

Public Disservice

The Impact of Federal Government
Job Cuts In Atlantic Canada

Michael Bourgeois, Joanne Hussey, Christine Saulnier,
and Sara Wuite





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Executive Summary

PUBLIC SERVICES EXIST to keep us safe and healthy. They make up a safety net to help those of us who are unemployed or otherwise in need, strengthen our diverse cultural heritage and protect our natural environment for future generations. They support democracy¹ and the redistribution of wealth based on the ideal of moving towards a socially and economically just society. Public services contribute to the security and prosperity of our families and communities. We depend on these services, including education, health care, child care, public pensions, employment insurance, and family benefits, for our living standard.² In fact, more than two-thirds of Canadians derive a benefit from the public sphere that is greater than half their income.³ The public service is also a source of well paying, unionized jobs that provide fair benefits packages allowing individuals to reinvest in their local economies. The federal government's austerity agenda will have a significant impact on the ability of the public service to fulfill these functions in Atlantic Canada.

This report estimates that approximately **4400 direct full-time equivalent federal jobs, representing at least \$300 million in salaries and wages**, will be lost in the Atlantic region by 2014–15. Examining the significance of the job losses to be experienced in Atlantic Canada raises red-flags about the impact these cuts will have on the broader economy and the level and quality of public services including their accessibility to those who need them in communities across our region. There will be several hundred more jobs lost in federal crown corporations. In addition, we can expect at least

double the estimated number of jobs will actually be lost when we include jobs lost in the private sector. For example, when one considers that approximately 40% of federal government spending for operational expenses is for salaries and wages,⁴ operational expense cuts will result in a significant impact on federal contractors and suppliers. There will also be cuts to grant programs affecting non-profit organizations. Finally, all of these cuts will result in job losses in the private sector because of the multiplier effect as household income is reduced and consumer spending declines.

Our analysis has led to a number of key findings regarding federal government cuts in Atlantic Canada and their impact over the short and long term. What we are seeing is both a reduction in the public service and in public services.

Key Finding 1

Due to the particular social and economic context of the region, the disproportionate number of job cuts in Atlantic Canada will have a more significant and pronounced short and long-term effect on the Atlantic Provinces than elsewhere.

22% of all the projected job cuts (outside of those in the National Capital Region) will occur in Atlantic Canada, a region where the Government of Canada represents a significant employer. Federal government employment represented more than 4% of total employment in Atlantic Canada in 2010, with 12% of the total federal government workforce located in the region. Compared to the rest of Canada, the Atlantic region has higher unemployment, lower wages, more seasonal employment and the highest proportion of residents living in rural areas. The substantial cuts to federal government jobs and related office closures will disproportionately reduce the pool of good jobs in the region, lower the employment income flowing back into local economies and reduce access to public services — especially in rural communities already facing high rates of youth outmigration. These impacts will be compounded in those Atlantic Provinces undertaking their own public sector cuts.

Key Finding 2

Federal government cuts will have a negative impact on service quality and accessibility.

Job cuts in the Atlantic region have resulted in office closures, and reductions and elimination of programs and services. The move to automated service delivery including the use of online platforms is a concern for

those without access to computers and high speed internet. These changes result in less responsive services. These findings are concerning for the Atlantic Provinces, but they also speak to the far reaching impacts of the federal cuts on the ability of our public service to fulfill its mandate whether to protect the environment or provide services to people in need. As other research has concluded, given where these cuts are occurring, they will disproportionately affect Aboriginal Peoples, low-income families and seniors, the unemployed, the environment, workplace and food safety, and Canada's international role.⁵

Key Finding 3

These cuts could affect the need for continuous renewal of the public service.

These job cuts are strategic and affect the nature of the public service: who is employed, what they do, how they do it and where. The en-masse retirement will mean a decrease of institutional knowledge. The decrease in hiring will mean that a whole generation may be unable to enter the ranks of the public sector.

Key Finding 4

Federal government job cuts are having a negative impact on workers.

The individual merit process legislated by the Public Service Employment Act, by which employers must decide who will become surplus, increases stress for employees within the work environment. There has been a decrease in morale and an increase in mental health concerns within the public service. This will have an impact on service provision and increase the load on the healthcare system.

Key Finding 5

Federal government cuts may affect the representativeness of the public service.

There is a concern that equity groups may be cut at higher rates than others because of the kinds of programs being cut and the departments that are facing the higher rates of cuts. Another concern is that biases can affect the Workforce Adjustment process in ways that disadvantage certain candidates. Discrimination and systemic barriers can impact decisions about who is going to be retained. While efforts are being made to ensure a fair process including considering demographics, there is nothing explicit to ensure that these cuts do not disproportionately affect designated groups.

This is a concern in a region that, with some exceptions, struggles to attain and maintain a representative workforce.

Key Finding 6

Federal government cuts will undermine capacity for sound policy making, and the ability to understand and plan for the particular social and economic context of each of the Atlantic Provinces.

There is concern that the positions that are being targeted are professional and knowledge-based workers. In contrast, the less knowledge-based workers left the federal government en masse between 1995 and 1999.⁶ These cuts might affect the government's ability to make informed decisions. In addition, the consolidation of decision-making positions in the National Capital region has already, and will continue to, decrease the ability of federal departments to effectively and strategically plan for the Atlantic Region. Within the Atlantic region, offices are being consolidated from smaller communities to major cities. Many departments are witnessing their number of offices being reduced to one per province, while others have seen Atlantic representation reduced to a single office in Halifax. The move towards Eastern regional offices with regional headquarters in Montreal is another layer of this centralization. Job cuts resulting from centralization also reduces the ability of departments and agencies to understand and plan for the particular social and economic context of each of the Atlantic Provinces.

A Disservice to Atlantic Canadians

The decisions to cut jobs and services, why, how and where, must be transparent. Reassurances by the government that these cuts will make the public service more effective and efficient, and improve our economy, are lacking evidence. The cuts in the 1990s like the program reviews initiated since 2006 were designed to reduce federal government spending in order to reduce deficits. However, public services were not to blame for causing deficits, not in the 1980s, not in the 1990s and not now.⁷ Governments have choices about how to achieve fiscal goals. The 1990s cuts contributed to attaining a balanced budget quickly but at serious social and economic cost.⁸ The 1990s cuts did a disservice to Canadians and by all accounts, this round of cuts will do the same.

Cuts to government services can exacerbate existing inequities unless they are explicitly taken into account when planning cost reductions. As is

demonstrated in this report, this is especially true for Atlantic Canada because of the persistent inequities across the Atlantic region and disparities compared to the rest of Canada such as higher unemployment, lower wages, more seasonal employment, and outmigration concerns.

Recommendations

The federal government should stop implementing job cuts until all information and proper weighing of the costs and benefits of the cuts is provided to Canadians. The decisions about job cuts must involve proper consultation with those providing and managing the services and those using the services, as well as researchers and other stakeholders in the communities affected. Examining the significance of the job losses to be experienced in Atlantic Canada raises red-flags about the impact these cuts will have on the broader economy and how these cuts will affect the level and quality of public services including their accessibility to those who need them in communities across our region and indeed our country. The analysis must consider the different kinds of short and long-term impacts cuts might have including on service delivery, quality of service, local/regional economies, unemployment rates, and outmigration. The difficulty we had to conduct this research provides further evidence of the unacceptable lack of a transparent and accountable process.

Human resource planning in the public service must include a full cost/benefit analysis of regular staffing options versus contracting out or using temporary help services. It must also include monitoring and reporting on equity issues within the Workforce Adjustment process. The focus should be not on quantity, but on quality first, in order to ensure ongoing public service renewal.

