



**Reforming
Human Resources Management
in the Public Service of Canada**

Position Paper

**The Association of Professional Executives
of the Public Service of Canada**

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1. Preamble

1. As the national association for federal Public Service executives, APEX has always believed that human resources management issues are at the centre of its mandate to promote professionalism and management excellence¹. It has created working committees which have researched and debated the issues. It has regularly consulted the Public Service executive community to solicit members' views. APEX has then communicated the range of executives' preoccupations to the central agencies of government, offering constructive suggestions for change.
2. In mid-2001, APEX was asked by the Task Force on Modernizing Human Resources Management to conduct a series of consultations with public servants across the country. The Task Force wanted to know what people thought about the values, staffing and recourse systems and the labour relations model that should form part of a modernized Public Service.
3. The Association met with close to 850 public servants from coast to coast to coast. Its observations from those sessions were submitted to the Task Force in early October 2001.
4. At the same time, APEX decided that it should also table a summary of its own positions on human resources management and the modernization initiative. The present report describes the key elements of the Association's work in this field over the past several years.
5. Executives wear two hats. They are employees, with expectations about how they will be hired, treated, compensated, developed, promoted or released. At the same time, they manage others, and are concerned about the working environment and working conditions provided for their staff. They want to see more efficient human resources management systems, along with clear, straightforward policies.
6. After years of research and consultation, the Association's position can be summed up very briefly: **only meaningful, profound change in the management of people will enable the Public Service of Canada to remain relevant and effective for the 21st century.**
7. APEX sounds one very strong warning note. There is serious doubt that the capacity currently exists within the Public Service to deliver on the objectives of HR reform. After years of cuts, **we are short on the HR expertise and the money** to plan and implement new systems. **The Association therefore urges the Government not to proceed with the reform initiative unless it intends to resource the effort appropriately**, with new hiring, information, training and the right technology.

¹ For more information on the Association's mandate and activities, visit our Web site at www.apex.gc.ca

2. The Motivation for Reform

8. The Public Service has to function in an increasingly complex world. Its operations are subject to a variety of external pressures that dictate how it must deliver services. It is also forced to compete for talent in the open market at a time when workforces are becoming more diverse, with non-traditional sets of expectations.
9. The Association is sensitive to the effect on our country and our Public Service of the September 2001 terrorist attacks in the United States. The demands on both our human and financial resources are – and will be – considerable. However, APEX believes that it is now more important than ever to ensure we have the right talent to manage the challenges of the work ahead.
10. **Now is not the time to blink.** While our economy may be suffering right now, it will recover. Soon the Public Service will again be competing with the private sector for bright, energetic people.
11. Public servants – like employees in other sectors – have new ideas about how they should be managed and how they do their work. They want to see fundamental change in their working conditions and work environment. They seek a workplace which operates on clear values and where their efforts to serve Canadians are appropriately rewarded.
12. It has become clear that **our current human resources management system no longer works.** Attempts at efficiency and flexibility are confounded by the accumulated weight of decades of precedent. The true purpose of sound values and principles such as *merit* has often been lost in a risk-averse regime. **Only legislative reform will produce change significant enough to correct the problems.** Finally, in order to avoid the same type of situation recurring in the future, new legislation must be written so as to allow for regular review and amendment of its provisions, as necessary.
13. The ability of the Public Service’s new human resources management regime to respond to both internal and external forces will determine its success or failure. We will have succeeded if people are attracted to join or remain with the Public Service, given all of the other options available to them. We will know we are on the right track if citizens and clients tell us they are satisfied with how we serve them.
14. The kind of reform that is needed is pervasive and profound, and encompasses the entire institution. It is imperative that action be taken to effect these reforms as quickly as possible.

i. External drivers of reform

15. Change within the Public Service is being driven at least partially by a number of outside forces. These are:

Globalization

More than a purely economic phenomenon, social policy too is made in a global context and in conjunction with other states.

