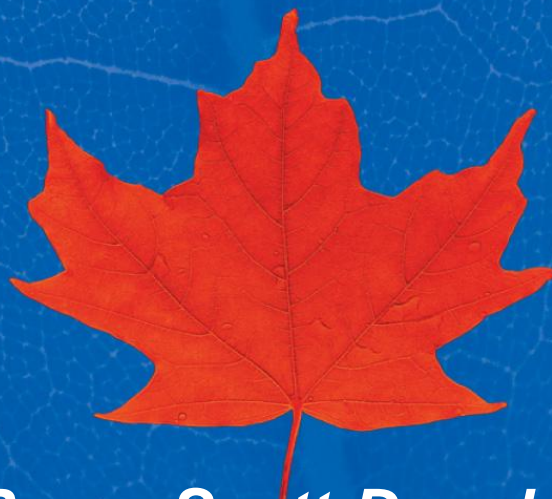


**Workforce planning in the public service :  
Calculating numbers and compensation costs  
in the Government of Canada**



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***5ème réunion régionale du***

***Groupe de Travail sur la fonction publique et de l'intégrité***

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# Overview of the



# presentation

- Composition of the Canadian federal public sector
  - Organizations
  - Employees/Wage base
- Key issues concerning the numbers and compensation
- Current trends in managing the total salary bill
- Recent initiatives
- Conclusions





# Federal Public Sector ...



consists of five key segments

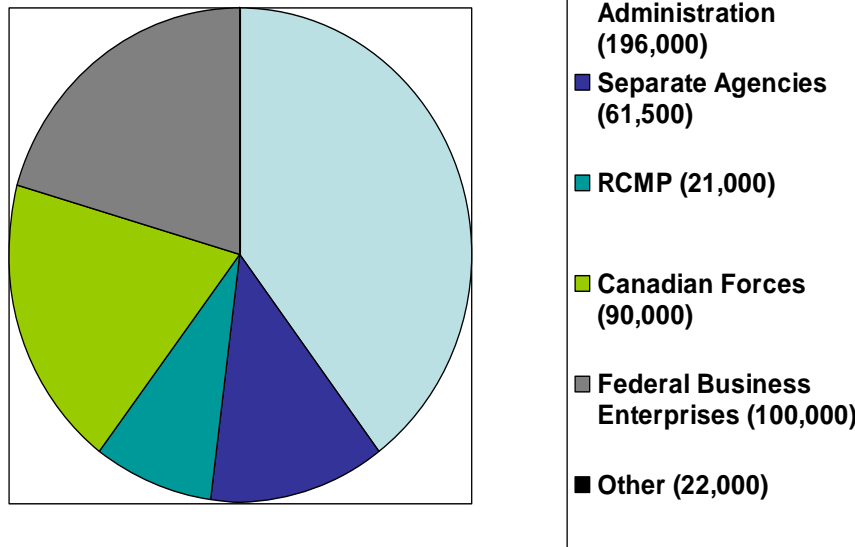
- **Core Public Administration**
  - 88 Departments and agencies (e.g. Treasury Board Secretariat, Health Canada and Industry Canada).
  - TB is the employer and determines compensation levels
- **Separate Employer Agencies**
  - 28 organizations (e.g. Canadian Food Inspection Agency, Parks Canada, Auditor General, Canada Revenue Agency)
  - Treasury Board approves Separate Employer mandates (except CRA) and plays a comptrollership role
- **The Royal Canadian Mounted Police**
  - Treasury Board determines compensation levels, policy in response to RCMP proposals
- **Canadian Forces: the Military**
  - Treasury Board determines compensation levels, policy in response to Department of National Defence proposals
- **Federal government business enterprises: Crown corporations and agencies**
  - Treasury Board ensures federal programs and services are consistent with government priorities, and core management approach (e.g. Via Rail, Canadian Museum of Civilization and National Capital Commission)

# The federal Public Sector ...

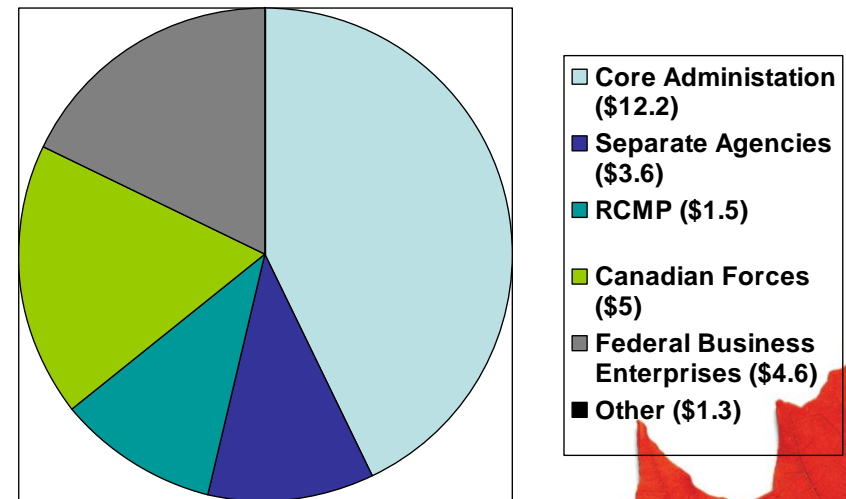


- Is composed of about 490,000 employees and has a total wage base of about \$28 billion