These federal government cuts have created low morale within the public service and a poor public perception of the public service as a stable career choice. The loss of institutional knowledge because of high rates of attrition, and the use of more temporary workers and contract workers to fill resulting gaps, may only create more risk in the public service. The federal government must be publicly accountable for how these decisions affect public service renewal. A youth recruitment and retention strategy will help address the need for new employees as many remaining in the public service prepare to retire. This accountability must extend to a considera-

tion of the impact on designated equity groups and include steps to ensure progress towards a representative public service is not eroded. An understanding of the potential impacts of discrimination and systemic barriers must be incorporated into the Workforce Adjustment process. It must also include providing evidence that contracting out saves money, which past experience tells us is not the case.⁹ Moreover, if services are privatized they are no longer subject to scrutiny by the Auditor General and therefore result in less transparency.

Decisions about the locations of departments must be based on the need for that department's services in the region.

Federal government departments must be located in the regions with the highest need for those services. These regions must also be connected to policy and decision-making in order to ensure the needs of the service recipients are taken into account in programming and service delivery. Assessments of the need to reduce or expand a service must consider a complexity of factors including data gathered through rigorous evaluation processes and the social and economic context of the communities in which the services are located.

Introduction

THE IMPORTANCE OF the public sector in the Atlantic Canadian Region goes far beyond the provision of direct employment whether by provincial, federal or municipal governments and agencies. The economic spin-offs, and other indirect benefits to the private sector, are significant. Intertwined with the economic significance of the public sector is its far-reaching social significance; at a minimum, public services are there to keep us safe, and healthy. Section 36 of the 1982 Canadian Charter of Rights and Freedoms requires the federal and provincial governments to remain committed to “providing essential public services of reasonable quality to all Canadians.” Essential public services include those that make up a safety net to help those of us who are unemployed or otherwise in need. It is also within our rights to expect our governments to strengthen our diverse cultural heritage and to protect our natural environment for future generations.

Public services provide great value for the money invested; in fact, more than two-thirds of Canadians derive a benefit from the public sphere that is greater than half their income.¹⁰ Canadians depend on these services, including education, health care, child care, public pensions, employment insurance, and family benefits, for our living standard.¹¹ To individually purchase these services would likely cost much more, making them inaccessible to most of the population and causing significant harm to people’s health and economic security.

Public services support and strengthen democracy,¹² including helping us move towards a socially and economically just society. The public ser-

vice is also a source of well paying, unionized jobs that provide fair benefits packages allowing individuals to reinvest in their local economies.

It is with this lens on the public service that we consider the impact of the federal government's austerity agenda on the four Provinces that make up the Atlantic Region: New Brunswick (NB), Nova Scotia (NS), Prince Edward Island (PEI) and Newfoundland and Labrador (NL). This report focuses on changes in active federal government presence. It does not focus on transfer payments to persons or to the provincial and local governments, nor does it deal with the effects of federal government policy decisions generally. The report focuses almost exclusively on changes to federal government employment; specifically the significance of the job losses to be experienced in Atlantic Canada by 2014–15. While it is difficult to know the full impact or extent of these job losses, this report raises a red-flag around how these cuts will affect the level and quality of public services, including their accessibility to those who need them in communities across the region. It also raises very serious concerns about the impact these cuts will have on the broader Atlantic economy.

Report Outline

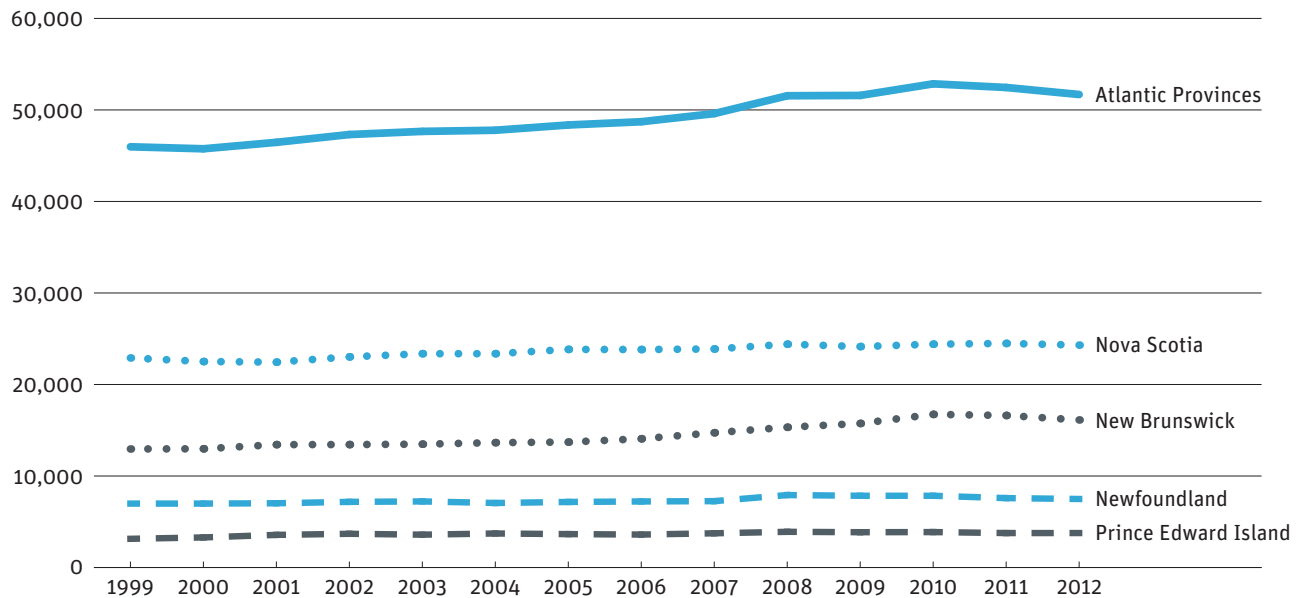
This report consists of five sections. In order to understand the significance of the job cuts, the first section provides background on federal employment in Atlantic Canada. The second section provides readers with the national snapshot of job cuts, while the third section presents estimated job losses for the Atlantic region, by Department and by province (2013–15). The fourth section considers how workforce adjustment is affecting the public service and public service delivery in Atlantic Canada. The fifth section considers the short and long term impacts of these job cuts for Atlantic Canadians looking beyond their impact on the public service itself. The report concludes with some recommendations.

Federal Government Employment in Atlantic Canada

THE GOVERNMENT OF Canada represents a significant employer in Atlantic Canada, and employs a wide variety of people who contribute to various facets of the economy. According to Statistics Canada, a total of **51,686** people in Atlantic Canada were employed by the federal government as of March 2012 in some 44 departments and agencies.¹³ This number represents 12% of the total federal government workforce in Canada including those working full-time, part-time, casual or seasonal at all departments and agencies for which Treasury Board is the employer, and separate agencies (principally the Canada Revenue Agency, Parks Canada, the Canadian Food Inspection Agency and the National Research Council Canada). It also includes RCMP regular and civilian members, as well as Canadian Forces members and reservists (see Appendix 1, *Table 2* for employment by province by organization at the end of March 2011). Another **11,268** Atlantic Canadians were employed by federal business enterprises (otherwise known as crown corporations).

In order to put the current job cuts into context, it is important to consider the historical trends of federal government employment (excluding crown corporations) in the region. Previous to this round of cuts, the most significant cuts to the federal government occurred in the mid to late 1990s.