- | | |
|--------------------------------|--|
| Information technology | Citizen demands for more accessible and efficient services are driving the technology revolution in all levels of government and in business. |
| Empowerment of citizens | A better-informed public demands single window access, greater self-service, and easier direct access to government services. It wants to see better cooperation between departments and different levels of government, as well as closer collaboration with other sectors: public, non-profit, voluntary. Citizens also want to have greater influence on decision-making. |
| Stewardship | There is increased pressure for responsible spending, due diligence and horizontal management of key issues, such as the environment. |
16. **Work culture** is changing on all fronts. Organizations which do well at recruitment and retention in the new labour market are innovative, inclusive and intelligent risk-takers, with diverse workforces and openness to continuous learning.
 17. Research in the public and private sectors in Canada shows that prospective employees have their own suitability checklist for potential employers. They seek out workplaces where they can balance their professional and personal lives, be treated with respect and fairness, and find work which is intrinsically rewarding, interesting and challenging. Employees of the 21st century expect to participate in decision making and to have a degree of autonomy, control and influence over their environment. APEX's 1997 study² demonstrated that "...individuals' lack of job control is more strongly related to distress levels, short-term health complaints and longer term health disorders than other factors, including personal lifestyle habits."
 18. Our understanding of what constitutes a typical "career" has undergone substantial revision. People are now willing to accept a lesser degree of certainty about their long-term prospects in return for interesting and challenging work as well as opportunities to develop and remain marketable. Their loyalty is to their own career rather than to their employer and they are quite willing to leave if the work environment does not live up to expectations. Just topping up pay will not be enough, although the overall compensation package is important to them.
 19. People assess the **quality of the work environment** by the level of trust among colleagues and the quality of relationships between employees and their managers. The presence of supportive coworkers, as well as a healthy, open and inclusive work environment are also critical factors. They will not stay if these elements are not present.
 20. The geographically dispersed public service needs **greater flexibility** in managing its human resources in order to attract and keep staff in a variety of different labour markets and professions. We know that some potential employees lose patience with the current staffing process and move elsewhere. Their perception of the staffing system as slow and rules-bound comes to represent for them the entire Public Service workplace, the very antithesis of the innovative and flexible work environment we want to portray to the public.

² *Work Habits, Working Conditions and the Health Status of the Executive Cadre in the Public Service of Canada* (www.apex.gc.ca – Archive section)

ii. Pressures within the Public Service

21. The current modernization initiative is of course not the first to address the need for reform of human resources management. The organization has seen a number of other programs, studies and recommendations, including *PS 2000*, *La Relève*, the Public Service Survey and reports from the Committee of Senior Officials (COSO). These initiatives have been more or less effective depending on the context and the degree of commitment to see the change process through. Perceptions of “failed experiments” have created in public servants a cynicism about new reform efforts which is very close to the surface.
22. According to the results of the 2001 APEX Symposium survey³, public servants continue to be committed to their work. However, employees at all levels are increasingly impatient with the lack of progress towards substantive reform of how the Public Service operates. Public Service executives, for example, have learned that their talents are in demand outside the institution. They will need strong motivators to stay. Despite shifts in the economic environment, they will continue to be highly sought after by other public and private sector organizations, where there is increased interest in senior people with expertise in the fields of health, human resources management, counselling, strategic planning and security.
23. Results of APEX’s 2001 *Executive Cadre Retention and Transition Planning Survey* show that **our capacity to keep people is dependent on our ability to make work meaningful and challenging** and to foster a climate for professional learning and growth. The degree to which mobility within the Public Service – and to a lesser degree in and out of the organization – is facilitated is also an indicator for executives of the health of the institution. In fact, about 79% of respondents to the survey said that facilitating lateral movement within and between departments⁴ and agencies should have a high priority. Unfortunately, **there is currently very little mobility in the system** and most senior public servants spend the majority of their careers as executives in one or two departments.

³ 98% of respondents either completely or generally agreed with the statements “I feel committed to my work.”

⁴ In this report, the word “*departments*” is deemed to include departments and agencies.

