



House of Commons
CANADA

Standing Committee on Government Operations and Estimates

OGGO • NUMBER 006 • 3rd SESSION • 40th PARLIAMENT

EVIDENCE

Monday, March 29, 2010

—
Chair

Ms. Yasmin Ratansi

Standing Committee on Government Operations and Estimates

Monday, March 29, 2010

• (1530)

[English]

The Chair (Ms. Yasmin Ratansi (Don Valley East, Lib.)): Order. Members, we can commence.

Pursuant to Standing Order 108, we are studying the freeze on departmental budgets.

We have witnesses before us, including Madam Hassard, deputy secretary to the cabinet, senior personnel and public service renewal; Madam Meredith, the chief human resources officer; and Madam Laurendeau, assistant deputy minister, compensation and labour relations.

Welcome to all of you. I understand that Madam Hassard and Madam Meredith have opening remarks. Taking between five and seven minutes for those would be appreciated, thank you very much.

The floor is yours.

Ms. Patricia Hassard (Deputy Secretary to the Cabinet, Senior Personnel and Public Service Renewal, Privy Council Office): Thank you very much.

Good afternoon, Madam Chair, and members of this committee.

I am very pleased to be here on behalf of the Privy Council Office and with my colleagues from the Office of the Chief Human Resources Officer. I understand you are interested in how the public service is preparing for the challenges that lie ahead.

As you know, the public service is an essential part of our democratic institutions and is also Canada's largest employer. In an increasingly complex world, the public service of Canada needs to be both capable of adapting and actually adapting in order to remain a relevant and high-performing institution.

[Translation]

A strong public service is critical to the continued success of our country. Strengthening the capacity of the public service to provide high-quality advice to the government and excellent services to Canadians is an on going priority for all of us. This is why public service renewal is our top management strategy. This is especially true in the context of fiscal restraint when difficult decisions will need to be made and implemented.

[English]

I will speak briefly about the role of the Clerk of the Privy Council as the head of the public service, focusing on two of his key responsibilities—first, public service renewal, and then the overall management of the community of deputy ministers.

The clerk as head of the public service supports the Prime Minister and cabinet, and plays a key role in ensuring that the senior leadership of the public service has the necessary capacity to advise on and deliver the government's agenda. He sets the overall strategic direction for the public service through his annual reports to the Prime Minister, and he is responsible for succession planning, talent, and performance management for the senior leadership cadre.

[Translation]

As a large, complex, national institution, the public service faces considerable pressures, such as: the globalization of most policy issues and the need for collaborative decision-making; the impact of ever-changing technologies on the way we do business and even the nature of our work; and the demographic realities of an aging and increasingly diverse population.

[English]

Public service renewal is our response to this changing and unpredictable environment. Fundamentally, it's about making sure that the federal public service continually improves its ability to deliver on the business of government, no matter how circumstances change.

Starting in 2006-07, the strategic foundation for the renewal of the public service of Canada has been set out in the clerk's annual reports to the Prime Minister. The strategy has been built on four pillars of renewal: better planning, targeted recruitment, effective employee development, and infrastructure improvements to enable our workforce.

Two important committees were established to guide the work on these priorities: the Prime Minister's Advisory Committee on the Public Service, co-chaired by the Honourable Paul Tellier and the Honourable David Emerson; and the Deputy Ministers' Committee on Public Service Renewal, which is chaired by the associate secretary to cabinet.

Framed by these pillars and grounded in annual public service renewal action plans containing specific commitments each year, we have made good progress and have achieved results.

We have embedded integrated business and human resources planning in departments as a fundamental management practice to improve HR capacity across the government.

We have consistently met our post-secondary recruitment goals and are steadily increasing our diversity.

We have strengthened the public service brand and sense of common purpose through enterprise-wide career fairs and an improved job seeker website.

We have created a leadership development framework for all employees, and we are aligning our development programs within this framework.

We're also moving forward with pay modernization to replace our 40-year-old system, laying the groundwork for other improvements to our back office systems.

We have changed the way human resources are governed by creating the Office of the Chief Human Resources Officer, streamlining the central agency roles, and making deputy ministers clearly responsible for managing their people.

These are steps we have taken as a result of a sustained and consistent strategic focus and the active participation of public service leaders, managers, and employees. These were accomplished without new funds, simply by looking at things differently.

In a period of fiscal restraint, renewal becomes even more important. We still face the demographic pressures, the complexity of the issues, and the requirement for ongoing development of our employees and leaders. The need for restraint provides a further incentive and an opportunity to review how we do business and to become more efficient and effective in support of government and the provision of services to Canadians. Our capacity to rethink the way we work, to plan, to reach out to others for good ideas, and to work together within and across departments will sustain a high-performing public service.

•(1535)

[*Translation*]

The clerk's 2009-2010 annual report to the Prime Minister will be tabled this week and will set out how we will continue with our efforts going forward. The deliberate focus on people management will continue—that is, better planning, recruitment and employee development. Integrated business and human resource planning is the underpinning for effective decision-making about the allocation of departmental resources and the delivery of outcomes. Recruitment must continue to meet our demographic challenges, but must be targeted, strategic and rooted in the results of integrated planning.

We must continue to develop employees and our leaders and strengthen our performance management system across all levels of the public service. A strong learning culture promotes innovative ideas as well as organizational efficiency.

[*English*]

Our managers community is an extremely important determinant of our future in the public service, since they are the carriers and creators of the culture change necessary for successful renewal.

While continuing to emphasize people management, there will also be a new emphasis on what we call the renewal of the workplace. We need to pay greater attention to how we work, the business processes, the tools we work with, and what we do. The engagement of public servants and the harnessing of new technology are key levers to drive workplace renewal.

[*Translation*]

In this multidimensional context, the development and support of senior leaders for the public service of Canada is essential. Given the demographic challenges, we have made substantial improvements in our talent management and succession planning processes for the most senior executives. These have helped us deepen our understanding of current and future needs through better workforce analysis for our assistant deputy ministers and deputy ministers.

We have also made the performance management program for senior leaders more rigorous to improve alignment with priorities and focus on results.

•(1540)

[*English*]

The Prime Minister's advisory committee in its fourth report stated:

We believe we are now seeing tangible results of the concerted efforts to renew the Public Service. First launched in 2006, public service renewal continues to be the top management priority led by the Clerk of the Privy Council. The past year has proven the value of having this strategy in place.

A systematic review of renewal priorities and a clear reporting of progress has been published each year through the clerk's annual reports to the Prime Minister. This has served us well, providing a means for demonstrating accountability, maintaining the momentum for change, and deepening the engagement of senior leaders, managers, and public servants in this endeavour. The sustained focus on renewal will continue so that the public service is well equipped to serve the government and Canadians now and into the future.

Merci, Madam Chair.

The Chair: Thank you.

We will now go to Madam Meredith for her opening remarks.

[*Translation*]

Ms. Daphne Meredith (Chief Human Resources Officer, Treasury Board Secretariat): Thank you, Madam Chair.

I am the Chief Human Resources Officer. With me is the Assistant Deputy Minister, Compensation and Labour Relations, Hélène Laurendeau.

I am pleased to have this opportunity to talk about the public service, which is such a vitally important part of life in this country. The public service provides thousands of individual programs and services to Canadians in 1,600 points of service across Canada and in 180 countries. Public service employees work in dozens of different occupations. We have space explorers, Arctic explorers and almost everything in between. This includes food inspectors from Health Canada, volcanologists with Natural Resources Canada, and forensic scientists with Canada Border Services.

[English]

The range of jobs is incredibly vast, and we employ some of the most highly skilled people in the country. Many are internationally recognized for their expertise and their accomplishments. This makes us a key to Canada's competitiveness in a global economy.

This afternoon I would like to give you an overview of the size and composition of the public service, but first I'll start with my role and responsibilities.

As the chief human resources officer, my role is to represent the Government of Canada as the employer on human resources issues. I also provide strategic, enterprise-wide leadership on human resources management. In my employer role I am responsible for negotiating 27 collective agreements for the core public service, the largest single workplace in Canada.

My office also manages the largest pension and benefit programs in the country. In terms of enterprise leadership on human resources management, my office tracks and assesses overall performance in people management and promotes excellence in this field. We also establish common processes and policies for human resources management in the Government of Canada.