FIGURE 1 Federal Government Employment, Atlantic, 1999–2012

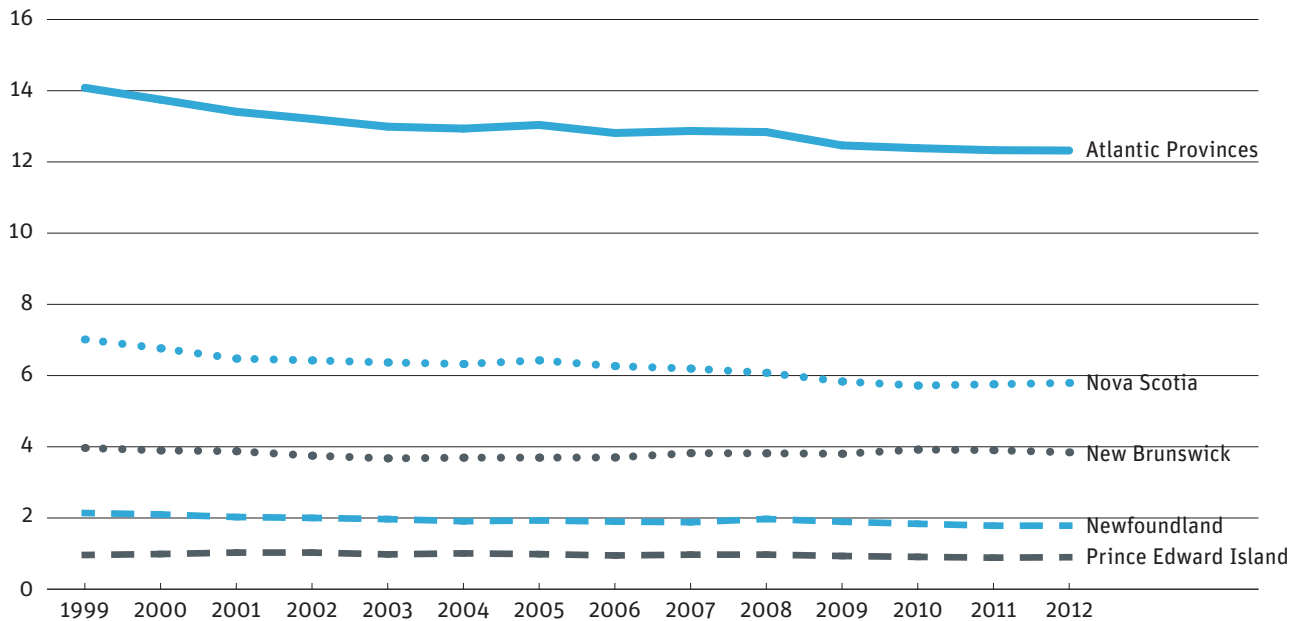


Source: Statistics Canada, CANSIM 183-0002

Beginning in 1993 with a strategic review of programs in the public service, successive federal governments began cutting jobs and continued until 1999. A hiring freeze was then instituted in 2003. The public service did grow between 1998 and 2003, bringing employment levels up higher than prior to 1993.¹⁴ The net job losses in Atlantic Canada between 1992 and 1999 were largely attributed to cuts to the Department of National Defence (DND) and the then Department of Transportation. PEI, however, saw a net gain largely because of the tax centre that opened in Summerside in 1993.¹⁵

Figure 1 illustrates the employment trends in the Atlantic region between 1999 and 2012. Nationally, federal government employment has grown since 1999 with an annual growth rate of just over 2% (total growth of 29%). The growth in federal jobs in all the Atlantic Provinces in the same time period has been far below the national increase with a low rate of 6% in NS and 7% in NL. The largest increase was in NB at 25% and 20% in PEI. The total net gain in Atlantic Canada was 5714 jobs, representing an increase of 12% since 1999. To put this into perspective, there were an additional 93,068 jobs in Canada, and only 504 in NL, and 1405 in NS. NB saw an increase of 3176 jobs, while PEI saw an increase of 639. Part of the reason for this was likely the consolidation that occurred between 1999 and 2008 in Ottawa with over

FIGURE 2 Percentage of Total Federal Government Employment, Atlantic, 1999–2012



Source: Statistics Canada, CANSIM 183-0002

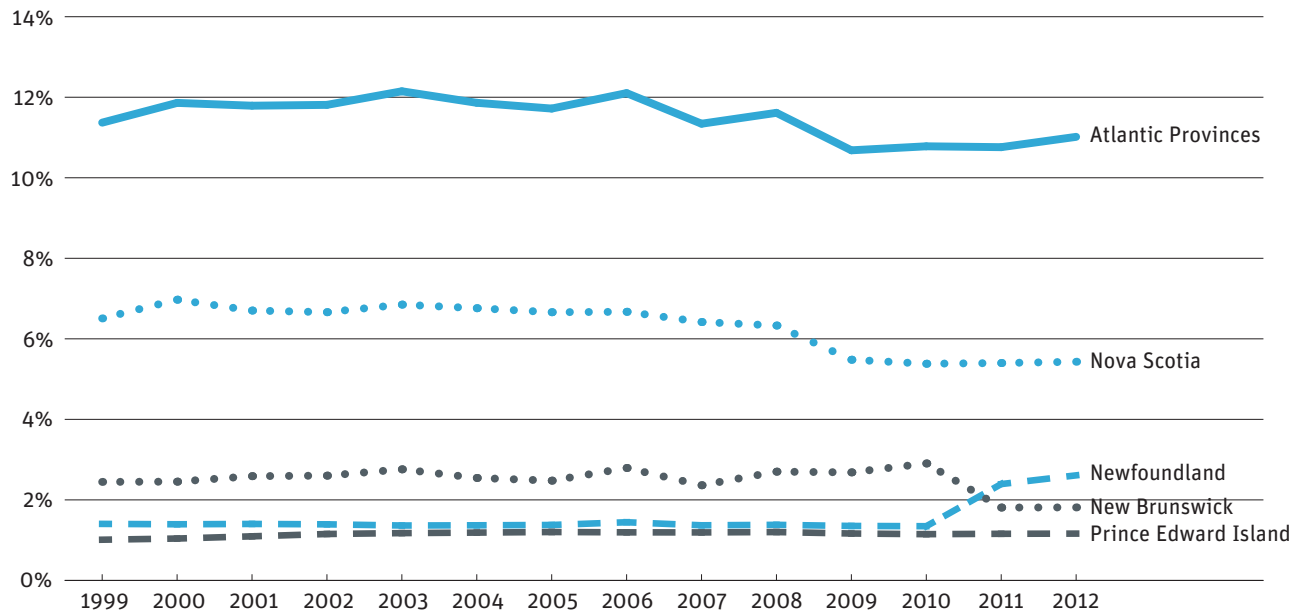
half of all new jobs being based there. In 1992, the National Capital Region accounted for 32% of all federal jobs.¹⁶ As of March 2012 it accounted for 41%.¹⁷

The growth in federal jobs in PEI since 1999 has been attributed to increases at Veteran Affairs, and in NB to growth in Correctional Services, an increase in civilian employees within the RCMP (including the central registry for long-guns) and DND (with deployments to Afghanistan). In contrast, NS and NL experienced the largest overall reductions in the country largely attributed to cuts in DND in NS and the Department of Transportation in NL.¹⁸

Share of Federal Government Employees Based in the Atlantic Region

Another way of understanding the trend of federal employment in the Atlantic region is to consider the portion of the total number of federal government jobs that are located in the region. The proportion of federal government jobs in Atlantic Canada has remained fairly stable, only fluctuating between 12% and 14% of all federal government jobs since 1999.