3. Human Resources Management for the 21st Century

i. Being a Values-based Employer

24. Public servants have their own informal ratings guide on how well or poorly the organization manages its human resources. They hold the system up to the light of Public Service values and make judgments. They measure their employer against other organizations in the private, voluntary and public sectors. Since human resources management is common to all organizations, there are many models in the public and non-profit sectors which can serve as yardsticks.
25. How do they evaluate the employer's performance? They look at...
- **values and ethics**..... Are they a living, integral part of behaviour, decisions and reward systems?
 - **leadership**..... What is the tone from the top, as demonstrated in both action and language?
 - **people**..... Do peers, superiors and subordinates have the right competencies and are they appropriately rewarded?
 - **performance measurement**..... Are the right indicators being used? Is team work assessed?
 - **risk management**..... Do executives have latitude to take and manage appropriate risk?
 - **stewardship**..... Are the appropriate controls in place and is performance rigorously evaluated?
 - **accountability**..... Is there emphasis on due diligence, rather than on a set of rules and regulations which do not permit individual decision-making?
26. Much has been written about the need to incorporate clear and well-understood values⁵ into the workplace. Public servants and citizens alike need to be able to see that we....
- act with **respect, integrity**, propriety and impartiality
 - **put the public interest first**
 - achieve results of high quality and good value (**excellence**)
 - show individual leadership and take **personal responsibility**
 - value people and their **diversity**
 - **innovate** and learn
 - demonstrate **professionalism**
 - practice **transparency** and communicate openly with colleagues and clients
27. Executives believe that a values-based system cannot become a reality unless the message and the model of the values come from the very highest level of the Public Service. While it is crucial that the community of deputy ministers make plain their commitment, it is also important that **parliamentarians act in accordance with the same set of values as public servants**. Unless our political representatives have an appreciation of the values that underpin our activities, there will

⁵ Highlighted items are those values which were also identified during the APEX summer 2001 consultations on HR reform.

- continue to be misunderstanding and tension between the bureaucratic and political levels.
28. Many public servants think the Public Service has work to do in order to be truly values-based. For example, the 2001 *APEX EX Retention and Transition Survey* showed that 1 in 4 respondents did not find the most recent staffing process they had participated in to be fair or transparent. This lack of confidence is a serious issue that needs to be addressed in any HR reform effort. **If managers do not believe the system to be fundamentally fair, they will find ways to circumvent it**, thus further eroding its credibility.
 29. Further, APEX has learned through its consultations that public servants do not have complete confidence that all appointments are values-based. It is a self-evident truth that if we **hire and promote people who possess the values we seek**, we will have taken a giant step toward creation of the kind of organization we want. Appointments that seem to run counter to our values create deep wells of cynicism among public servants at all levels.
 30. Public servants expect their employer to behave according to certain values and principles in other areas as well. They want the Public Service to demonstrate **basic courtesy and respect** and to ensure a **reasonable workload**, with **rewards** (monetary and intangible) commensurate with performance. The employer must provide timely, clear information and ensure reasonable employee involvement in decisions. It must offer a **safe system of work** (e.g. properly managed risk, harassment-free, non-violent) in a **good physical and psycho-social environment**. That means re-thinking decisions to cram employees into little cubicles to save on space. It means ensuring that there is an atmosphere in which collegiality and teamwork can flourish.
 31. There has been plenty of sound research produced over the past five years which addresses the quality of work life in the Public Service. The studies include the *APEX 1997 Health Study*, the *1999 Public Service Survey*, the 1999 Duxbury report “*Building a World-Class Workforce*” and the *COSO sub-committee reports* of 2000. Over and over, the research says the same thing: we must provide employees at all levels with reasonable decision latitude; they must perceive that they are treated fairly; and the workplace must be free of discrimination and harassment. The **conclusions of these studies must not be ignored** in the present efforts to reform our institution. If what we learned through this research is not taken into account as part of the HR modernization initiative, the organization will lose the confidence of its employees.

ii. Managing the Executive Group

32. APEX’s expectation of HR Modernization is that it create a modern, results-oriented, flexible and values-driven human resources management regime that attracts, retains and develops public sector talent that will serve Canadians in the knowledge economy.
33. The executive cadre of the federal Public Service must lead the delivery of programs and services that produce results for Canadians. To deliver leadership excellence, the Association has consistently stated that the executive cadre requires a **distinct human resources management regime** that supports them in their special leadership roles. It must recognize that particular kinds of expectations are placed on them and that they have very different working conditions from unionized employees.