My office was created just over a year ago as part of the new regime announced by the Prime Minister to improve and streamline the management of human resources. This new regime is putting accountability for the management of human resources back in the hands of deputy ministers, where it belongs. My office plays a key role in ensuring that deputies have the flexibility to do this.

Parliament may be aware of our work through our extensive reporting. In fact we table eight reports annually, covering a number of topics, including employment equity, official languages, and human resources management.

[Translation]

I would now like to talk about trends in the federal public service. As indicated in the chart we distributed, the federal public service has about 523,000 employees. But for the purposes of our discussion today, I will be focusing on the roughly 274,000 employees who work in the federal public service.

The federal public service includes line departments like Health Canada, for which Treasury Board is the employer. It also includes separate agencies like the Canada Revenue Agency, which conduct their own negotiations with unionized employees. All these organizations are subject to similar human resources rules.

When we look at the 274,000 employees of the federal public service, we see that the vast majority of them—approximately 60%—work outside the National Capital Region or even outside Canada.

Contrary to what many believe, the majority of public servants do not work in the National Capital Region.

As well, the vast majority of our employees are full-time. These employees are also called indeterminate and they make up about 86% of the workforce. However, this workforce is aging. On average, federal public service employees are 5.3 years older than workers in the general labour force. Despite these statistics, we expect that the number of public servants leaving government will stabilize at about 5% per year, which is 13,000 people.

• (1545)

[English]

Madam Chair, a well-planned and well-structured public service has great value. It is crucial to the success of our country in an increasingly complex world.

I am confident that the human resources changes we have made over the past few months will ensure that we continue advancing our commitment to renewing the public service and developing the next generation of employees.

I'll be happy to take your questions.

The Chair: Thank you very much.

In the first round of questions, we'll go to Madam Hall Findlay for eight minutes.

Ms. Martha Hall Findlay (Willowdale, Lib.): Thank you very much, Madam Chair.

Thank you very much to the witnesses for being with us here today.

My questions are going to be specifically for the PCO and Ms. Hassard. They will follow on some of the discussions we had with the president of the Treasury Board with regard to the PCO budget a little while ago, because, as you know, the title of our investigation is the study of the freeze on departmental budget envelopes and government operations.

If I may, I want to put a question into the record that I don't think you'll be able to answer today because it's asking for very specific numbers; however, I'd like to read it into the record so that at least we have it, and then I can ask you to provide the answers. This has to do with what is referred to as the third element of the government's plan to return the budget to balance, that element being to undertake, continue with, and, in some cases, augment a number of review processes aimed at reducing costs while improving efficiency, the idea being that over time this should result in a reduction in the size of the public service.

With respect specifically to the PCO, we had main estimates asking for a \$13.4 million increase to \$74.5 million in the PCO departmental budget for support and advice, which is a 22% increase. There was another increase specifically for advice and support to cabinet and cabinet committees. I think overall that meant a \$15.1 million increase to \$144 million.

If I can just read it into the record, this is one question: can you provide a detailed breakdown for PMO and PCO office expenditures for every year from 2005-06, so it would be on the public record? I'm asking because we are having a very hard time comparing line-by-line items. There seem to be differences year over year, and we're having a challenge making the comparison, so we're asking for your help in that. We would like a detailed breakdown of those expenditures on a line-by-line basis and, in that sense, the similar information for this past year, because it won't have been published. It would be based on this past year's budget numbers, I expect, until they get finalized, and then also as they fit with this current set of main estimates.

Madam Chair, could that be in the record, as well as a request to provide that information?

Do you have any sense of how long it might take to provide that kind of information for us?

Ms. Patricia Hassard: Madam Chairman, I think you'd be fairly surprised if I had the answer at my fingertips.

Ms. Martha Hall Findlay: Right, but it would be a line-by-line—

Ms. Patricia Hassard: I will undertake to find that information. I will try to get it as soon as possible. I'm sure it is available.

• (1550)

Ms. Martha Hall Findlay: Do you have a ballpark timeframe? We have to fit it into our work plan.

Ms. Patricia Hassard: Maybe a week? Or is that too long?

Ms. Martha Hall Findlay: Brilliant. That would be terrific. Thank you very much.

I would also like to ask...and maybe you can answer now, but it might also take time to provide it. When we had the president of the Treasury Board here, he had been quoted in...referring to some of these increases.

As you may know, we expressed concern that budgets were being significantly increased this year, before the anticipated freeze next year. There was a worry that there was an element of padding so that by the time we hit the freeze next year, it wouldn't really affect the PCO the way it would affect other departments.

I note in your report that it sounds very positive. In one case the minister referred to \$6.4 million being used to redress a "chronic underfunding", which doesn't necessarily jive with your report today. He also referred to certain items that were extraordinary, such as winding down offices for the Olympics, and the G8 and G20.

We really would like a confirmation of what items are being regarded now in this budget as requiring increases because they're extraordinary, and which ones are not, and therefore which ones we can look at as not being included in the frozen amounts.

If that could be included in that information, that would be great.

Ms. Patricia Hassard: Thank you. I think I understand the question, and I will undertake to get the detailed answer.

Just as an overall comment, I do think it's been a somewhat extraordinary year for the Privy Council Office with the G8, the G20, the Olympics, the Afghanistan task force. So there probably are some unusual expenses in there.

Ms. Martha Hall Findlay: We actually acknowledged that there were. Our concern was that those extraordinary items would somehow add to the figure that gets frozen. We're of the view that if they're extraordinary they should not actually be included in the frozen figure the next time around.

I have another question on a slightly different topic, but related of course to the Privy Council and the Privy Council's activities. It all affects what is done with the money that we spend. The Privy Council is responsible for maintaining the highest standards of professionalism and ethics in the public service of Canada—that's among the responsibilities. Just really quickly, to whom is the PCO ultimately responsible?

Ms. Patricia Hassard: I think we're responsible to the Prime Minister, as the minister designated for our department.

Ms. Martha Hall Findlay: But not to Parliament; specifically to the Prime Minister?

Ms. Patricia Hassard: We're here to answer to Parliament, but we're not accountable directly to Parliament.

Ms. Martha Hall Findlay: I think the overall question is ultimate responsibility.

I also note the involvement of the PCO in managing the decision-making process of cabinet, advising on structure and organization of machinery, and the high-level performance and accountability in the public service.

Have there been discussions between the PCO and cabinet with regard to access to information?

Ms. Patricia Hassard: This is not an area that I'm responsible for, so I'm afraid I won't be able to answer that question.

Ms. Martha Hall Findlay: So you would not be able to tell me now if there have in fact been discussions between the Clerk of the Privy Council and the Privy Council Office and cabinet, notwithstanding all of these responsibilities on how to deal with access to information.

Ms. Patricia Hassard: Not on that topic, no.

Ms. Martha Hall Findlay: Given that we are reviewing estimates and the funding of the Privy Council Office in this context of departmental freeze, I would ask that at some point we would be able to have someone come before the committee who could answer those questions.

Finally, I would like to note in your report today that you have suggested that the clerk's 2009-10 annual report to the Prime Minister will be tabled this week. It will set out how you expect to continue with your efforts going forward. Can we also get a commitment that you or someone else who would be appropriate would agree to come before the committee after that report is tabled? We feel a little hamstrung having this meeting with you here today, a week before the report is tabled.

Ms. Patricia Hassard: Yes, the timing is not the best. We would be happy to come back to talk about the report. We're very proud of it.

Ms. Martha Hall Findlay: Thank you very much.

The Chair: Madam Hall Findlay, thank you.

We now go to the next round of questions.

[*Translation*]

Ms. Bourgeois, you have eight minutes.

• (1555)

Ms. Diane Bourgeois (Terrebonne—Blainville, BQ): Thank you, Madam Chair.

Good afternoon, ladies. I am very glad to see you back before our committee.

Ms. Hassard, almost a year ago, to the day, you were here. It was at that time, I believe, that you took up your position. I kept the documents in which you told us that you were very sensitive to the need to give the public service all the tools that it needs to work with a certain degree of comfort. You have a great deal of experience with people in the public service. Your presence here today is very important to me. I would like you to be aware of certain practices which, in my opinion, are not necessarily of the kind that you wanted to implement in the management of the public service.