FIGURE 3 Share of Total Federal Government Business Enterprise Employment, Atlantic, 1999–2012



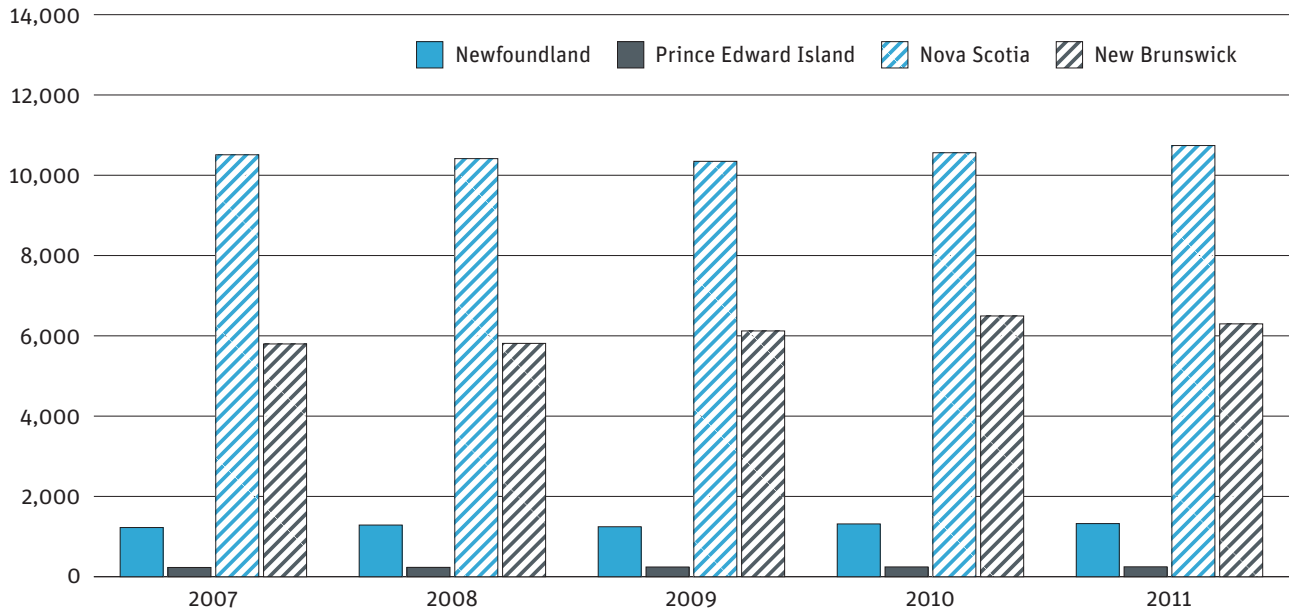
Source: Statistics Canada, CANSIM 183-0002

As is shown in *Figure 3*, between 1999 and 2012, the percentage of total federal crown corporation jobs in Atlantic Canada as a whole has remained stable at 11%. There has been a small decrease in NS and NB; each experiencing net losses of 374 jobs.¹⁹ NB's share of jobs has remained stable, whereas NS has seen its share of the total decline 2% (from 7% to 5%). NL saw an increase of 2% (1390 jobs). PEI's share has been stable with only a small net gain of 268 jobs. During this time period, there was a total net gain of 11,180 jobs in federal business enterprises in Canada, 910 of which were in Atlantic Canada. The total growth in the region (just under 9%) was below the total growth rate of 12% in Canada.

Military Personnel

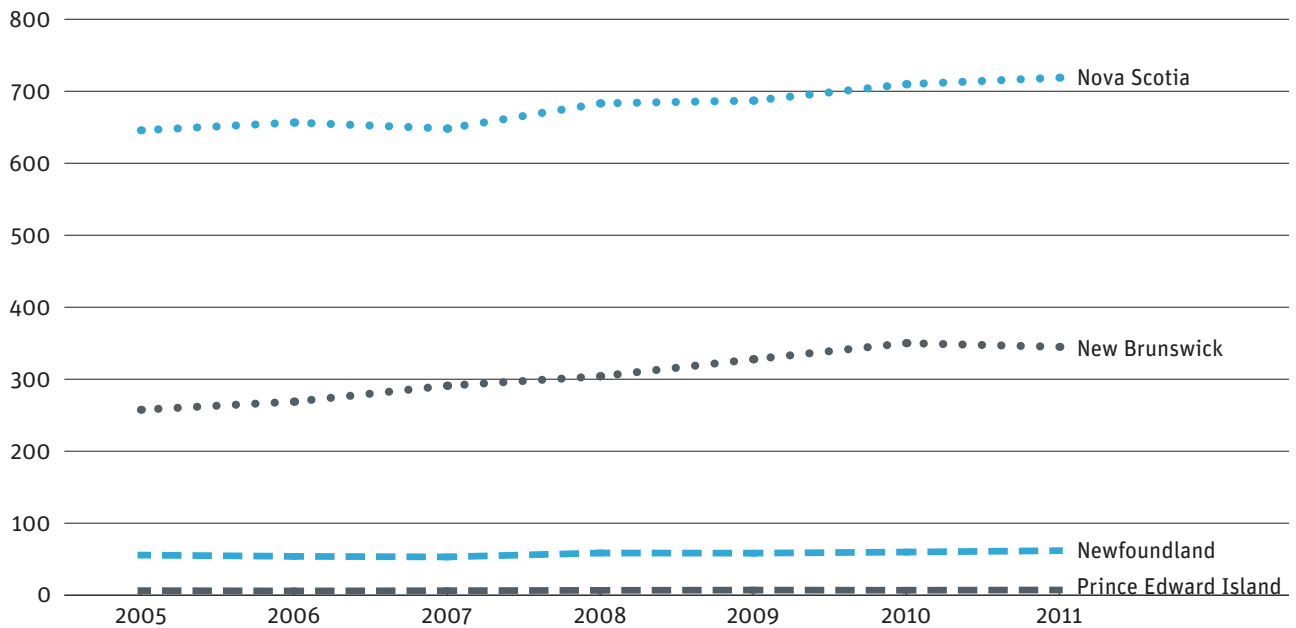
Figures 4 and 5 provide some sense of the significance of military personnel both in terms of numbers of people employed and total employment income for each province. In 2011, military personnel represented almost half of all federal employment in NS. It represents about 40% of federal employment in NB. The military presence in PEI is quite insignificant representing only

FIGURE 4 Military Personnel by Province, Atlantic, 2007–11



Source Statistics Canada, CANSIM 183-0004

FIGURE 5 Military Wages and Salaries, Total, Atlantic, 2005–11, \$Millions



Source Statistics Canada, CANSIM 183-0004

6% and has declined gradually in NL to represent only 17% of federal employment in that province.

Figure 5 shows how significant military income is especially for NS and NB totalling more than \$700 million and \$300 million respectively.

The sheer number of federal government employees in the Atlantic Provinces makes the government's role as key employer in the region quite clear. It also makes clear that, especially for smaller Provinces, any fluctuations can have a significant impact.

Federal Government Austerity and Workforce Adjustment

AN ESTIMATED TOTAL of \$8.92 billion has been cut from federal government programs, staff and operations, across Canada since 2006. Strategic Reviews of each government department's operations between 2007 and 2010 resulted in \$1.82 billion in spending cuts. In 2010, the federal government froze its operational expenditures until 2014–15, equivalent to a \$2-billion personnel budget cut. The Federal Budget 2012 provides some detail on the third round of cuts, which began with the Strategic and Operating Review announced in 2011. The budget announced cuts of \$5.1 billion by March 2015.²⁰ According to the Federal Budget 2012, 19,200 positions will be lost over the next 3 years.²¹

Very little information about the implications of these cuts for actual jobs and services has been forthcoming from the federal government. As was most recently underlined by the federal government's own Parliamentary Budget Officer's report, "only one-quarter of affected organizations, representing less than 3% of the reduction package, have provided data regarding planned personnel reductions or the effect on service levels."²² Another researcher described the lack of information as "a purposeful and strategic lack of transparency."²³ As economist David Macdonald argues further: "If you take away the staff or the transfer funds to support a program, it [the

program] will weaken and may ultimately fold. Debates about its value won't have happened, or fights to save it — because the government didn't come clean with what was going on.”²⁴

Most of what has been reported thus far on the most recent round of cuts is based on information provided by public sector unions about how many of their members have received Workforce Adjustment or ‘affected’ letters. These letters continue to be rolled out, offering recipients either ‘a guarantee of a reasonable job offer’, or the option of one of three severance packages.²⁵ Media sources continue to release numbers as unions confirm Workforce Adjustment letters being served to employees. As of October 2012, more than 27,000 federal government employees across Canada have received affected letters.²⁶

Workforce Adjustment (WFA) is the process departments are to follow when laying-off indeterminate employees within the Core Public Administration where the employer is the Treasury Board.²⁷ Departments are obligated to, when possible, achieve Workforce Adjustment through attrition and job swapping. However, it is important to note this will only reduce the impact on individuals who may be affected by Workforce Adjustment. This process still results in an overall reduction of federal government positions and the negative implications associated with such a reduction. Additionally, the Public Service Alliance of Canada and the Professional Institute of the Public Service of Canada are both concerned the federal government is not meeting the terms of Workforce Adjustment concerning job swapping, and to that end, have filed grievances.²⁸ The terms of their collective agreements allow for affected employees to swap jobs with non-affected employees who may want to leave their jobs, but the unions allege some departments are refusing, or failing to initially facilitate this option.^{29,30} Workforce adjustment is discussed in more detail in the final section of this report examining the impacts on Atlantic Canada.