34. Executives are likely to be most satisfied and productive when they can acquire the knowledge and breadth of experience they need, obtain systematic, advanced professional development, enjoy challenging and fulfilling assignments and have clear avenues of career progression. APEX believes that the best way to meet executive expectations in these respects is to have a strategic human resources regime that **balances executives' responsibility for their own careers with centralized support**.
35. The Association's *Executive Cadre Retention and Transition Planning Survey* confirmed that **the Public Service will experience a wholesale turnover in leadership** in the next few years because of baby-boom generation retirements. Based on survey data, 40% of EX and EX-equivalent public servants have firm plans to retire **in under five years**. A further 35% plan to leave in the next 6 to 10 years. **What is not clear to executives is whether the Public Service considers retention to be a priority and if so, what it intends to do about it**. APEX believes that the Public Service should be engaging in strategic retention initiatives and that deputy heads should have the tools to offer both retention and release incentives.
36. APEX has long considered that a **greater degree of mobility in the executive ranks** (including within and between departments, small agencies and separate employers) would benefit both the Public Service (giving a more diversified and experienced leadership cadre) and individual executives (offering greater career satisfaction). Unfortunately, the conclusions of our earlier studies about the amount of movement among departments have been borne out by the results of our most recent survey: most respondents said they had worked in fewer than three organizations as an executive.
37. Executives want to be more mobile. Deputy heads want to be able to choose from a broader range of competent candidates. Two issues stand in the way of satisfying both groups.
38. **The first problem is our continuing reliance on knowledge and experience** to screen candidates out of competitions. By this means, we are effectively saying that those with experience in the department are the only ones who can do the job. Giving greater weight to factors of competency and values would help offset this imbalance.
39. **Secondly, we have narrowed the job universe for executives** (and others) by creating an artificial barrier between core and non-core Public Service organizations. As we write the new human resources management legislation, we have to eliminate those barriers that unnecessarily restrict mobility.
40. APEX proposes that through HR modernization, the Public Service take steps to provide more collective management support as well as improved competition and deployment processes and developmental programs for executives. By improving mobility and providing better development and advancement paths for executives, we could increase career satisfaction, retention and leadership excellence. The Association recommends that the following elements of **a common regime for managing executives** be put in place:
 - Concentration in one entity of all human resources services for executives (including policy development, programs)

- A development continuum from feeder groups through to deputy minister-level⁶
 - Staffing processes based on individual competencies and values, in addition to knowledge and experience
 - Changes to the competition system:
 - Appointment to level, not position
 - Unranked, pre-qualified selection pools
 - Centrally facilitated lateral deployments between organizations, supported by deputy heads and hiring managers
 - Expanded areas of competition to include separate employers
 - Access by separate employer executives to central services, including career management support
 - Substantive, accessible data base for all executives, core and non-core
41. The **common regime for managing executives** should be lodged with a central organization, such as a Ministry of the Public Service.
42. The **situation of middle managers** requires special consideration. The challenges facing the Public Service have precipitated a number of changes to management approaches. As a result, some management functions – along with the accountability – are being delegated from senior to mid-level managers. At the same time, many middle managers, whether excluded or not, are required to administer – and sometimes even to help negotiate – the same collective agreement to which they themselves are subject. These anomalies lead to situations of clear conflict of interest.
43. The APEX 2001 summer consultations on HR reform demonstrated that middle managers have a decided preference for being treated differently than at present. Recent reports from the Strong Committee and the Fryer Advisory Committee⁷, have recommended **creation of a middle managers’ organization** along the lines of APEX.
44. For these reasons, **APEX recommends that positions classified at up to three levels below EX and which have significant HR, financial and program responsibilities be part of a separate classification group**. This would lead to representation by an organization whose mandate could include negotiating working conditions for its members and pursuing certain recourse issues on behalf of its members. However, there would be no right to strike associated with this new group.

⁶ A seamless “continuum” would offer a range of development opportunities for executives at all levels (including avenues like AEXDP and ADM-PQP), as well as a variety of “on and off-ramps”, depending on the career aspirations and the needs of the Public Service.

⁷ The text of the Fryer recommendation reads: “*We recommend that middle managers be permitted to form an organization, perhaps modelled after APEX, which would provide them some kind of collective representation short of full collective bargaining.*”

iii. Compensating Executives: A Distinct, Values-based Package

45. Although compensation is not under review as part of the current HR Modernization initiative, working conditions such as salary and benefits are clearly integral to the success of any human resources management regime.
46. Over the years, APEX has made numerous recommendations to the central agencies of government on executive compensation. The great majority of our proposals have been reflected in the three reports of the Advisory Committee on Senior Level Retention and Compensation (the Strong Committee). APEX continues to press for full implementation of the Committee's recommendations.
47. APEX has long argued for a **distinct human resources management regime** for executives. Central to this vision is a more **imaginative and flexible** total compensation package (salary and benefits) which reflects the working conditions of the executive cadre.
48. Such a package would neither deter current employees from becoming executives nor penalize those who do. It would be competitive with the total compensation package being offered by organizations in the private and broader public sectors, which also seek to attract and retain executive-level talent.
49. This distinct executive compensation package should be administered by a branch of a "Ministry of the Public Service" which would be responsible for all executive programs.
50. EXs endorse the recognition of excellence and professionalism through provision of **performance-based pay** – both for individuals and teams – as part of their total compensation package. Executives are of the opinion that assessments within a performance management program should give as much weight to **values-based behaviours** as to the results achieved; i.e. that the "how" is as important as the "what". They agree that performance-based pay should also form part of the compensation package for a greater portion of public servants.
51. **Flexibility** should also be the hallmark of any executive compensation regime. Executives have consistently maintained their interest in having a flexible "**cafeteria-style**" **benefits package**. Such a package should allow choices from a substantially-increased range of benefits including, for example, coverage of alternative medical treatments, membership fees in sports/health facilities, travel packages, and payment of professional membership fees.