Since 2006-2007, various clerks have been informing us about the strategic foundations of the renewal. Indeed, on March 31, 2009, Mr. Lynch told us that the implementation of some elements was expected, including the improvement of the infrastructures that help staff to do their work better. In your presentation, you said that you had launched the modernization of the remuneration system which has been in place for the past 40 years. It was absolutely necessary.

Now I have the following question: you launched this modernization, but are you going to carry it through at a time when budgets are being frozen?

[*English*]

Ms. Patricia Hassard: Ms. Meredith may want to help me on this one.

I think the way that would be looked at, in the current environment of an operating budget freeze, is that there will still be some priorities that will be funded from central resources. At least that's how I understand it.

[*Translation*]

Ms. Diane Bourgeois: Could you supply the committee with a document in which you will state, in writing, how you intend to continue modernizing the compensation system?

On reading certain documents, I gathered that deputy ministers were now responsible for personnel management. I must tell you that I am not comfortable with that. Not that I do not trust deputy ministers, but one year and a half or two years ago, when you implemented this new way of functioning, only about 30 deputy ministers from the ministries took part in the implementation of their human resource management plan.

Today, I want to know how many of them continued implementing the plan. Is everyone aware of the new directives regarding human resource management? Did Correctional Service Canada participate in this modernization of human resource management? Do we have access to the plans in the various ministries?

[*English*]

Ms. Daphne Meredith: Madam Chair, I would be happy to start in terms of the pay system question.

I would simply say that the government has committed to work on modernizing the pay system, as you've mentioned. It has dedicated resources to that. I would also say that there could well be the need for further resources as the project matures and it goes on to another stage. But the fact that the operating budgets of departments are frozen doesn't mean that they're completely static. There will be choices made within those budgets that can accommodate important reform initiatives of which this, I would suggest, is one.

In terms of the deputy ministers managing human resources and the concerns that you have, I'll certainly let my colleague Patricia Hassard speak to the tenure of deputies. I would simply say that my office is important,

• (1600)

[*Translation*]

because, at the head officer's office, we work together with departments and human resource managers in order to support them. We are always present even if we do not use the same tools to help them.

Ms. Diane Bourgeois: Did all the deputy ministers in the departments participate in the training? Did they integrate the famous plan that you wanted to put forward? Last year, there were about 30 of them. There are about 120 ministries and agencies.

[*English*]

Ms. Daphne Meredith: We have many means to support them. I think you would find in looking at the backgrounds of the deputy ministers who are leading departments that they have tremendous experience in managing people through their careers. That's partly what supports them in taking on the big jobs that they do. Also supporting them are their human resources organizations, in which you find the human resources professionals who know in detail, let's say, the considerable law affecting human resources management. There are about 12 statutes that affect HR management; it is an area where expertise is required. As well, there are central policies and other guidance that we use to support them.

So deputies themselves are experienced managers with long backgrounds in people management, but they're also supported by organizations of professionals who help them in exercising their duties.

Ms. Patricia Hassard: Would you mind if I added to that answer?

The Chair: You can finish, then.

Ms. Patricia Hassard: There are a number of accountability mechanisms to ensure that the deputy ministers community is responsive to the strategic direction that is set by the Clerk of the Privy Council as head of the public service. One of them is the annual performance management agreement and the whole process that goes along with it to assess whether or not they are putting an appropriate depth of attention to people management.

Also, for the last three years we have issued annual action plans, with specific commitments in them. Every year, deputies have reported to the Clerk of the Privy Council how they have done against those commitments. There is, in the annex of each of the clerk's annual reports, a scorecard that shows how well the deputies have done against those commitments. I think there are a number of publicly visible accountability mechanisms.

The Chair: Thank you.

We'll now go to Mr. Holder for eight minutes.

Mr. Ed Holder (London West, CPC): Thank you very much, Madam Chair.

I'd like to say at the outset, if I may, that I think Canada is honoured to have the amazing staff that serves this country. I want to give great kudos to the public service of Canada, and obviously to all of you with your responsibility. I think that needs to be said from this side, because too often the direction and the sense in what we hear involves a lot more negatives than positives. I can tell you, even from the standpoint of a member of Parliament, whereby at a constituent level I hear concerns from time to time at various levels, I hear a lot of positive things as well. I'd just like to share that with you and pass it forward to you.

Let me ask, Madam Meredith, when you were first appointed to your role.

Ms. Daphne Meredith: My first day of work was August 31, 2009.

Mr. Ed Holder: Congratulations. We'll look forward to the anniversary party.

As my first question, I'm trying to understand why it took us this much time to put somebody into your role. I say this as a business person who had almost 200 employees. We had a human resources person in our office almost as soon as I became president of my firm, because even with that number of people, how else could you handle it? I'm thinking that 523,000 people is not a small number of people, and I'm sure you had very senior people.

But can you explain how this process came about? I need to understand it a little better.

• (1605)

Ms. Daphne Meredith: I can certainly explain it from my perspective. It would have been two or three years ago—Patricia would know the details of the timing—that the Prime Minister's advisory committee made a report suggesting that governance within the government on HR issues was overly complex. They made a recommendation in one of their annual reports to simplify it.

It is not an easy matter. You're dealing with six organizations and you want to make sure that any changes you make are on the right track. They did a thorough review of the organizations, made proposals as to changes that could be made, and as a result of those proposals—in March of last year, I believe it was—the machinery was changed to bring what was the Public Service Human Resources Management Agency of Canada together with the Treasury Board and to unify the function under a chief human resources officer.

It is not as if the functions weren't being fulfilled before. They were just being done in a different way. The view was that it was an

overly complex arrangement that confused, in a sense, the roles of central agencies and made life more difficult for deputy ministers, who are really supposed to be able to manage their people in a commonsense, clear way.

Mr. Ed Holder: Thank you.

I will have a couple of further questions, but first, Madam Hassard, you have indicated that we anticipate receiving the annual report to the Prime Minister very shortly; it will be tabled this week. Frankly, I look forward to receiving that report as well.

Comments earlier surprised me. A member opposite asked questions about documents from the PCO to cabinet and whether they were either available or could be shared. As you would know, all documents from PCO to cabinet are deemed confidential. So just to be clear on this—I'm sure my colleague actually knows that—this is just to put it on the record.

Madam Meredith, what I am concerned about is this. One of the things we were going to have today was a dialogue with a demographer, to give us a sense basically of the challenges in our population changes—baby boomers retiring and all. That didn't happen, for reasons of scheduling; it means we have a little more quality time with you.

If I have a concern, it's that from what I have read... There are a couple of things: first, that we have a retirement factor: it seems to occur much earlier in the public service of Canada than in the private sector. Are you aware of the details of this, and does it cause you any concern?

Ms. Daphne Meredith: Your understanding is the same as mine, that we are going through an elevated rate of attrition in the public service now relative to, say, five years ago. Now the rate of attrition is around 3.3%—certainly above 3%—whereas five years or so ago it would have been well below 2%, and if you were to look a decade in the past, the rate would have been an average of about 1.5%.

So we have hit an accelerated rate of attrition, one that is likely to come down post-2013-14. I understand that this is a little in advance of when the private sector is likely to hit its high attrition level.

Mr. Ed Holder: Could I ask you what has been causing that accelerated rate of attrition in the public service?

Ms. Daphne Meredith: It's really the demographics of our workforce and of hiring of baby boomers starting back in the early 1980s. It's numerical, I think. In general, the public service has a relatively low rate of attrition through avenues other than retirement, and so our attrition is largely driven by retirement and therefore really driven by the age of our workforce. If we were to look at the age of our workforce and its statistical profile, you'd find it, over the last two decades, going from being relatively weighted on the younger side towards being relatively weighted on the older side, and those are the people who are now eligible for retirement.

• (1610)

Mr. Ed Holder: My research would suggest the very same thing in terms of an older workforce.

Do you have any sense of the mobility issues relating to the public service of Canada? My sense, and I must tell you it's anecdotal at this point, is that public service of Canada employees tend to stay longer than members of private firms. Do you have any feel for that, or anything beyond an anecdotal sense?

Ms. Daphne Meredith: My impression would be that they do, because, as I mentioned, the rate of attrition for factors other than retirement is very low.

Mr. Ed Holder: Have you done any comparisons between, say, the pension plans associated with the public service against those of the private sector?

Ms. Daphne Meredith: We've done some work. It's not completed. Clearly, with the focus on pensions and comparability, we are looking at other organizations and trying to get a view as to how we're benchmarked in terms of pension and benefits generally.