Faced with limited information coming from the Government of Canada at a national, regional or provincial level, organizations and researchers have begun to estimate the real impacts of the federal government expenditure reduction. Nationally, researchers have estimated the total cuts will amount to a total loss of 29,600 Full-Time Equivalent positions (FTEs) by 2015.³¹ This number includes the 19,200 announced in the federal budget 2012 as well as the 6,300 FTEs lost due to the 2007–10 Strategic Reviews, and 4,100 positions due to the 2010 Budget Freeze. This estimate does not include positions that will be lost in Crown Corporations, nor the losses that will result from funding cuts to contractors and suppliers, nor the loss from

the spin-off effect in the private sector. One estimate of the total private sector job loss pegs it at 40,825 jobs across Canada.³²

Lessons Learned from the Cuts in the 1990s

The cuts in the 1990s (10% of the budget over two years) have been described as deeper and broader than the current round of cuts.³³ In terms of the public service, certain lessons have been learned from when the governments of the 1990s shrunk the size of government and cut 50,000 jobs in the federal public service. One of the key lessons was that the Program Review of the 1990s “led to a dissatisfied and demoralized public service.”³⁴ In addition, the “quality of federal program delivery arguably suffered in the 1990s.”³⁵ This happened for many reasons including the unmanageable workloads for many of the employees who were left, and a downloading of services onto Provinces that were unable (or unwilling) to fill the gaps. We also know that in the 1990s, “separations” from the public service were higher for Aboriginal Peoples and persons with disabilities.³⁶

The cuts to jobs, services and transfers in the 1990s meant that services were downloaded onto Provinces while funding to provide them was cut, ultimately resulting in downloading services onto municipalities and onto individuals and their families.³⁷ The cuts in the 1990s underline the fact that the needs that exist do not just go away, and the responsibility to respond to them is often only offloaded and downloaded or privatized.³⁸ This results in very serious gaps and consequent burdens on those trying to fill them.³⁹ The crumbling infrastructure in our country is but one example, resulting largely from federal withdrawal of funding.⁴⁰

The lessons learned from the 1990s cuts also inform our analysis of the current round of cuts; as such this report pays particular attention to questions of equity, as well as questions about public service renewal and public service delivery.

Job Cuts in Atlantic Canada

THOUSANDS OF JOBS have already been lost in this region since the federal government began its Strategic Review in 2006. Between 2000 and 2006, the workforce appeared to stabilize. Despite a hiring freeze in 2003 the workforce did grow. However, since 2006, the region as a whole has witnessed roughly a half percentage point decline in the national share of federal government jobs. Looking even closer at the employment trends in the latter part of the last decade, employment numbers in each Atlantic province began to peak in 2008. First reaching a peak in PEI and NL in 2008, then in NB in 2010 and lastly in NS in 2011.

Table 1 shows that since reaching their peak employment numbers each province has seen a decrease in numbers with a total net loss in Atlantic Canada of 1165 jobs. Since 2011 the province of NS has lost 144 jobs (6%). Since 2010 NB has lost 608 jobs (4%). Since 2008 PEI has lost 235 jobs (6%), and NL has lost 428 jobs (5%). The most recent report by the Public Service Commission shows that at least 1057 positions were lost in the public service between 2011 and 2012 in Atlantic Canada; 512 in NB, 268 in NS, 126 in PEI and 151 in NL. These are net loss numbers and do not include non-civilian military or RCMP jobs in the calculations or jobs in separate agencies of the public service.⁴¹

In order to project the Full Time Equivalent (FTE) job loss numbers likely to occur between March 2012 to April 2015, we utilized the spending break-

TABLE 1 Federal Government Employment, Atlantic Provinces, 2008–12

	2008	2009	2010	2011	2012
NS	24,403	24,142	24,404	24,488	24,304
NB	15,327	15,744	16,735	16,615	16,127
PEI	3,902	3,859	3,873	3,766	3,767
NL	7,917	7,841	7,840	7,585	7,489
ATL	51,549	51,586	52,852	52,454	51,687

Source Statistics Canada, CANSIM 183-0002

down provided in Budget 2012 and average employee costs from departmental Future-Oriented Financial Statements and Reports on Plans and Priorities.⁴² These cuts were then proportioned according to the province's share of departmental employment and then the numbers were adjusted if additional information was known about specific departmental cuts.

According to our conservative estimates, at least **4400** federal government full-time equivalent (FTE) positions will be lost in Atlantic Canada by 2015. These estimated job loss numbers include federal public service workers for the 44 departments and agencies that make up the federal public service. These numbers also include both civilian and non-civilian members of the Department of National Defence and the RCMP. These numbers do not include job losses in crown corporations, though we have included some discussion regarding anticipated cuts at some of the major crown corporations located in Atlantic Canada. Indirect job losses including those that will result from cuts to grants to non-profit-organizations are also not included.

While an estimated 804 employees in Atlantic Canada who face job losses from within their respective departments may be transferred to Shared Services Canada,⁴³ it is nearly impossible to determine how many of those transfers will be outside of the Atlantic Region. Some details have been provided for a certain number of these positions, where we know the positions are possible transfers within the region. Some of these transfers may even occur within the same province and could offset other cuts for a particular province, though the offset for total job losses in each province, in most cases, will be very small.

For the sake of this report, all the Shared Services Canada positions are not considered a gain and thus are not subtracted from the losses for the region. Similarly, job losses have not been adjusted for any other transfers within other departments that may occur within the region. For example,

it has been reported that the Montague Employment Insurance office will close because services are being consolidated in Halifax. While that is a loss of 30 jobs in PEI and a possible gain of 30 jobs in Halifax, it could also be that some of those employees move to Halifax and thus there is not an offsetting or net gain. Similarly, a new Pay Centre of Excellence is being established in Miramichi, New Brunswick. The Pay Centre was to begin employing people starting in 2012, and reach its full staff complement of 550 people by 2015–16.⁴⁴ It is reported that, for example, 16 positions in the Charlottetown payroll and benefits section of Veteran Affairs are being transferred to the Miramichi, but whether the people in those jobs will move with those positions is unknown.⁴⁵

Projected Job Cuts by Department and Province

Table 2 provides a detailed overview of the projected job cuts by department and by province. Almost half of all cuts in Atlantic Canada take place across three departments: National Defence, HRSDC and Veterans Affairs Canada. Fisheries and Oceans (DFO) and Public Works (PWGSC) are also in the top five departments experiencing the largest number of job cuts. The cuts do vary from province to province. DND in NS faces the most significant concentration of cuts in the region with a loss of 1029 positions. Second, is Veteran Affairs in PEI with a loss of 332 positions. The third, fourth and fifth most affected departments are in NB; DND (288), HRSDC (195) and PWGSC (193). Rounding off half of the total cuts to the region are cuts to DFO in NS (153) and NL (133).

