would be an issue for Quebec and New Brunswick as well as Alberta and British Columbia?

In one way or another, Canadians will have to deal with these new and often difficult issues. In almost every case, resolving them will demand that the federal government play a constructive and imaginative role. Ministers will not be effective in dealing with these issues without the support of a skilled, informed and adaptable Public Service. Today as much as ever, Canada's Public Service has an essential contribution to make to the national interest.

In looking back on the past year, we can affirm that our meetings and conversations have dealt with virtually all of the issues that we committed ourselves to address in last year's report:

- At each of our sessions we reviewed progress on the implementation of the Government's deficit reduction action plan.

- We discussed with the Clerk, and other deputies, and with line managers, ways to standardize and consolidate business processes and systems.
- We kept track of major initiatives such as Shared Services Canada and the Pay Modernization Project, as well as the broader process of Public Service renewal.
- We discussed with deputies and line managers their concerns (and ours) over the excessive burden of oversight—too many watchdogs, too many reports to submit, too little room for innovation and responsible risk-taking.
- A constant theme throughout our discussions has been the search for ways to build a technologically enabled workforce with the tools—and the mandate—to deliver the results that Ministers and Canadians expect.

The key commitment in our last Report was to provide “advice and recommendations on a forward vision for the Public Service and how to ensure ongoing success.” That subject has been an enduring preoccupation for the Committee over the years and it constitutes the main focus of this year’s report.

PART II: WHY 2013 IS AN IMPORTANT YEAR

In 2013 the Public Service will emerge from three years of legislated wage restraint and enter a new round of collective bargaining. This will be an important opportunity for both management and labour to think about the kind of employment model they want to build for the future Public Service.

The Public Service employment model is outmoded in almost every respect — from performance management to classification to labour relations and total compensation. It is in the best interests of both management and labour to fix it.

Both sides are aware that the nature of work is changing throughout the modern economy. They share the experience in previous negotiations of successfully resolving difficult issues such as severance pay. And they share an interest in good jobs that make the most of the skills and imagination of public servants at all levels. Their challenge in working toward collective agreements over the next 18 months will be to keep the focus on the workplace of the future, and on the needs and expectations of a workforce that is changing dramatically.

Today's public servants are better educated, more accustomed to electronic engagement inside and outside the Public Service, and more demanding of their managers. They want to use new technologies to serve Canadians better. Increasingly, they are looking for a more modern relationship with their employer, one that offers them greater opportunity to use their talents in the service of Canada.

The question for everyone is, what will the new employment model look like and how do we get there? In answer to this question, we offer the following thoughts.

PART III: OBSERVATIONS

We began our work this year with the intention to focus on a few important issues where we could be consulted early and make a difference. Three over-arching themes emerged:

- *Service delivery, including new applications of technology*

- *Innovation and risk*
- *Fostering a new employment model*

Service Delivery

In the past year, we met with a number of front line managers from large service organizations. Whatever the differences in their particular jobs, we found a shared interest in finding new solutions and gaining better access to mobile technology, a concern over red tape and barriers to innovation, and a common desire to take more responsible risks.

When we met with deputy ministers in larger service organizations, the messages were the same. In all these conversations, the emphasis was on moving forward, not protecting the status quo. The enthusiasm for constructive change was apparent in every case.

What was also apparent from our encounters with people in the service business was that Canadians want government e-services to be available in the same way as the services they use in other parts of their lives. Today, that means services accessed and delivered not just electronically, but on mobile platforms. The Public Service must keep up. A digital population cannot be well served by analog government.

Modern technology is a means to dramatically improve service as well as reduce costs. This will require considered investments, a willingness to take reasonable risks, and a robust capacity to manage complex and sensitive projects. The private sector may be a superior way to flexibly acquire the needed expertise and to deliver specific services.

The Committee has played an active role in past years in helping to bring forward new systems such as pay modernization and new initiatives such as Shared Services Canada. In previous reports we have noted the need for careful planning and rigorous implementation of large technology projects. We were reminded in our discussions this year that not every dollar invested in technology returns a dollar in savings—sometimes you need to invest just to meet the changing needs and expectations of Canadians.

Innovation and Risk

Controls are fine as long as they are the right controls. But the biggest obstacles to constructive change in the Public Service today are the excessive controls, reporting requirements and limitations on authority that prevent managers from focusing on excellence and being innovative in how they do their jobs.

Public servants must be empowered to serve as responsible risk takers. Being innovative means trying new things that may not always work out successfully. Only if deputies, managers and employees feel comfortable in innovating to do their jobs better and more efficiently will the Government get the results it is expecting from a 21st century Public Service.

In saying that more must be done, we do not wish to understate what has been achieved. A glance at departmental renewal reports shows literally hundreds of ways in which public servants at all levels have taken it upon themselves to introduce new ways to serve Canadians better. We applaud these efforts and we encourage the Government to foster a spirit of innovation and responsible risk-taking throughout the Public Service.

A New Employment Model

Departments and agencies have successfully navigated through a substantial downsizing exercise. Now is the time to be thinking about building the workforce and workplace of the future.

The old industrial model of labour relations in government was based on standardized, repetitive work, which has largely disappeared in today's public sector. Today, most new entrants are college - or university-educated and all employees expect to be treated as creative, responsible professionals.

Just as the expectations of managers and employees today are different than what they may have been fifty years ago, so too are the expectations of Canadians.

Canadians expect government to be as effective and responsive as the best corporations in the private sector. Not surprisingly, what they want from government is both greater efficiency and better service. (And increasingly, they want *electronically enabled* service.) The challenge facing the senior leadership of the Public Service today is to deliver on these expectations while retaining the values and the spirit of professionalism that have always characterized Canada's Public Service.