Mr. Ed Holder: Would your sense of pension and benefits, again from a subjective sense, suggest to you that those types of benefits and pensions are stronger in the public service than they are in the private sector?

Ms. Daphne Meredith: I think the fact that we have a defined benefit pension puts us in a leading group—comparable to other governments...but yes.

The Chair: Thank you very much.

We now go to Mr. Julian for eight minutes.

[Translation]

Mr. Peter Julian (Burnaby—New Westminster, NDP): Thank you very much, Madam Chair.

Thank you Ms. Hassard and Ms. Meredith, for being with us today. As you know, it is important. We have many questions for you.

[English]

I'd like to start with a question of checks and balances. We had the announcement of the departmental budgetary freeze a few weeks ago. Immediately subsequent to that we had a very high-profile use of the Challenger jet, with the finance minister going down to Toronto. Then we had the Minister of National Defence, who wanted to use the Challenger to go from Ottawa to Vancouver at a time when there were ample flights available. That's at a cost of \$100,000 for the Challenger as opposed to a few hundred dollars to go by regular airline.

I'm wondering, in that kind of situation, where it's kind of a flagrant contradiction to what has just been announced and certainly fuels a public perception that perhaps the government has two standards, how within the Treasury Board or the Privy Council Office the system kicks in to prevent that kind of thing from happening.

Ms. Daphne Meredith: In relation to the freeze announced in the budget on operating budgets, it is a freeze on operating budgets, not on individual line items within operating budgets. That's the approach that was chosen, so looking at individual expenditures within that is not really particularly relevant to the way that the freeze has been applied.

Mr. Peter Julian: So what you're saying is there isn't really a system of checks and balances, as long as the overall budget... Whether or not that money is being effectively used isn't so much a concern as sticking to the freeze itself.

Ms. Daphne Meredith: I think, Madam Chair, the main control point for the freeze was on departmental budgets. They're accountable for their use and for their control. Then from a system point of view we want to ensure that they do remain within their operating budgets. That's what was frozen. But we're not freezing every line item within each budget. They're to be accountable for the use of those funds and making the choices within them.

Ms. Patricia Hassard: Madam Chairman, could I just add one thought there? I don't want to leave the impression that there are no checks and balances on the use of the Challenger jets. I think we should undertake to provide you with that.

Mr. Peter Julian: So there is a protocol?

Ms. Patricia Hassard: It's not one within my purview, but I think we shouldn't leave the impression that there's none. We need to provide that information to you.

The Chair: Is that something that you will be providing the committee?

Okay, thanks.

Mr. Peter Julian: Thank you for that, because it's obviously a public concern; a \$100,000 joyride is unwarranted. It's something that I think certainly raises the hackles of people in my constituency, so it would be important to know what the process is.

I would like to move on to the whole issue of what's being cut and what's being increased. One of my colleagues mentioned the PCO increase.

There's also been a marked increase in the budget for prisons. We know that if we put money into crime prevention we actually save money at the end of the line. The normal rule of thumb is that a dollar invested in crime prevention saves about six dollars in policing costs, in court costs, and prison costs later on.

So I'm wondering, around the government's move forward to increase the prison budget, is there, within either the Treasury Board or the Privy Council Office, a vehicle to evaluate whether that's the best use of public funds or whether that money should go to address the cutbacks that we've seen in crime prevention budgets?

• (1615)

Ms. Daphne Meredith: I think, Madam Chair, the budgets of individual departments are voted by Parliament. They're brought here, and ultimately are the purview of Parliament. They therefore are things on which you can have a view.

The Chair: Mr. Warkentin on a point of order.

Mr. Chris Warkentin (Peace River, CPC): Madam Chair, I think it's important that we keep to the topic at hand. We've invited witnesses with a clear description of the types of questions we would be asking, as it relates to their departments and their responsibilities. It's unfair for the witnesses to be asked questions that have limited... or that have nothing to do with their respective responsibilities.

There's always been a practice in committees, especially when we have members of the civil service before us, that we don't ask them to comment on decisions that are left under the purview of other responsibilities.

The Chair: I thank you for your intervention.

I'm sure the witnesses are well aware of what the discussion is. It's the impact of the freeze on departmental budgets. We are here, really, listening to the demographics and on how the freeze on departmental budgets will impact the demographics.

If you could focus on that area, it would be well worth our while, because that's what we are studying.

There's a shift in demographic change, and that's the attrition. All of the questions and the presentations really deal with what's going on in that department.

I know you're asking for cuts in different departments, but that's really not the purview here. The Treasury Board Secretariat is the chief human resource officer, not the minister of Treasury Board. So perhaps you could guide your questions accordingly.

Thank you.

Mr. Peter Julian: Madam Chair, I hope you're adding time to my questions.

The Chair: Oh, yes, I stopped the clock.

Mr. Peter Julian: Thank you very much.

No, I was responding to the presentation itself, so it was perfectly in order, as you're well aware.

The Chair: Fair enough.

Mr. Peter Julian: Thank you.

The next item I'd like to move to is the feedback loop. There was some reference earlier to a scorecard. The question is the evaluation of services. Certainly as a member of Parliament—I've been now for nearly six years a member of Parliament—I've seen some service deterioration in terms of response time in areas such as employment insurance and citizenship and immigration. It's not because the public servants aren't working very hard, it's because sometimes cuts or freezes have an impact on service quality.

So I'm wondering if a feedback loop exists there to ensure that services don't degrade further through the process of the freeze. There was mention of a scorecard. I'm not sure who's doing the evaluating.

Could you comment a bit more on that, please?

Ms. Daphne Meredith: I'd like to comment in terms of the scorecard or the means of measuring performance when it comes to HR management, which is my purview.

You've made reference to employment insurance. There are other issues that would be more the purview of Service Canada, and I won't answer to those specifically. But in the area of human resource management, over the past several years we've developed, we think, quite a good way of measuring departmental performance when it comes to values and ethics, as well as on people management. We use surveys and other broad data on staffing times and whatnot to get a good, although grainy, picture of how departments are doing and a

basis on which we can compare one to the other and, in a sense, get a measure of the leadership and management of those departments.

So we're very much in that world of measuring performance on human resources issues.

• (1620)

Mr. Peter Julian: Thank you.

Just to clarify, are these surveys to recipients?

Ms. Daphne Meredith: Well, we undertook in 2008 a public service employee survey of all public service employees. We asked them a range of questions that related to their engagement in the workplace, to leadership and to values and ethics and other issues, which other organizations had been using as well, to corroborate this performance on HR management.

Mr. Peter Julian: Okay.

The Chair: You can ask just a very brief question.

[*Translation*]

Mr. Peter Julian: Visible minorities, or people who speak other languages or who speak an additional language besides English and French, are under-represented.

Is there any way to make sure that the freeze will not have any impact on the recruiting of new Canadians so that they can be a part of the renewal of the public service?

Ms. Daphne Meredith: Thank you, Madam Chair.

That is a good question.

[*English*]

Indeed, right now about 10% of the public service would be considered visible minorities, as one employment equity group. That would be about 2% under a comparable measure of workforce availability. We recognize that there is a gap in our terms, which is an issue for us.

The good news is that we are recruiting at higher levels from that category, upwards of 18%. We have some measurement issues between us in the public service and the Public Service Commission. The president of the commission might say it's above 20%, while our data shows above 18%. At any rate, the main point is that with the accelerated recruitment from that community, we expect to see an increase in the representation of visible minorities in the public service.

The main point is that we're continuing to hire. Just because there is a freeze in operating budgets doesn't mean we'll stop hiring. In fact, we know it's absolutely important that we continue to hire. We can't expect to renew the public service if we don't hire. We absolutely need to do so, especially in view of all the attrition now going on.

The Chair: Thank you.

The analyst just reminded me that you mentioned a scorecard. Could we have a copy of it for our benefit, so that we can have a look at it as well?

Thank you.

We will go to the next round of questions.

Madam Siobhan Coady, you have five minutes.

Ms. Siobhan Coady (St. John's South—Mount Pearl, Lib.): Thank you very much.

I certainly appreciate you taking the time to appear before us today, and for giving us some clear testimony.

My question is a follow-through on the last question you answered, which is that you will continue to hire.