It is important to go beyond a regional analysis of the projected cuts, and examine the projected cuts for each province. Nova Scotia faces the highest number of lost positions, with a projected cut of 2072 positions. This represents nearly half of the total number of positions to be lost in the region. The cuts are quite concentrated, with one or two departments in each province accounting for half of the cuts. In NS a substantial portion of the cuts will be in DND (1029 positions). When added to the projected losses faced by DFO (153), Parks Canada (140) and HRSDC (95), these four departments will face 75% of the total job losses in the province.

For Newfoundland and Labrador, the most affected department will be Fisheries and Oceans. Beyond DFO cuts, the major losses experienced in NL will come from HRSDC (97), the Canada Revenue Agency (59), and the RCMP

TABLE 2 Projected Job Cuts, Atlantic Canada (By 2014–15)

Projected Cuts	NB	NS	PEI	NL	Atlantic
Aboriginal and Northern Affairs Canada	0	40	0	2	42
Agriculture and Agri-Food Canada	27	24	14	6	71
Atlantic Canada Opportunities Agency	86	27	15	29	157
Canada Border Services Agency	19	15	0	4	38
Canada Revenue Agency	27	31	43	59	160
Canada School of Public Service	2	4	0	0	6
Canadian Food Inspection Agency	31	25	15	16	87
Canadian Heritage	6	2	2	3	13
Citizenship and Immigration Canada	3	63	1	2	69
Correctional Service Canada	108	60	2	4	174
Environment Canada	2	6	0	1	9
Fisheries and Oceans Canada	54	153	10	133	350
Foreign Affairs and International Trade Canada	3	6	1	3	13
Health Canada	2	20	0	2	24
Human Resources and Skills Development Canada	195	95	23	97	410
Industry Canada	4	7	0	3	14
Justice Canada	0	9	1	0	10
National Defence	288	1029	2	35	1354
National Film Board		1			1
National Parole Board	1				1
National Research Council of Canada	2	4	1	3	10
Natural Resources Canada	9	8	0	2	19
Office of the Auditor General of Canada	0	1	0	0	1
Parks Canada Agency	65	140	24	35	264
Public Health Agency of Canada	1	7	0	1	9
Public Prosecution Service of Canada	0	2	0	0	2
Public Safety Canada	1	1	1	1	4
Public Service Commission of Canada		2			2
Public Works and Government Services Canada	193	127	14	34	368
Royal Canadian Mounted Police	140	90	11	56	297
Statistics Canada	1	14			15
Transport Canada	21	16	1	12	50
Treasury Board of Canada Secretariat	0	1	0	1	2
Veterans Affairs Canada	15	42	332	9	398
Total Jobs Cut	1306	2072	513	553	4444
Minus Shared Services (Transferred)	201	402	67	134	804
Total Jobs Lost	1105	1670	446	419	3640

(56). These four departments alone represent 345 of the 520 total positions to be cut in Newfoundland and Labrador.

In Prince Edward Island, Workforce Adjustment will be realized in a fashion significantly different than in the rest of the Atlantic Provinces. While the least affected Atlantic province in terms of total number of job losses (513 positions), nearly 70% of all job cuts (332) will be made in the Department of Veterans Affairs. Like NS, the third largest cuts will be in Parks Canada, with Canada Revenue and HRSDC projected to face cuts of 43 and 23 positions respectively.

For New Brunswick, facing the loss of 1242 jobs, the positions to be cut are less concentrated than in NS or PEI. However, three departments still account for over half of the cuts (DND, HRSDC and Public Works) with 288, 195 and 193 job cuts respectively. The other three departments that will face the largest cuts are ACOA (86), Correctional Service Canada (108), and the RCMP (140).

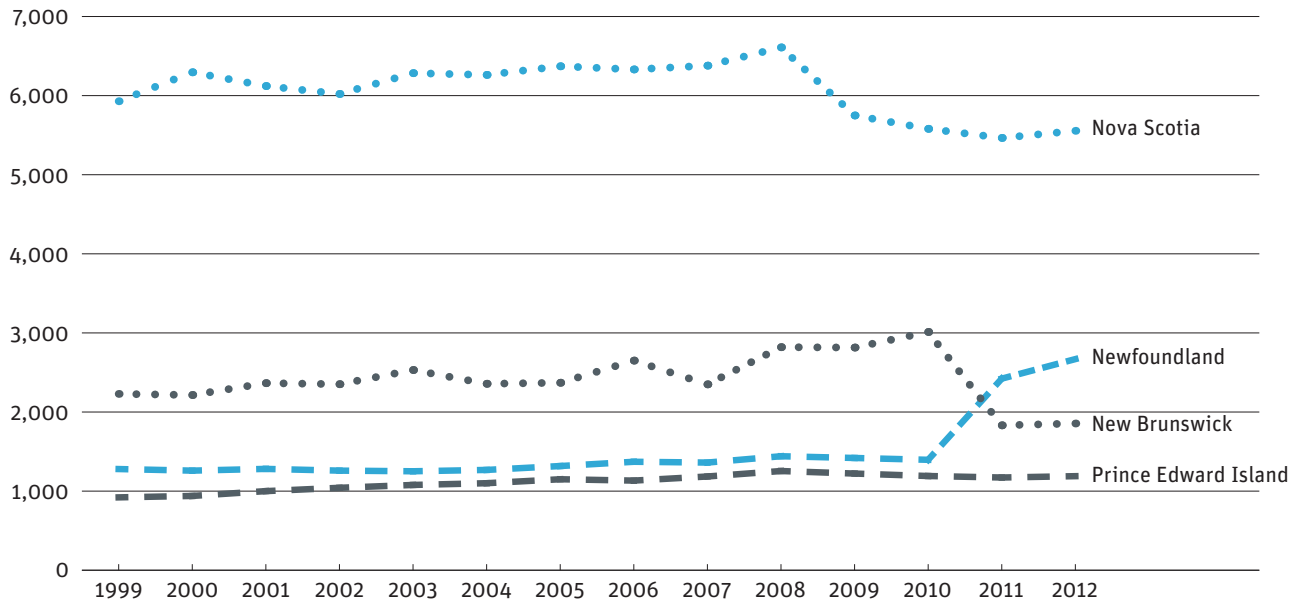
Projecting Job Cuts at Federal Crown Corporations in Atlantic Canada

Our aggregate job loss projections do not include losses in crown corporations, but these cuts will likely represent an additional couple of thousand jobs. It was reported, for example, that CBC faces cuts of 10%, and expects to eliminate 650 jobs nationally over three years, about 475 in the current fiscal year.⁴⁶ Canada Post is also cutting jobs with 1050 full-time and 200 part-time positions lost across Canada. Canada Post also continues to restructure including eliminating rural mailbox delivery, closing post offices and removing street letterboxes.⁴⁷

It is even more difficult to find data on crown corporations broken down by region. According to media reports, Via Rail will cut services and 45 of 100 jobs in Halifax and Moncton.⁴⁸ A recent report on job cuts in PEI projected significant cuts to Canada Post (275 positions), as well as 150 positions at CBC.⁴⁹

The aggregate data (see *Figure 6*) from Statistics Canada shows that between December, 2010 and January 2011, 900 crown corporation jobs were added in NL. Within the same time frame there were 1265 crown corporation positions in NB. There were 1054 crown corporation jobs lost in NS between 2008 and 2012. In NS the peak number of business enterprises was reached in December of 2008 and has been declining slowly ever since, with

FIGURE 6 Federal Government Business Enterprise Employees, Atlantic, 1999–2012



Source: Statistics Canada, CANSIM 183-0002

a slight increase near the end of 2011 and beginning of 2012. With the exception of PEI, the pattern of employment for Crown Corporations is more erratic than other federal government employment patterns.