Delivering high-quality, cost-effective government programs and services in the 21st century calls for a new employment model in which:

- the focus is on managing for high performance at all levels;
- total compensation is fair but not out of line with the private sector;
- employees are equipped with the technology to work effectively; and

- employees are treated as responsible professionals and held accountable for their performance, and managers are given the authority and the trust they need to serve Canadians well.

PART IV: CONCLUSIONS AND RECOMMENDATIONS

A new employment model is not so much a choice as a necessity. Whatever the precise details, tomorrow's Public Service must reflect the fact that the world has changed dramatically and that people work and communicate differently than the way they did just 20 years ago. The Public Service has not only the opportunity but also the obligation to modernize its employment model to meet the requirements of 21st century Canada.

On the basis of our work over the past year, our dialogue with officials and our own discussions in the Committee, we make the following recommendations.

1. Modernizing the employment model is the key challenge facing the Public Service today.

This should be "job one" in Public Service renewal.

Perhaps most importantly, the Public Service must equip itself to manage people for high performance. This is essential to a more productive and effective Public Service.

Another key area is labour relations. A constructive and respectful relationship between management and labour in government is hampered today by a complex universe of mechanisms for consultation and redress. Problems take too long to resolve and the best interests of both employees and the public are lost in the process. This has to change.

Another area for change is the current regime for managing disability and absenteeism. Here too, we find a complex and costly system that is out of step with other sectors of the economy and that does not offer a level playing field for all employees. This too must change.

Continued work is required on measuring and comparing total compensation. The goal should be a modern, productive and motivated workforce where performance is effectively managed and employees' compensation and benefits are aligned with those of their counterparts in the private sector.

2. Modernizing the employment model requires sustained attention and a sense of urgency.

Advancing a modernization agenda such as this should be a top priority, but it carries risks if not carefully managed. In areas where management is looking for change, it will be important to not seek unnecessary confrontation and to ensure that union leaders and members are treated with respect in the bargaining process. They too have a stake in a modern and well-functioning workplace.

The forward agenda must be understood by all concerned. The public must see that modernizing the employment model is not a goal driven simply by a search for cost savings but by a broader desire for a modern, professional public sector.

The same holds true for employees. If they can see that changes to the employment regime will benefit them as well as the employer, they will become agents of change. And negotiations will be both easier and more fruitful.

Timing and pacing are critical to modernizing the employment model. Rather than trying to force too much change too quickly,

it is better to advance a positive and deliberate agenda for modernization and to sustain that agenda over time.

3. Engagement is the key to employee commitment

In our work over the past 12 months, we have been reminded of the importance of articulating and sharing a clear vision of where the Public Service is going, and to engage employees in the process of change. They need to see how measures being introduced today will improve their work in future, and how a truly 21st century Public Service can serve Canadians better as well.

The Public Service has gone through dramatic change in recent years—first ramping up to deliver on the Economic Action Plan and now slimming down as a consequence of the deficit reduction action plan. Employees will be motivated to contribute to the process of transformation only if they are engaged in the process. The more they know about where they are headed and why, the less threatening the future will be, and the more they will be able to help achieve the desired goals.

PART V: LOOKING AHEAD

It is clear from our discussions with the Prime Minister and the Clerk that the process of renewal that first engaged the Committee nearly seven years ago is still central to the management agenda of the Public Service. As we move forward, we will continue our close engagement with the renewal process.

We have learned a lot over the past seven years.

- We have learned that the problems of most concern to senior managers today are essentially the same as those affecting people on the front line—how to get the tools

and the operating space they need to deliver top-quality services to Canadians.

- We have been impressed by the ingenuity of public servants at all levels in looking for new and more efficient ways to do their work.
- We have also been struck by the frustrations experienced by creative managers and employees who are constrained by rules, red tape and reporting obligations that go far beyond what is needed today.
- We have come to better appreciate which lessons from the private sector are relevant to government, and which are not.
- We have seen how the traditional Westminster model of authority and accountability in government must adapt to reflect the new and more complex problems facing Canada. Problems today are horizontal, and so are the solutions.
- And we have been reminded at every turn that government cannot change fast enough to meet the ever-increasing expectations of citizens.

The Public Service is at an important point in its long and distinguished history. Its continued relevance to Canadians depends on it being seen by Ministers and the public as an institution moving forward with a positive agenda for change, an agenda focused on excellence, efficiency and continued professionalism.

In issuing this seventh report we are also looking ahead to our agenda for the coming year.

- We will pay close attention to issues relevant to the emerging employment model.
- We will participate in the dialogue around the forward vision and action plan for the Public Service.
- We will reflect on lessons learned from what has been achieved by departments and system-wide in the process of transformation.
- We will monitor the staff and budgetary reductions resulting from the deficit reduction action plan, with a view to ensuring that necessary investments in recruitment and training are not forgotten.
- We will look at other areas in government where shared services arrangements are being developed or can be implemented.
- We will open a dialogue on new policy tools and models that reflect the new world of information and ideas.
- We will consider the particular features of the internal labour market in the Public Service, especially around issues of skills and mobility.
- And we will be ready to provide advice on any other issues on which the Prime Minister and the Clerk would like our views.

The Public Service world is changing and we are delighted to be part of that process. We look forward with enthusiasm to continuing our work over the coming year.

**APPENDIX: MEMBERS OF THE PRIME MINISTER'S ADVISORY COMMITTEE ON
THE PUBLIC SERVICE**

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