I'm a little confused here. I'm going to use Stats Canada numbers, because everywhere I look there are different numbers for the public service. So I'm going to stick with Stats Canada. In 2006, for example, Stats Canada said there were roughly 380,000 employees. As of last year, there were 419,000. Those are Stats Canada's numbers. I took them off their website.

You went from 380,000 to 419,000, which is significant, almost a 40,000-person impact in terms of net increase in jobs. Of course, there was some attrition there as well.

Now we're starting to talk about some of the factors, for example, attrition, in how this budget is going to be balanced or come close to being balanced. For example, Treasury Board president Stockwell Day was at the Economic Club of Canada today, and he talked about how freezes and cuts to the public service will—I think these are his words—"take us to zero on the budget by 2014". He said that today to the Economic Club.

Now, I think the Parliamentary Budget Officer doesn't see that it's going to go to zero, but let's take it at face value that it will go to zero by 2014. But he did talk about freezes and cuts to the public sector.

I just heard you talk about how you'll likely have to continue to hire. There's a renewal within the public service. We know about attrition. I'm sure, like business people, of which I'm one, you've been planning for the last 20 years for this demographic blip.

I know you receive Treasury Board submissions from departments on a regular basis. My question is where's the impact from this budget freeze? Is there an across-the-board reduction in the annual reference level updates? Is it by program? Can you explain how you're going to do it, based on the fact we've now heard Stockwell Day on this issue?

I'm hearing from you that you're going to have to continue to hire. I understand that. The increases over the last four years have been roughly 10,000 per year. It could have been more, earlier, but it's been 40,000 over the last four to five years. I'm anxious to hear how you think that's going to occur.

You're the one with the Treasury Board submissions, so you would know more than me.

•(1625)

Ms. Daphne Meredith: I think the main point is that the operating budgets will be frozen. That will be done within their votes, what's voted to them by Parliament. That is what will be controlled. It allows individual departments to then determine how they're going to meet that budget freeze.

I think each department will have different realities around their attrition rates. For example, one potential opportunity is for downsizing, and I think they need to look at that; they need to look at where they're going to be recruiting.

I guess the main point is that it's up to them to determine their future.

Ms. Siobhan Coady: Okay, I heard you say that. As the chief human resources officer, I would assume that you would have, or that you should have, some role in that under the Treasury Board submissions to ensure proper funding for government departments and proper service levels. I say this because what we don't want to have cut, of course, are services to Canadians. I see you nodding your head there.

I'm just going to give you an illustration. We've been talking a little bit about the PCO, and we have been saying that there has been an increase in the PCO. This year, for example, coming out of your report on plans and priorities, we see \$3.6 million for government-wide communications. To support that, there are 20 people working in PCO, 15 in PM and ministerial support and 5 in internal services, just to give you an illustration. I don't want to talk about those particular individuals, but I suspect their positions are the kind that would be reviewed.

Will you have some oversight of that going forward to ensure that services to Canadians are not impacted?

Ms. Daphne Meredith: We will, of course, be ensuring that they meet their operating budget freezes, and they in turn will be demonstrating that they're meeting service levels, because they'll want to do so.

Ms. Siobhan Coady: What I'm hearing is that you don't have oversight of the Treasury Board submissions that talk about the numbers of staff and things of that nature on an ongoing basis.

Ms. Daphne Meredith: The key is that they're the ones who are accountable for meeting the freeze and maintaining the service levels.

Ms. Siobhan Coady: As human resources officer, you don't have a role in that, in terms of the number of employees?

I'm just looking at the growth in the public service, from 380,000 to 419,000, or about a 40,000 increase in staffing over four years, and now we're saying that we're going to freeze department spending. You're certainly not going to be able to hire that many employees. You have an increase in the planning and priorities budget for PCO and you're going to have to look at that as you go forward. I'm just wondering about the process of how you look at that.

However, I'm going to turn to another question—

The Chair: Your time is up, but you can ask a quick question.

Ms. Siobhan Coady: Obviously a tremendous amount of money has gone to management consultants, some \$586 million. We do know they're tracked under the central financial management reporting system. Can you please give to the committee what has been used to date, and for how many of the management consultants, and in what areas? You do have that tracked, I understand, through a data system.

Ms. Daphne Meredith: On management consulting, I'd have to return to the committee. My purview is more that of public servants.

Ms. Siobhan Coady: Please do so.

The Chair: Fair enough. Thank you very much.

We now go to Madam Bourgeois, who is sharing her time with Monsieur Nadeau, for five minutes.

• (1630)

[Translation]

Ms. Diane Bourgeois: Thank you, Madam Chair.

I would appreciate it if we spoke about the same thing. It seems to me that we are discussing two different levels.

Ms. Hassard, we can read on page 12 of your document that our performance management system must be strengthened. And on page 12, it also says that managers are the transmitters and creators of change in organizational culture. A little further on, on page 14, it states that you have also provided a more strict performance management plan for senior officials.

If I understand correctly you, ladies, have the task of managing officials and deputy ministers. You are not managing human resources, namely the employees who work under the orders of officials and deputy ministers. Consequently, you had some difficulty in answering us when my colleague asked you if you could reassure us that there will not be a certain number of people leaving for retirement and that it will all go smoothly. You tell us that it will all go smoothly because you are managing the officials.

Besides, Mr. Kevin Lynch, in his annual report for the exercise ending on March 31, 2009, explains to us the model for evaluating the performance of deputy ministers. I will present it for the benefit of my colleagues. It includes several elements. First of all, there are three broad categories of commitments: the results of policies and of programs—to verify if the deputy ministers have done their management work in compliance with the planned activities of the organization and with the broad objectives of the government—the results of management and the results of their leadership.

On the other hand, the evaluation process consists in four basic elements. First there is self-evaluation, which means that they give themselves a mark. Then, there are the evaluations of management. This is a qualitative and quantitative overview of performance. I imagine that they look at how much money there was to spend, how much money was spent and whether he spent \$500,000 less, to see if he is a good manager. This is what I understand. Then there is the peer review. Other deputy ministers from other departments make the evaluation. Finally, there is feedback and if the results are satisfactory, there is a premium. You can imagine that officials, deputy ministers and assistant deputy ministers in 2005-2006, earned

a 6.5% performance bonus. In 2006-2007, it was 9%, and in 2007-2008, 9.4%. Did the bonus increase in 2008-2009? It is quite possible.

We are studying the issue of the freezing of ministerial envelopes and of its impact on human resources and service to the population. That is right. I have nothing against these ladies, but they cannot give us any answers because they are managing the deputy ministers. However, we should have the 124 deputy ministers of the 124 ministries here before us.

[English]

The Chair: Do you want them to respond or not?

[Translation]

Ms. Diane Bourgeois: Let me give my opinion and I will give the floor to my colleague.

[English]

The Chair: Mr. Nadeau.

[Translation]

Mr. Richard Nadeau (Gatineau, BQ): Do I have two minutes, Madam Chair?

[English]

The Chair: You have one and a half minutes.

[Translation]

Mr. Richard Nadeau: Let us discuss the demographics in the public service. You told us that there were 523,000 public servants working in ministries and agencies.

What about government corporations? Are there employees included in this figure? What about Canada Post, for instance?

[English]

Ms. Daphne Meredith: In the 500,000, yes.

[Translation]

Mr. Richard Nadeau: Thus, these 523,000 people are all employees of the federal state. This includes all the employees of the federal state.

[English]

Ms. Daphne Meredith: The total number of federal government employees, the total universe, yes.

[Translation]

Mr. Richard Nadeau: With regard to the demographics of the public service, many employees are leaving for retirement and they are doing so at a fairly rapid pace. Are you going to be able, with the strategies that you have implemented, to fill the positions, or are we going to see a shortage?

• (1635)

[English]

The Chair: Monsieur Nadeau, that's your last question.

[Translation]

Mr. Richard Nadeau: If there is a shortage of personnel, would the freeze not be harmful to the public servants who are already in position?

Ms. Daphne Meredith: I think that many Canadians are very interested in working for the public service. The President of the Public Service Commission said that more than a million people applied for jobs in the public service.

[English]

It would have been the year before last, in the year of recent record. So there is a lot of interest in working for the public service. I don't think that's our issue. For the future we need to determine what are the jobs we want done in the future public service and how are we to recruit for our future. We need to continue recruiting, as I mentioned, and to recruit the right people to position us well for the future.