Compounding Cuts: Provincial Austerity and the Multiplier Effect

The job losses projected here are conservative projections; in reality **double the estimated amount of jobs will actually be lost when we include jobs lost in the private sector.** The losses in crown corporations need to be factored in to the estimates in our report. Moreover, since salaries and benefits represent approximately only 40% of federal government spending, in order to achieve its goal for balancing the budget the federal government will have to cut in other areas.⁵⁰ There will also be job losses due to operational cut backs affecting private sector suppliers, and funding cuts to grants that affect non-profit-organizations. If one were to consider the multiplier effect of each federal job loss, the numbers would be quite staggering. For example, one estimate of total job loss is that the 19,200 federal jobs lost

would mean a total of 40,000 private sector jobs lost across the country and approximately **6758 private sector jobs** would be lost in Atlantic Canada.⁵¹

Cuts to federal government jobs will be compounded in all Atlantic Provinces that are undertaking their own public sector cuts. For example, the Nova Scotia government will have cut \$772 million in spending over the past three years. Provincial government program expenditure makes up almost 25% of Nova Scotia's GDP; thus, aggregate expenditure cuts can have a direct adverse effect on GDP growth.⁵² As noted, government expenditure is subject to a multiplier effect: real reductions in public sector wages and employment, for example, will force these employees to reduce their spending, further reducing GDP and lowering incomes in their communities. The government's cuts and the subsequent slowing of the economy also reduce private sector employment. A recent report on the impact of federal job losses on PEI estimates a total provincial job loss as high as 696 FTE jobs, which is equated to an economic loss of between \$50.5 and \$61.0 million, or 1.01% to 1.22% of the provincial 2010 GDP.⁵³ The total impact of government expenditure cuts on GDP growth is greater than the direct effect of simply a reduction in money spent.

Workforce Adjustment in Atlantic Canada

Immediate and Long Term Effects on the Public Service

TO GAIN A deeper understanding of the impacts of federal government job loss on public service employees and public service delivery in Atlantic Canada, federal department directors in the Atlantic Region were contacted with a request to either participate in a phone interview or to complete an online survey (see Appendix 2 for a full discussion of method). Very few agreed to be interviewed, and none filled out the survey.

Adding to the lack of quantitative data about where cuts have occurred and are likely to occur, is the almost complete silencing of public servants through revised ethics codes for the public service as a whole,⁵⁴ as well as new ethics guidelines for organizational operations for agencies and departments. While many of the individuals contacted never responded to our requests, several potential interviewees cited ethics codes as the reason they could not participate. It was clear that these individuals feared they would be disciplined and felt if they participated they were only able to relate positive aspects of current restructuring, rather than providing a balanced response. These same concerns have been raised in media reports.⁵⁵

Interviewees expressed frustration with the restraints placed upon them by the Prime Minister's office regarding communication to their service recipients. Departments are experiencing changes and reductions to their

services, but are unable to communicate, publically or in one-on-one conversations, about these changes to their service recipients. One interviewee reported not being allowed to make announcements about forthcoming office closures and service changes, and being restricted to scripted lines if directly asked about the changes. This section of the report draws on the insights provided in the limited number of interviews that were completed, analysis of what we know has happened since 2006, and media reports.

Increased Stress for Employees

It has been reported that approximately 2500 employees in the Atlantic Region have received affected letters.⁵⁶ That means, according to our estimates of how many jobs will be lost, more letters will be rolling out. The impact of the workforce adjustment process beyond the numbers is very important to understand.

One of the challenges is that there are not enough employees to focus directly on the changes; to keep staff motivated to stay focused on business priorities, stay successful and engaged in the face of these cuts. — **Interviewee**

Of the few individuals who agreed to be interviewed as part of this research, all reported they are taking extra steps beyond the options of Workforce Adjustment to support their staff through the current and forthcoming job cuts. Departments are offering workshops and increased communication through staff meetings and anonymous electronic question and answer forums to share knowledge with staff about their options regarding Workforce Adjustment. Some departments are actively working with other federal departments to find jobs for those who wish to stay in the federal public service, as well as offering career counselling, workshops in resume building, and access to financial planners. Still, interviewees expressed concerns over high levels of stress and the challenges of keeping current staff motivated and productive in the face of the ongoing cuts.

The job cuts and the Workforce Adjustment Process has increased tension within offices and negatively impacted job performance.⁵⁷ Rumours and speculation about job losses and office closures have also increased stress for federal government employees and their families.⁵⁸ In a report on rising public service absenteeism, Linda Duxbury, a professor at Carleton University's Spratt School of Business commented:

[W]e know in fact downsizing, restructuring, re-engineering, losing jobs — it is incredibly hard on people; it is hard on their psyche, hard on their mental health. What’s going on is you’ve stressed out the public service to the point that you’ve impaired their health or willingness to come to work and contribute.⁵⁹

Calls to departmental employee assistance program crisis lines have increased significantly since affected notices began being issued in April and health claims filed by public servants for mental health issues were 13% higher than 2011 as of August 2012.⁶⁰ This confirms a 2010 Library of Parliament Research Publication on lessons learned from public service reductions in the 1990s. The author of the report found that the legacy of years of cutbacks was low morale, and high levels of stress.⁶¹

Duxbury believes that spreading the cuts over three years and making employees compete for jobs has maximized stress for those in the federal public service.⁶² However, the unions representing many of these workers have worked very hard to ensure workers have a role in the process before decisions are made. Workforce adjustment agreements apply only to indeterminate employees and their **primary objective is to ensure continued employment**.⁶³ A short process would entail management making a quick decision about who stays. Instead, in as many regions as possible, the unions have worked to establish joint (employer/union) Workforce Adjustment committees⁶⁴ and are working to ensure that workers are given every opportunity to continue their career and are treated fairly and equitably.⁶⁵ The unions have advocated that barrier free seniority should be a significant part of the merit process for downsizing in particular, but the employer has steadfastly refused to consider the use of seniority. Instead, the individual merit process legislated by the Public Service Employment Act, by which employers decide who will become surplus has increased stress for employees within the work environment. Individuals may have to compete with co-workers for remaining jobs or may be on the job for up to year after receiving the affected letter before they are officially determined to be out of work.⁶⁶ While a quicker process might on the face of it appear to be the more ‘humane’ one, it is one that could leave workers with very few options and very little say in the outcome.

A Disservice to Veterans

Veteran Affairs is facing very significant cuts — we project 398 FTE positions will be lost in Atlantic Canada by 2014–15. In addition to the closure of the district office of Veterans Affairs in Charlottetown, the department also closed offices in Corner Brook,⁷⁰ Sydney⁷¹ and Dartmouth. Most of the job losses will be in PEI where the national head office is also located — we project a loss of 332 FTE. 70% of all the job cuts on PEI are in Veterans Affairs. The thrust of the cuts is to shift away from in-person, one-one-one service to online or phone service, as well as include many of these services under the umbrella of Service Canada. Veterans have expressed concerns over this as some veterans do not use computers, and online service cannot replace the service of the people who “understand [veterans’] problems”.⁷² As a union representative said of this closure, “The Charlottetown district office has the highest ratio of walk-in clientele in Canada. These are traditional Islanders, they like to come in and see someone, be personal. A lot of our client service agents have gotten to know these veterans and become like family to them, they built a bond over years and years.”⁷³

Changes to Public Service Delivery

The focus in this report is on job cuts, but when considering the impact on services it is also important to recognize that only approximately 40% of operational budgets consist of salary and benefit expenditures.⁶⁷ Departments are also receiving less funding for operational spending and the expenditure cuts will also affect transfers to other organizations providing services including crown corporations. It is of particular concern that the federal government has framed these job cuts as cutting the ‘back-office’⁶⁸ and that this is contrasted to ‘front-line’ as if to imply direct services to Canadians won’t be affected. The latter frame is implausible once one closely examines what is meant by ‘back-office’. In fact, the parliamentary budget officer has estimated that only 15% of the overall cuts will be to ‘overhead’ administrative cuts, while the balance will affect direct services.