iv. Selecting, Developing, Promoting and Releasing

52. APEX's interest in HR management, most particularly in staffing and selection, has been expressed over the years through the establishment of various working committees and numerous consultations. General consensus has arisen on a number of issues.
53. Any reform of HR management will inevitably affect the credibility of the public service in the eyes of the Canadian public and of public servants. Any new system must support the long-term viability of the public service. It must also ensure that the makeup of the public service generally

- reflects the **diversity** of the Canadian population.
54. As part of a values-based regime, **staffing authorities must be delegated to departments** to the greatest degree possible. The Public Service will have to implement **simpler, faster and more responsive assessment and selection processes**. We must abandon our almost exclusive reliance on evaluation of knowledge or experience as a means to “screen out” candidates. The future success of the institution will depend on our being able to **make the shift to assessing competency and values** and then ensuring decision-makers are held accountable. **Only legislative change can deliver all these results.**
55. APEX subscribes to the complementary principles of ensuring the maximum possible **delegation** to managers and then holding them accountable for results. **Deputy heads** would be responsible for the appropriate exercise of human resources management authorities in their organizations, and for meeting horizontal HR priorities in the greater Public Service. APEX recommends that **accountability** of deputy heads in this regard be assured through two mechanisms: precise performance management agreements; and the incorporation of a distinct human resources management component in the submissions and reports that deputies must make to the centre, e.g. in RPPs, DPRs and business plans.
56. The **Public Service must trust that its managers want to hire competent people** who can do the job at hand. The occasional misstep or unprincipled decision can be corrected with a good **accountability system**.
57. If challenged, **managers** would be called upon to defend their staffing decisions before whatever recourse system is put in place. They would also be **evaluated on their overall performance** in applying the core values to HR management. If problems are identified with a manager’s performance, the **Association recommends that delegation be removed from that manager – not from the entire department**. The system must not react as it has in the past by creating a plethora of new rules in reaction to every incident, thus punishing the entire Public Service.
58. In order to ensure the continued non-partisanship of the Public Service, **oversight of merit** should be assured by a parliamentary agency, which may also develop assessment tools which can be offered to deputy heads for adaptation in their department.
59. APEX considers the current Public Service approach to **protection of merit** to be overly cautious and too costly. We propose adoption of a model that is more risk-tolerant and flexible. APEX considers that merit can be protected adequately through a framework of values, principles and policies. A **focus on individual competency**, combined with appropriate accountability mechanisms, would constitute a values-based and efficient approach to protection of merit. We therefore recommend that new legislation be written very generally, much like the CCRA approach⁸. The new regime would also **define merit as individual rather than relative**. The term would then no longer imply “best-qualified”, but would still carry its intended meaning of “competent and non-partisan”.
60. **Assessment and selection processes** for employees at all levels need to be made faster and more

⁸ “The Agency must develop a program governing staffing, including the appointment of, and recourse for, employees.” Section 54. (1), Canada Customs and Revenue Agency Act