The Chair: Thank you.

We now go to Mr. Warkentin, for five minutes.

Mr. Chris Warkentin: Thank you, Madam Chair.

Thank you for coming this afternoon. We appreciate your testimony.

Today we're trying to get a handle on a number of things, and a number of different lines of questioning have been undertaken.

My line of questioning will relate to the civil service, the demographics, and possibly the challenges we might see.

We have heard that 3.3% of the civil service retired this past year. Is that the correct number?

Ms. Daphne Meredith: Yes, that's my understanding.

Mr. Chris Warkentin: In addition to the 3.3%, I know we've heard testimony at this committee in the past about the movement of people within the civil service, the people who are not necessarily leaving the civil service but are moving around in the civil service. I wonder if you have a statistic on how many people have moved within the civil service this year, or have changed jobs.

Ms. Daphne Meredith: We have various data on people who have changed jobs. To some extent we have broken it down by occupational groups. So it's not a simple answer. If I could commit to getting it to the committee, I'd—

Mr. Chris Warkentin: I'd appreciate that. I think we've heard testimony in this committee before that it was somewhere around 40%, though that may be a simplistic statistic that doesn't paint the whole picture for us. So if you could highlight anything relating to that, it would be helpful.

Regarding the civil service being ahead of the private sector as it relates to older employees and attrition, my concern is that as the private sector enters this time of increased retirement there is going to be additional pressure on the public service, because the private sector is going to recruit from the public service, which has some of the best and brightest in the country. Is that something that you've identified as a concern, and has there been any kind of plan in place to address it?

I ask because what we've seen in provinces or regions where there have been high employment rates, especially over the last five years, is the poaching of government employees. I come from the province of Alberta, where we've often seen our government employees being poached or recruited from their positions to the private sector. As we

see this coming in a wholesale fashion across the country with the demographic shift within the private sector, I'm wondering if there is a plan in place to address this concern.

Ms. Daphne Meredith: Thanks for the question.

It's something that we're always generally concerned about in considering recruitment and retention of public service employees. The demographic data, as I mentioned, suggest that people, especially the older half of the workforce, aren't leaving in large numbers, except for retirement right now. So in reality, the data do not suggest we have a problem with that segment.

Mr. Chris Warkentin: On that, and just branching out from it, what is the average age of a civil servant who is leaving the public sector? When they retire, what's the average age? Do you have that number?

• (1640)

Ms. Daphne Meredith: It's between 55 years and 60 years. I'd like to be able to give the correct figure now, but my colleague and I think it's around 57 years of age.

Mr. Chris Warkentin: Does anybody do any exit surveys to find out if in fact these folks are leaving to full-time retirement, or if they're going into other jobs in the private sector?

Ms. Daphne Meredith: We're not tracking that now.

Mr. Chris Warkentin: Okay.

Ms. Patricia Hassard: Excuse me; we certainly do exit interviews with all of our deputy ministers who leave the public service. That's a recent innovation. Mainly, it's not to talk about their future so much as their past, the experiences they've had, and what we can learn from that.

Mr. Chris Warkentin: I don't know if this falls within your purview, and I apologize if it doesn't, but I'm wondering, as we put plans in place, if there's any effort to streamline redundant or non-core services in the work civil servants are doing. In cases of possibly redundant services or services that could be provided by other departments or other people within other departments, such as payroll or non-core services of that type, is there any effort to consolidate those types of non-core services to more efficiently address those non-core services within the civil service?

Ms. Daphne Meredith: We're looking at efficiencies all the time. The pay modernization project is one such project that should bring enormous efficiencies in the future. We're also doing modernization of our pension delivery system in terms of the basic information technology that goes behind it.

In addition, we've got some really path-breaking work when it comes to basic HR business processes. A concern in the past has been that departments go at their internal systems alone, independently of one another, which can be a costly way to do things. What's quite exciting about the project that's under way is that departments have collaborated and have decided on a common business process governing HR. They have further design work to do, but it will become the foundation, let's say, for a streamlined, efficient, and, I think, hugely cost-effective way of proceeding on HR.

The Chair: Thank you.

Ms. Patricia Hassard: Madam Chair, I feel I would be remiss if I didn't mention what was announced in the Speech from the Throne and the budget, which is the review of administrative services. The government recently announced a deputy minister who will be in charge of that review. It will look at all internal services for exactly what you were talking about: to avoid duplication, reduce overhead costs, and find efficiencies. I wanted to be sure you were aware of that.

The Chair: Thank you.

Madam Meredith, you made a commitment to provide to Mr. Warkentin the information on turnover in the public sector and the spread between people coming in and leaving, so that we know what the attrition is, who is being hired, and where the gap is.

Thank you.

We'll now go to Madam Hall Findlay for five minutes.

Ms. Martha Hall Findlay: Madam Chair, I may end up splitting time with my colleague just because my questions are fairly short, I think.

Ms. Meredith, I'm a little concerned about a disconnect that we're hearing. We're being told that next year we're going to have across-the-board departmental freezes. Last week we had representation from Treasury Board. When we asked about details, we were told, "Well, we haven't had any direction." It is a bit troubling when a government announces a significant thing like across-the-board departmental freezes, and then there's no direction.

Can I rather bluntly ask you if you were consulted before the announcement was made that there would be significant freezes across all departments?

Ms. Daphne Meredith: I can simply report, Madam Chair, that those freezes were made.

Ms. Martha Hall Findlay: No, no; my question was were you consulted before the freezes were announced?

Ms. Daphne Meredith: Clearly, before any budget, there is consultation across the board in government.

Ms. Martha Hall Findlay: Is that a yes? You were consulted?

Ms. Daphne Meredith: I would not normally talk about details of advice or any other—

Ms. Martha Hall Findlay: I'm sorry to be blunt, but we have very little time.

• (1645)

Ms. Daphne Meredith: We do, of course, provide advice on every budget, as we did on this one.

Ms. Martha Hall Findlay: My question, then, goes to what seems to be a lack of information. Several of my colleagues have been asking how this is going to happen and what the different ministries are going to be doing in terms of dealing with the freeze.

I'm hearing you say, fairly glowingly—actually, Ms. Hassard suggested somewhat the same in the report—that yes, you will be hiring people, and yes, you are going to be looking for renewal and hiring the best people and wanting to recruit. As a former business

person, if I'm looking at a budget freeze, it's a bit inconsistent to talk glowingly about all the people we're going to continue to hire.

Have you been consulted, are you engaged in discussions now, and do you have a plan on how you're going to reconcile continuing to hire with an across-the-board departmental freeze next year for every department? If so, how is that jelling with what you're now saying, which continues to sound very rosy with your hiring and renewal plans?

Ms. Daphne Meredith: Thanks for the question.

I certainly have a plan for my own organization. I have a plan to work with my assistant deputy ministers to look at the staffing we're doing and to make sure we're continuing to staff. I also want to support deputy ministers with respect to human resources management. I cited an initiative that we're undertaking with them on business processes, one that can lead to great efficiencies in the future. Those kinds of measures will be really useful for deputies who need to control their operating budgets to that level.

I think some of the feedback from the budget was a certain positive response that we were controlling at the right level. We weren't micromanaging expenditures on this and that from the centre. Instead, we were leaving it to departments to determine how they were going to meet the freeze in a way that maintained service levels, and I think gave them flexibility.

The Chair: Madam Coady, you have one minute.

Ms. Siobhan Coady: I have just one...because we have a circle going on here.

In your report, you said that this "new regime is putting accountability for the management of human resources management back in the hands of deputy ministers", and that your key role is ensuring that deputies have the flexibility to do this.

So you do have an oversight mechanism. You are part of Treasury Board. You have a plan. You support the HR function. Deputy ministers have to come to Treasury Board for their requirements, so there has to be some kind of plan for this budget freeze. If it doesn't rest with you, whom does it rest with? It rests with deputy ministers. They have to report back to Treasury Board.

Can you close that circle? You can't have 124 deputy ministers come before the committee, so you must close that loop for me, if you would, please.

Ms. Daphne Meredith: Not everything that every ministry does has to be approved by Treasury Board, but of course things that do need to be approved by Treasury Board go through that.

Ms. Siobhan Coady: Money does have to be approved, so if the money goes up or money goes down, it has to be approved by Treasury Board.