## Number of Employees – 2007-08



## Wage Base – 2007-08 (billions)



## Key issues ...



## concerning the numbers and compensation

- Central concern is understanding and managing growth in total compensation in the Government of Canada,
  - Wages, allowances, employer's cost for pensions and benefits (\$32 billion 2007-08)
- There are two principal drivers of the growth of the salary mass:
  - Growth in the workforce as a result of:
    - Increased capacity demand to manage priorities (e.g., post 9/11 significant increase in security personnel) or
    - Labour intensive modes of delivery (e.g., call centres or physical offices versus Internet)
  - Growth in average salary as a result of:
    - Inflation
    - Real economic increases (e.g., productivity improvement)
    - Change in workforce composition (e.g., more knowledge workers)
    - Restructuring salaries (e.g., changing salary increments or consolidating pay rates for different regions)
    - Litigation (e.g., pay equity)





# Coherent management ... of compensation



- Treasury Board's Compensation Policy provides the broad framework to attract, retain, motivate and renew the workforce required to deliver results:
  - **External Comparability:** comparable with but not ahead of relevant external labour markets
  - **Internal Relativity:** reflect the relative value to the employer of the work performed
  - **Affordability:** within the context of commitment to provide services, fiscal circumstances, and the state of the Canadian economy
  - **Individual and group performance:** reward performance of both individual and group effort, where appropriate
- Government also takes into account broader public policy objectives:
  - Economic policy objectives (e.g., inflation targets)
  - Encouraging desirable social policy outcomes
  - Complying with relevant laws
  - Responding to public expectations

## Current trends ...



## in managing the total salary bill

- Ongoing methodological challenges make it difficult to gather consistent and coherent information on Full Time Equivalents and compensation costs across the full federal public service:
  - Since 1993, salary and non-salary budgets can be managed together, with transfers between them; hence, we can easily determine salary budgets but not the FTE count
  - Definitional questions remain: “employed person”, “wage”, “public service”
- Even with good data, it remains challenging for the government to manage the size and compensation costs of the total federal public sector:
  - The “core” public service, for which the Treasury Board is the employer, represents approximately 51% of the federal public sector; for the rest, the degree of influence and control varies considerably
  - Compensation reserve at TB can be a key tool to address unplanned cost pressures; TB submission process can also help manage pressures
  - Linking HR requirements to major government priorities (e.g., Economic Stimulus package)
- Managing of the size of the public service and compensation cost, is an integral part of the overall management of the public sector
  - With the *Public Service Modernization Act* (2003), there has been a significant trend toward delegation of authority for human resources towards Deputy Ministers
  - Current focus on “Renewal of the Public Service”



## Recent initiatives ...



## in managing the total salary bill

- As part of its economic stimulus package (Jan 2009), the Government introduced legislation to ensure the predictability of federal public sector compensation:
  - Annual wage increases for the federal public administration of 2.3 per cent in 2007–08 and 1.5 per cent for the following three years.
- The pay equity regime for federal public sector employees will be modernized, moving away from the existing complaint-based regime which is a lengthy, costly and adversarial process:
  - The new regime will ensure that the employer and bargaining agents are jointly responsible and accountable for negotiating salaries that are fair and equitable to all employees.
- Six central human resources organizations conducted a horizontal review of the central human resources management and policy functions they deliver with a view to ensuring the efficiency and effectiveness of these functions:
  - Roles and responsibilities aligned to reduce duplication and overlap
  - Changes have also been made to reduce the costs of managing and administering benefit programs, and to better align benefit programs to employee and pensioner needs.





# Conclusions



- To improve workforce planning in the public service, so far as possible:
  - Create a unified and coherent a system of counting employees and tracking compensation costs
  - Focus on total compensation, not just salaries, and comparability with the external labour market (recognizing some inherent differences)
  - Adopt a unified and strategic approach: avoid the fragmentation of decisions affecting compensation
  - Integrate human resource planning within the overall business and policy planning of the organization
  - Embrace clear reporting and accountability for compensation costs



# Key sources



- **Sixteenth Annual Report to the Prime Minister on the Public Service of Canada** <http://www.pco-bcp.gc.ca/index.asp?lang=eng&Page=information&Sub=publications&Doc=ar-ra/16-2009/table-eng.htm>
- **Seizième rapport annuel au Premier ministre sur la fonction publique du Canada** <http://www.pco-bcp.gc.ca/index.asp?lang=fra&page=information&sub=publications&doc=ar-ra/16-2009/table-fra.htm>
- **Expenditure Review of Federal Public Sector Compensation Policy and Comparability** <http://www.tbs-sct.gc.ca/report/orp/2007/er-ed/er-ed-eng.asp>
- **Examen des dépenses et comparabilité de la politique de rémunération dans le secteur public fédéral** <http://www.tbs-sct.gc.ca/report/orp/2007/er-ed/er-ed-fra.asp>
- **Employment Statistics for the Federal Public Service (1999-2000)** <http://dsp-psd.pwgsc.gc.ca/Collection/BT22-63-2000E.pdf>
- **Employment and remuneration**, Public sector, Statistics Canada, [http://cansim2.statcan.gc.ca/cgi-win/cnsmcgi.pgm?Lang=E&SP\\_Action=Sub&SP\\_ID=3057&SP\\_Mode=2](http://cansim2.statcan.gc.ca/cgi-win/cnsmcgi.pgm?Lang=E&SP_Action=Sub&SP_ID=3057&SP_Mode=2)
- **Emploi et rémunération**, Secteur public, Statistique Canada, [http://cansim2.statcan.gc.ca/cgi-win/cnsmcgi.pgm?Lang=F&SP\\_Action=Sub&SP\\_ID=3057&SP\\_Mode=2](http://cansim2.statcan.gc.ca/cgi-win/cnsmcgi.pgm?Lang=F&SP_Action=Sub&SP_ID=3057&SP_Mode=2)



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