- flexible. Many more appointments should be made from **unranked pools of pre-qualified candidates**. **Functional communities** could become responsible for establishing the competencies required to be accepted into a pre-qualified pool for positions at different levels in that field.
61. On the basis of its consultations on HR reform, APEX has concluded that public servants are open to candidates being assessed in different ways, as long as the process is fair and transparent. This means that new kinds of techniques should be part of the hiring manager's tool kit. For example, we should **end our reliance on the formal interview** to make all our selection decisions – not all highly competent people perform well in that environment.
62. The current staffing process is driven by appeals. APEX proposes that the **number of staffing actions that are appealable be reduced and limited** (e.g. no appeals on appointments following satisfactory performance in an “acting” position; from casual or term to indeterminate appointment; or for re-classifications). Appeals should be settled informally and internally. In the exceptional cases where this is not possible, **the appeal should be heard by a revamped Public Service Staff Relations Board (PSSRB)**, as part of a simpler, more efficient recourse system.
63. **Releasing an employee** should be a simpler, less onerous process, based on competency and demonstration of values. A revised process must better balance the rights of employees with those of the employer. Executives think that managers might be less risk-averse in their staffing decisions if moving an employee⁹ (at any level) who does not contribute to the organization's objectives were made easier. By the same token, deputy heads should have more flexibility to use monetary incentives to terminate the employment of a poor performer. The bottom line is that **the human resources management system must respect those who perform well, by dealing effectively with those who do not**.

v. Recourse: Designing for Fairness and Efficiency

64. It is widely acknowledged that the Public Service's current recourse system – slow and inefficient – needs a major overhaul. **The objective of a re-designed recourse system must be to achieve satisfactory resolution of issues quickly, in order to return the workplace to a healthy state in as short a time as possible.**
65. The system must be so designed as to instill trust and confidence in employees that they will be fairly treated, while at the same time, reducing the possibility that the system will be abused.
66. APEX agrees with the recommendation from the Fryer Committee that a **single system with multiple points of access** is the best antidote for the currently over-burdened process. (This approach was also endorsed by the participants at this summer's APEX consultations on HR Modernization.) The multiplicity of recourse options currently available has led to massive inefficiencies without providing sufficient benefit either to employees or the institution.

⁹ Many instances of poor performance may be rectified through provision of training or the opportunity to move to a new position which is a better fit with the employee's skills and temperament. However, it has to be recognized that termination of employment may be the only solution in some cases.

67. A new recourse mechanism should have **two stages**: an informal, internal process¹⁰, during which every effort must be made to resolve the complaint, plus in exceptional cases, a formal intervention before a third party outside the organization.
68. It is expected that action taken during the informal stage of the system should be sufficient to resolve most issues. In particular, complaints which touch purely on process should be dealt with inside the department.
69. The effectiveness of this informal stage would be based on the mandatory use of early intervention tools and ADR mechanisms such as mediation. APEX proposes that there be a series of consecutive steps open to the parties, beginning with informal discussion and proceeding if necessary through a mediation phase. Departments would draw on their own internal network of “referees” to help settle as many of the issues as possible.
70. If no resolution is possible within the organization, the issue would proceed to the more formal stage with a third party outside the department such as a redefined PSSRB.
71. **Strict timelines** would be established for every step of the process to promote speedy resolution of each case.
72. All employees must have an opportunity to air legitimate complaints. However, in order to prevent abuse of the system and achieve simplicity and speed, **some restrictions on access** are necessary. To that end, it is worth giving consideration to requiring a financial contribution (all or part of the costs) from parties who wish to proceed to a formal process outside the department. In addition, we agree with the recommendation from the Fryer Advisory Committee that unions must have the right to refuse to represent an employee if they feel the complaint is frivolous.
73. Keeping a redesigned recourse system working smoothly may require some new distinctions. There must certainly continue to be a forum where unions can raise **collective issues** of concern to their members. However, that forum should not be the regular recourse mechanism. Dealing with this class of issue diverts attention and resources away from efforts to resolve individual complaints. The recourse system should be reserved therefore for individual cases, while “class grievances” should be addressed through some other process such as the NJC or a revamped PSSRB.

¹⁰ Cases which could result in criminal charges are of course an exception and should immediately be referred to the appropriate authority.