Ms. Daphne Meredith: There's some latitude for departments to reallocate funding within their own budgets to meet requirements. Speaking for myself, I can reallocate. I can move staff from one area to another without going to Treasury Board. I can look at my program and how I want to deliver it most efficiently and shift staff around within my own purview, as other departments can. Not every single thing needs Treasury Board approval.

The Chair: No. Perhaps you could clarify, at the end, that you're not the deputy minister of Treasury Board; you're the chief financial officer who's responsible for 27 collective agreements. How does your role, in terms of being responsible for collective agreements, tie into budgets being done?

That way, perhaps we'd have clarity. At the moment it is confusing as to what your role really is. If you could, do it at the end.

Monsieur Gourde...

Yes, sir.

Mr. Ed Holder: On a point of order, Madam Chair, twice now in this meeting we've had a member opposite ask a question with respect to discussions that have taken place between Privy Council Office and...but I'd like to reference, if I may, page 1,068, chapter 20. I'd like to quote this briefly:

Particular attention is paid to the questioning of public servants. The obligation of a witness to answer all questions put by the committee must be balanced against the role that public servants play in providing confidential advice to their Ministers. The role of the public servant has traditionally been viewed in relation to the implementation and administration of government policy—

•(1650)

The Chair: May I cut you off, Mr. Holder? I'll tell you why.

Mr. Ed Holder: No, Madam Chair, you cannot, because I am two sentences away. We're going to talk longer than this if you don't let me finish, please.

The Chair: Sorry; the clerk is telling me that this is not a point of order, this is a point of debate as to the interpretation.

Mr. Ed Holder: No, Madam Chair, in fact I would look to you, please, as chair, to challenge when someone asks a question that frankly is not appropriate.

The Chair: I think we did when they were asking the question. When Mr. Julian did, I had to allow Mr. Warkentin, and his point of order was well taken. His intervention was well taken, and Mr. Julian was advised that this is really dealing with...

That's why I came back that this is the chief human resources officer, so when you are asking questions, please couch them under the domain of demographics.

Mr. Ed Holder: But my point of order is to you, Madam Chair, because I think you do have the opportunity and the obligation to have an intervention to say that's not a question that is appropriate.

The Chair: Thank you.

We'll proceed.

Mr. Gourde, for five minutes.

[Translation]

Mr. Jacques Gourde (Lotbinière—Chutes-de-la-Chaudière, CPC): Thank you very much, Madam Chair.

I have a concern about the people leaving for retirement. I think that you already said, earlier, that the average age of retirement was 57. Consequently, these are people with a great deal of experience.

Do they automatically have to leave their jobs, or can they stay on for a few years, given the challenges and the interests that they have? I am convinced that there are people who are very interested in continuing their careers. Is that possible?

[English]

Ms. Daphne Meredith: Yes. There is no explicit age of retirement where people are forced to retire. They're quite able to stay on.

I'd like to correct something for the record. My colleague has just given me the age of retirement as it was in 2008-09. I guess that's an average over that year. I underestimated, because it's 58.6 years.

But yes, they can stay beyond that. It's their choice as to when they retire.

[Translation]

Mr. Jacques Gourde: Thank you very much.

Regarding the people whose expertise you are losing, I am convinced that there is a process for transmitting knowledge to the next generation. The replacement of experienced employees must be done through a complete step-by-step process.

Could this create difficulties with human resources over the coming years? Could there be some sectors where you will not have enough time to train high-level managers or international representatives of Canada, for example? Are you going to be able to face this great challenge?

[English]

Ms. Daphne Meredith: Thanks for the question. It is a very good question.

We are, as I mentioned, facing accelerated retirement now, 3.3% a year on average in recent years. So we do need to concentrate on how we are retaining the knowledge. Part of how we're trying to do it is anticipating retirements before they come up and ensuring that the knowledge and skills that those people have are explicitly being transferred through coaching or mentoring of new staff coming along.

Part of it is in identifying when people are going to be retiring. They do have flexibility, and sometimes people don't want to say when they're going to retire. That can be a bit of an issue for us.

I think trying to transfer skills person-to-person through coaching and mentoring, as well as ensuring that we have the kind of information systems that capture what we need from their corporate memories, are also important.

Ms. Patricia Hassard: I referred to a scorecard earlier. Perhaps I could just clarify that this is a scorecard that gives the results of deputies' commitments in the public service renewal action plans. We've had three of them so far, and the fourth one will be issued shortly. In it there will be a specific commitment for deputy ministers to assure themselves that knowledge transfer practices are taken into consideration for succession planning and talent management and for any of their critical positions.

So we're very aware of this as a live issue. We are asking that community to report on their efforts.

• (1655)

The Chair: One minute, Monsieur Gourde.

[Translation]

Mr. Jacques Gourde: I am glad to see that there are programs like the mentoring program that make it possible to preserve this expertise.

Are there any young retirees who asked to work on a part-time basis, three days a week, for instance? Could we give satisfaction to these people who would like to stay in the public service, but on a part-time basis, so as to have a certain degree of freedom?

[English]

Ms. Daphne Meredith: Madam Chair, we do have provisions for those who are retired to return as casual employees. There are various avenues for them to contribute post-retirement. One is as casual employees, another would be as term employees, or another would be through contract arrangements.

There are certain guidelines around what can be done. For example, for them to return as casual employees, there is a limit of 90 days in any department in which they would work. There are other norms and rules around how they're engaged. But there are avenues for them to do that.

The Chair: Thank you very much.

We will now go to Monsieur Nadeau for *cinq minutes, s'il vous plaît*.

[Translation]

Mr. Richard Nadeau: Thank you, Madam Chair.

When public servants retire, are there agreements concluded before their departure, to draw up a contract with the government within the ministry in which they work, so that then they can continue working on contract?

[English]

Ms. Daphne Meredith: They would not do that. I'd have to look at the exact provisions, but I'm fairly sure there are provisions against them staying on as contract employees. They wouldn't be able to enter into those arrangements pre-retirement. In fact, there's a period during which... They're not able to do that.

[Translation]

Mr. Richard Nadeau: Excuse me, but are you only speaking about the senior officials, such as deputy ministers, or do you mean public servants as a whole, namely the 523,000 public servants who would be affected by the same rule? In other words, does this only apply to employees at the management level?

Ms. Daphne Meredith: I am not talking about the 523,000 public servants, because that is their total number.

[English]

I'm talking more about the core public administration, and that's the group to which Treasury Board will supply—

[Translation]

Mr. Richard Nadeau: Thus, you are telling me that you are unable to answer this question regarding the entirety of the public service.

[English]

Ms. Daphne Meredith: That's right. First of all, our purview is with the smaller group, and I'd have to get the details for you.

[Translation]

Mr. Richard Nadeau: Let me go on to another question. When we say that we are going to regenerate the public service, to hire new people because more and more people are retiring in increasing numbers, how do you intend to function? For instance do you do any recruiting from other public services, at the municipal and provincial levels? Rather than recruiting only from universities, are you in favour of selective immigration? When you look for people who could replace public servants in key positions of the federal government, do you ask the government to facilitate the admission of new Canadians who have training in some given field, whether it be management, human resources or something else?

[English]

Ms. Daphne Meredith: First of all, hiring is done by departments. My group, my office, does not hire for the whole public service; we hire for ourselves. But speaking of the public service, there are various avenues. There is the post-secondary recruitment drive that the Public Service Commission is in charge of. There's also mid-career recruitment. In fact, you might be surprised to learn, as I was, that the average age of a recruit to the public service is now 35. We're drawing from mid-career as well as post-secondary populations.

Departments have their initiatives to hire from outside the public service. Often they are aided by the Public Service Commission in establishing pools of people who might come in from outside. For example, in the recent past we've tried to attract people with financial credentials because there was a shortage of professionals with that expertise, as well as auditors.

Through planning we are trying to identify our needs for the future and look at how well we are equipped to supply those needs globally.

• (1700)

[Translation]

Mr. Richard Nadeau: If you can give me a few minutes to put just one last question.

[English]

The Chair: This is your last question, yes.

[Translation]

Mr. Richard Nadeau: Regarding the hiring of new officials, which is a problem that concerns you more directly, one of the important problems seems to be that the conditions offered by private enterprise are more attractive, with their wages and fringe benefits, than the conditions offered by the federal government in its ministries. We can observe the same thing happening with the provincial and municipal public services. Thus, what are the main obstacles that hinder this kind of recruiting?

[English]

Ms. Daphne Meredith: Well, I think we are a preferred employer. I think we are an excellent employer. We have certain organizations—Statistics Canada, the Farm Credit Corporation, and others in the core administration—that have proven themselves to be among the top employers. So I think we are well positioned to attract people to the public service.

We've looked at attitudes of those looking at career options. I think the gurus would tell us that the workforce of today is looking to make a difference, perhaps in greater numbers even than in the past. That motive, along with the compensation package that we offer, positions us extremely well to attract those key people.

The Chair: Thank you.

Now we'll go to Mr. Julian for five minutes.

[Translation]

Mr. Peter Julian: Thank you very much, Madam Chair.

I would like to come back to the issue of the freeze and of its potential impact on lay-offs.

Have you estimated the impact in every region, for instance in my native British Columbia? Do you know what the impact could be on Canada as a whole?

[English]

Ms. Daphne Meredith: Since the freeze is on departmental budgets, and it is up to departments to ensure that they're respecting the limits on operating budgets, it will be to them to look at impacts regionally. Obviously it's very early days. The freeze has been announced only in the last few weeks, and departments will be looking at how they're going to meet it. But that will certainly be something for them to look at.

Mr. Peter Julian: Would that be something that's compiled by Treasury Board? You get Manitoba, you get the estimates in from a number of different departments, you get the estimates in from British Columbia, and you compile them?

Ms. Daphne Meredith: It's not part of our regular job to compile the regional distribution of spending. Obviously it's done through some means, but it's not a regular Treasury Board activity to look at the regional distribution of spending.

Mr. Peter Julian: No, I'm speaking specifically to potential layoffs. If there are positions of layoff across the country, or there are estimates of what the impacts would be of the freeze, how is that then compiled so that we have a good sense of what the impacts are in British Columbia, or Manitoba, or Quebec, or Newfoundland and Labrador?

● (1705)

Ms. Daphne Meredith: I can tell you from our experience with the program review, which involved a sizeable downsizing of the public service back in the 1990s, one thing we learned was that we have to be sensitive to regional impacts. In fact, I do get out to the regions personally from time to time, and they're of course already talking to me about the regional impact of any initiatives that we might be taking. Now, in this context it's a freeze. It's not actually a cut in spending; it's a freeze in spending. I think that's important to note in terms of what we might expect in terms of impact.

Mr. Peter Julian: Okay. Just help me here: I'm just trying to see at what point—for this committee, for example—that information might come back. I understand it's early days, but at some point there needs to be an estimate. Even if the estimate is no layoffs—that's great—somebody is handling and compiling the overall impact. It's not done department by department. It's channeled normally through the PCO or through the Treasury Board.

Ms. Daphne Meredith: Well, I believe the reporting is really done on a department-by-department basis, first and foremost, and that would be the first place to look.

Mr. Peter Julian: Okay.

I'd like to move on to another issue. It's fascinating, the information about the average retirement age; nearly 59. Mr. Warkentin asked a question earlier about whether or not there were estimates about people going into the private sector and working as opposed to going into full retirement.

Have there been any internal surveys that either of you are aware of that show the percentage of public servants who might choose to stay on, on a part-time or casual basis, if there were changes or improvements made to that kind of situation? In a sense, they could continue to provide their expertise to the federal government and there may be some mechanisms that permit them to do that with a partial pension or other arrangements. Is there anything internally that you're aware of that's been done to indicate how things might be changed to facilitate that?

Ms. Daphne Meredith: Do we have measures in terms of, for example, what judges have to stay on—

The Chair: Mr. Julian...

Sorry; go ahead and respond, please, Ms. Meredith. I'm just letting Mr. Julian know that he can't ask you any more questions.

Mr. Peter Julian: I've enjoyed it.

Voices: Oh, oh!

Ms. Daphne Meredith: We don't have the kind of regime that judges have to stay on in a supernumerary status that will allow them to work a shorter time but still receive their full pension benefits in the future. As I mentioned, there are opportunities to work on a casual basis, if there's mutual interest in bringing these people back. However, there are no special part-time provisions, let's say, related to the pension plan.

The Chair: Thank you.

We now go to Mr. Holder, for five minutes.

Mr. Ed Holder: Thank you very much, Madam Chair.

Again, to our guests, I'd like say thank you for your candour and participation today.

I want to stress, if I may, something that Madam Meredith said in response to a query by my colleague, Mr. Julian, and I'll quote her directly, where she said, "It's not actually a cut in spending; it's a freeze in spending." I think that's the key I'd like to stress with the committee today.

Madam Hassard, I have a question for you, if I can. In the text of your presentation, and very good remarks, you made a couple of very strong comments. You said that "Public Service Renewal is our top management priority". A second thing you said in regard to the renewal was that "it is about making sure that the federal public service continually improves its ability to deliver on the business of Government". I think that's well said.

During Mr. Warkentin's questions, I think perhaps both of you indicated that you were working towards a more efficient and more effective public service. I'm trying to get a sense from you if you have any estimates of the savings from that process of strategic renewal, beginning a couple of years ago, basically.

That may not be fair to you, Madam Meredith, because you just recently came into your role, but I'm trying to get a sense of how effective that policy has been in terms of financial savings and personnel.

• (1710)

Ms. Patricia Hassard: When we embarked on the renewal initiative, the underlying objective was not cost saving, but to make sure that the services and policies and programs were as high quality as possible and that the government and Canada were well served. So it's not something that we have tracked during the public service renewal initiative.

As I mentioned, we have very much tracked the accomplishments during those times and have set strategic directions, on which I can assure you we've made some progress. I think we are in a somewhat different game at the moment with the operating freeze. I don't want to sound like Pollyanna, but I think there's an opportunity as well as a challenge, and that opportunity is to find ways of working smarter and doing our work more efficiently and looking at our processes and things that might be old-fashioned or redundant and actually improving them.

So I do think this is the time where we're going to have to play our part in fiscal restraint, and that's the approach we would like to take.

Mr. Ed Holder: In talking about tracking the accomplishments, do you have any sense of what you've been able to achieve? I appreciate what you said about this not being not related to personnel cuts or to achieving savings by losing personnel, but more about trying to do things more effectively and more efficiently, things that Canadians would expect a responsible government to do.

Are you able to elaborate on any of those accomplishments since you undertook this renewal strategy?

Ms. Patricia Hassard: Thank you for the question. I do have a number of things I wanted to say.

As I mentioned, there were four pillars of our renewal initiative. I think probably the most important one was planning, in that our HR planning was done in isolation from our business planning. So we made it a commitment that these two exercises would be integrated. With integrated planning you have a better sense of where your gaps are, where your priorities are, and how you allocate your resources. And I think that it's fair to say that now, after our third year, we have embedded a culture of much more sophisticated planning in each of the departments.

I think in terms of recruitment, we've had a series of very successful enterprise-wide job fairs across the country, and these have improved the brand of the public service, which was a little tarnished. We've engaged students and some of our new recruits in excitement about being in the public service, and I think it's given them a bit of pride and has actually made us a more attractive employer. We've also steadily been improving our diversity within the public service.

In terms of employee development, that was another one of the pillars: every single employee within every single department must have a learning plan. I think in the first couple of years the deputies were reporting that they actually had done learning plans; the question was whether they were appropriately linked to what the business needs are. I think that as we remain consistent, we remain committed, every year we see progress in that regard. And of course when you have employees who are motivated by being developed in their positions, you have a much more engaged workforce that's going to be more creative and more committed to your mission.

The Chair: Thank you very much.

Thank you. Thank you for being here.

As I was listening to points of order and questions coming through and I listened to your presentation, I think I know where the confusion came through. Because you're the chief human resources officer who represents the government and you stated that you provide strategic enterprise-wide leadership, I think that's what people wanted to know. With the demographic shift, with the freeze, how do you balance the two as a chief human resources officer for the Government of Canada? And how do you then know or not know about what impact is happening in British Columbia or Manitoba, in the public service as a whole? Because there must be a plan somewhere that you're aware of, whether it's option analysis, etc.

So if you could perhaps explain that to us later on, we would at least get a feel for what your job really is and whether we were asking you the wrong questions.

Thank you.

[Proceedings continue in camera]

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>