vi. A New Way of Working Together

74. APEX has carefully studied the report from the Advisory Committee on Labour Management Relations in the Public Service. Its reaction to the recommendations contained in the Fryer report is set out as an annex to the current document, but is also reflected in the following section. Our positions are founded on years of discussion with executives and this past summer's consultations with executives, managers, young public servants and unionized employees..
75. The Association's position on labour-management relations is based on four principles:
- a. The processes must be **greatly simplified** and driven by a desire for **efficiency**.
 - b. There should be **delegation of authority to the lowest level possible**, giving managers the necessary latitude to manage while remaining accountable for their actions and decisions.
 - c. We must seek a **more cooperative relationship between labour and management**, and
 - d. The primary duty of both labour and management is to **protect and further the public interest and the well-being of employees**.
76. Although few employees, managers or executives have expert knowledge of labour law or labour management relations, the issue leaves few indifferent. Unfortunately, a lack of trust and a history of confrontation on both sides have bred an unfortunate degree of acrimony. In practical terms, the state of today's labour management relations is reflected in seriously clogged administrative systems.
77. Creation of an HR management regime which is built on **values of trust, transparency and respect would have a significant positive influence on the tone of labour-management relations**. The tangible result would be faster, simpler processes and a reduction in the use of costly and burdensome recourse systems.
78. APEX believes it is important to **distinguish between the relationship that national unions have with the employer, and that which local union representatives have with managers and executives in the work place**. APEX envisages an environment in which most labour-management issues are aired at the departmental and local levels. Executives believe that talking to the union at the departmental or local level about HR strategies and policies would be infinitely more effective than the current top down approach on both sides.
79. **APEX agrees that departments should receive the greatest possible delegated authority for appointments**. We cannot therefore support the Fryer recommendation that the staffing system be co-developed by the National Joint Council (NJC). In fact, we are confident that in a values-based system, fewer issues would have to be steered to the NJC. With most authorities under a new HR regime going to deputy heads¹¹, APEX believes that the role of the NJC would undergo significant alteration. The volume of contacts between the Employer and the national unions would also be reduced, while the level of employee involvement in decision-making would rise.
80. The Association supports a **two-tiered system of labour management relations**.

¹¹ Including most administrative authorities such as travel, parking, hospitality, etc.

81. **Collective agreements would continue to be negotiated by the employer** with the various public service unions. These agreements would cover all issues of a universal nature: salaries, key benefits, the work week, and so on.
82. **Departments and agencies would set policies which affect the work environment of their employees.** For example, the length of the work week is set by the collective agreement. However, defining and setting the conditions for the compensation of overtime could appropriately be handled by departments, in order to better reflect their particular work environment. Similarly, major leave provisions such as annual/sick leave could be negotiated nationally, while leave for family reasons could be left to departmental authorities to set. The parameters for these provisions would be established cooperatively with local employee representatives.
83. Managers and executives will have to be **better trained and supported** to meet these new responsibilities and challenges, as should shop stewards and local union representatives.
84. The public servants we consulted this summer believe that **all** employees should be properly evaluated on their performance. Many younger public servants in particular have become discouraged about pursuing a career in the public service because **there is little recognition of the different levels of contribution by individual employees.**
85. **APEX therefore recommends that the performance of employees at all levels bear a direct relationship to monetary rewards and opportunities for advancement.** Without moving to a full performance pay system like that in place for executives, there should be some form of at-risk pay for middle managers and professionals. Measures appropriate to the circumstances can also be taken for other employees. Those who have performed well should have access to individual or team bonuses, interesting assignments and so on. Those who do not meet expectations or who fail to live up to public service values should be denied salary increases, whether in the form of annual increments or even negotiated settlements.
86. We must **simplify the mechanisms whereby employees can be removed from a position** when their performance is inadequate or when they fail to meet the test of public service values. The young public servants we met this summer feel particularly strongly about this issue. They believe that under- or non-performing employees should be retrained, re-assigned, demoted or dismissed – in that order. They also say that the process must be less complicated and to that end, APEX proposes that **recourse in these situations be defined more restrictively than at present.**
87. The Public Service will only succeed in changing the climate of labour-management relations if it can create a values-based HR regime and an environment of trust and respect. Attitudes on both sides will have to change radically. The focus will have to shift. **Stronger emphasis must be placed on creating a more efficient public service, populated by employees who work and are managed based on values.**

4. HR Management: a New Organizational Model

88. In the preceding sections, APEX has laid out the essential building blocks for a more modern and effective human resources management regime for the Public Service. The final step is to determine **what sort of governance structure would enable the new system to work efficiently**. This is an extremely difficult and controversial task – within the Association’s own Board of Directors there are several different and strongly held views on the best approach.
89. However, APEX wishes to propose a series of principles which should underpin a new governance structure. Indeed, intrinsic to APEX’s proposals on values, staffing, compensation, recourse and labour management relations set out in this report are a number of principles which we will repeat below.
90. First, APEX supports the **continuing non-partisanship** of the senior Public Service. Canadians expect impartial, equitable service. They have more confidence that a non-partisan Public Service will deliver it. A neutral Public Service provides value-added to the democratic process through the offering of professional and non-partisan advice to the government in power. The periodic disruptions that would result from politicization of the Public Service could be detrimental to the delivery of Government programs and to the provision of the high quality services Canadians expect. In the long run, the Public Service is better served by having a professional, non-partisan management cadre which has been trained to run highly complex organizations.
91. To guarantee the continuing impartiality of the senior Public Service, we must have a **strong parliamentary agency which ensures oversight of merit**. It would have no direct operational role. The agency would recommend corrective measures to departments – but would have no executive authority. It would report to Parliament on the performance of individual departments and the Public Service as a whole. Its other roles would include development of policy guidelines related to merit, promotion of the merit principle and acting as a repository of best practices in this regard.
92. APEX believes that **responsibility for executive staffing** should be assigned in keeping with the same principles as apply to staffing of other employees. That is, that authorities should be delegated to deputy heads. A robust oversight function, housed in an independent parliamentary agency, should be sufficient to protect the non-partisan nature of the Public Service.
93. However, the Association suggests that the oversight agency approve **proposed appointments to the executive group from organizations which are outside the scope of its mandate**. In order to enhance executive mobility throughout the larger public service, APEX therefore encourages public service organizations with separate employer status to ask the parliamentary agency to act as overseer of merit for their organizations.
94. APEX believes that there should be the **greatest possible delegation to deputy heads** of human resources management authorities, including staffing and labour relations responsibilities. **This must be done in such a way as to protect them from undue political interference**.
95. There should be **one central organization – a “Bureau of Human Resources Management” – which is responsible for overall human resource management activities**. If the Public Service is to demonstrate that HR management is a priority, this entity must be headed by a deputy minister

- who reports to the President of the Treasury Board.
96. Executive management services are currently very fragmented. In order to facilitate better planning and a form of collective management for the executive cadre, this new organization should contain **a branch under whose roof all executive programs and services would be brought together**. This would include services currently located at the Public Service Commission which would not be part of the mandate of the parliamentary agency noted above, as well as those programs currently with the Treasury Board Secretariat and The Leadership Network which would not be delegated to departments.
97. As noted earlier, there should be a common regime for managing the executive group. **APEX suggests that an advisory committee of deputy heads be mandated to oversee a modified form of collective management**. This committee would develop a common vision for the executive group, promote mobility across the system, and ensure that better planning and development tools and programs are available to departments.
98. **Learning functions** – including development of an integrated strategy for learning and delivery of learning/training activities – should be grouped together separately from the human resources management organization. Responsibility for management development programs could also be part of this organization’s mandate.
99. To the greatest extent possible, **recourse issues should be handled informally and internally** to the department. If they can not be settled in that process, then they should be referred to a redefined PSSRB.

5. Making Reform a Reality

100. APEX supports the drive to effect fundamental change as quickly as possible. However, we urge the Government **not to proceed with the reform initiative unless it intends to resource the effort appropriately**, with the right expertise, information, training and technology. APEX agrees wholeheartedly with the Human Resource Council, which states¹² that reform will be successful if *“Adequate, realistic resources, technology and training (are) provided to HR practitioners and managers during the transition and implementation.”* The ability of small departments and agencies to adapt must also be carefully considered; they should be strongly encouraged to share certain common services, such as finance, administration and human resources.
101. The essential building blocks of reform are **new legislation**, a **new governance model**, **up-front financial support and commitment by the Government** and **sustained commitment** by the senior levels of the bureaucracy.
102. The Government must develop a clear, staged action plan, whose success is based on the broad commitment and **involvement of employees**.
103. APEX suggests that the Public Service should make it possible for executives, managers and

¹² In its recent Position Paper on Modernizing HR Management

employees who cannot support reform with conviction and energy to bow out gracefully.

6. Other Issues

104. **Governor-in-Council appointments**

Many GIC appointees have little or no federal Public Service experience. Their appointments bring them into contact for the first time with public servants, public service rules, regulations and ways of doing things with which they are unfamiliar. This often creates an inordinate amount of tension, misunderstanding and conflict. **APEX recommends that GIC appointees be obliged to undertake orientation and training** before they assume their new functions. Appointees with previous federal Public Service experience would be exempt from this requirement.

105. **Appointments to the “Bureau of Human Resources Management”**

It is generally accepted that we must have greater mobility within the management and executive ranks. APEX also believes that the Public Service could better achieve its goals of working more horizontally if line departments had a better understanding of how central agencies work and *vice versa*. **APEX therefore recommends that the majority of policy and programs positions in the new agency be rotational.**