Our clients are perturbed by the decrease in services and the Department is prohibited from communicating what the changes really are. — **Interviewee**

All interviewees within the small sample reported a decrease in overall funding for their departments. Not surprisingly, all interviewees also reported the majority of their funding reduction has manifested in reductions to salaries (and therefore jobs). Additionally, interviewees reported a decrease in operating budgets that has resulted in either an attempt to “do

more with less”, the reduction or cutting of certain programs and services, or offering service in more automated ways, such as through online platforms.

Clientele of other departments will also be challenged by this move away from in-person service. Citizenship and Immigration Canada no longer has walk-in counter service anywhere in the Atlantic region. Those who want to speak to somebody must call a 1-800 number, where it may be possible to make an appointment, but only in extenuating circumstances and limited locations.⁶⁹

These cuts have been so drastic that we can't do more with less. We need to find better ways to use technology and other ways to reach our objectives. The cuts are here and now we need to change our whole way of operating. — **Interviewee**

Public Works and Government Services closed its office in Dartmouth.⁷⁴ Regional trade offices in Moncton, St. John's and Charlottetown whose mission is to connect local businesses with international trade opportunities will be closed.⁷⁵ Parks Canada also saw the closure of its Dartmouth Archaeology Lab, which includes a plan to transfer Acadian artifacts out of the region.⁷⁶ The region faces a reduction in food inspection services,⁷⁷ with job cuts and transfers that included the Canadian Food Inspection Agency transferring 14 jobs from St. Johns to Halifax with the closing of the Newfoundland facility.⁷⁸ The unit at Environment Canada that responds to oil-spill emergencies also faces cuts including the closure of most of its regional offices including one located in Dartmouth, NS. The service is to be centralized in Montreal.⁷⁹ Atlantic Canada Opportunities Agency closed a walk-in service centre in Halifax.⁸⁰

Diminished operating dollars and fewer staff reduces our ability to engage with populations, particularly rural and vulnerable populations, within Atlantic Canada. — **Interviewee**

As other research has concluded, given where these cuts are occurring, they will disproportionately affect Aboriginal Peoples, low-income families and seniors, the unemployed, the environment, workplace and food safety, and Canada's international role.⁸¹

Impaired Decision-Making

One recurring theme across our small sample of interviewees was centralization, which comes in many forms and has many different implications. Departments are experiencing centralization both within the Atlantic region and nationally. Within the Atlantic region, offices are being consolidated from smaller communities to major cities. Many departments are witnessing their number of offices being reduced to one per province, while others have seen Atlantic representation reduced to a single office in Halifax. Further, the overall workforce, and specifically senior decision-making positions, and corporate support services are being progressively centralized in the Ottawa-Gatineau Capital region.

The move towards centralized regional offices poses challenges for building relationships with communities, local organizations and other levels of government. Interviewees expressed concerns that the centralization of Atlantic Canadian offices and jobs, primarily in Halifax, and the shift towards national centralization will pose challenges to adequately understanding and representing the intricacies of the diversity of communities within Atlantic Canada and to building effective relationships with Provincial governments. In addition to national centralization, in some cases Atlantic regional jobs have become part of Eastern region with regional headquarters in Montreal. This has happened for example for the National Film Board, where the Montreal director is also responsible for the Atlantic region. Citizenship and Immigration Canada saw all programs and service administration shifted to Montreal.

The consolidation from the region to headquarters is most troublesome – it exacerbates the gap between Ottawa and the regions. Regions will become less and less ‘intelligent’ and more operational. We need more strategic influence from the regions, not less. — **Interviewee**

Part of what can be called centralization is the change being brought by the Shared Services Canada initiative as well as initiatives including the Payroll Centre of Excellence. Departmental IT and pay and benefits professionals are no longer located within local departments. Dealing with centralized people not specialized in the specific work of the division could prove challenging. It could also result in less timely access.

Although these centralization initiatives will not directly affect the general public, the impact on public sector employees may have a trickledown effect on overall service provision. One interviewee commented that the

reduction in corporate support services was a “step backwards”, undoing some recent changes that originally resulted in more coherent and effective corporate services. There are concerns about the ability of remaining support services to adequately support departmental operations and provide needed services.

It is going to be challenging for an organization based in Halifax to understand the intricacies of structures in NB, NL and PEI. We also face difficulty in building rapport with the Provincial governments with centralized services. — **Interviewee**

Interviewees expressed differing views on the impact of the reduction of the federal workforce in Atlantic Canada in regard to partnership building. Some interviewees interpreted the job loss as a barrier to adequately collaborating with community partners. Others regarded the pressure to ‘do more with less’ as an impetus to reach out to stakeholders, such as universities, community agencies, and provincial governments as a cost-sharing and program delivery tactic.

One of the anticipated changes is that there will be more ad hoc and chaotic decisions made that are not grounded in the reality of the region and don’t build strategically on current and past work. — **Interviewee**

Interviewees were concerned about the ability for their departments to properly represent the interests of the Atlantic Region at a national level. The consolidation of decision-making positions to the National Capital Region has already, and will continue to, decrease the ability of federal departments to effectively and strategically plan for the Atlantic Region. One interviewee expressed this as “regions becoming less intelligent” and “more operational”, removing their ability to influence strategic planning. Beyond the consolidation of actual positions to the National Capital Region, representation of the Atlantic Region in national decision-making is being hindered by a lack of communication and consultation. Interviewees also reported diminished reporting mechanisms; especially to Regional directors (i.e. operational reporting is directly to the National Capital Region and bypasses Regional management). One interviewee reported “more chaotic and ad hoc” decision-making processes coming out of the National Capital Region, without the consultation of knowledgeable Atlantic counterparts who are directly affected by the decisions being made.

Compared to the cuts in the 1990s, the current round of cuts may be described as more strategic and targeted in terms of the type of positions

(both in mandate and skill-set) and departments that are being cut. There is concern that the positions that are being cut now are knowledge-based workers and professionals; the less knowledge-based workers left the federal government en masse between 1995 and 1999.⁸² These cuts might affect the government's ability to make informed decisions. Cuts have, for example, been called 'an attack on science' with red flags being raised about the cuts comprising scientific oversight for a range of environmental and health concerns.⁸³

Affecting the Representativeness of the Federal Public Service

Job cuts of this scale have a significant potential to erode progress made towards a public service that is representative of the citizens of Canada. Employment equity is about reducing barriers that have resulted in the systematic discrimination of certain groups. However, it is also true that "a representative bureaucracy has the theoretical potential to improve the quality, responsiveness and inclusiveness of policy-making as well as service delivery."⁸⁴ The four designated equity groups in the federal government are women, Aboriginal Peoples, persons with disabilities and visible minorities.

Every year the Treasury Board publishes a report outlining the progress made with respect to representation of employment equity designated groups within the core public administration.⁸⁵ This report examines whether the four designated groups are representative compared with their workforce availability. The 2010–11 report concludes that, except for visible minorities, the other three groups were representative in the overall composition of the national public service. Though the representation rate for members of a visible minority group remained below their workforce availability of 12.4 per cent, overall representation increased from 10.7 per cent to 11.3 per cent (the highest percentage increase among the four designated groups).⁸⁶ If we compare 2009 to 2011, we find that the **proportion of new hires decreased for all designated groups, except for Aboriginal peoples**, which saw a slight increase.⁸⁷ It should be pointed out that the representativeness is based on workforce availability calculations for the designated groups that use the 2006 Census. The more recent Census reveals the Canadian population is even more diverse, therefore once these data are updated we are likely to see more realistic assessment of the representativeness of the

TABLE 3 Distribution of Public Service of Canada Employees by Designated Group and Region of Work

Region of Work	All Employees	Women	Aboriginal Peoples	Persons with Disabilities	Members of a Visible Minority Group
Canada Total	202,631	111,051 (54.8%)	9,486 (4.7%)	11,388 (5.6%)	22,998 (11.3%)
NL	3,237	1,415 (43.7%)	171 (5.3%)	175 (5.4%)	51 (1.6%)
PEI	1,831	1,165 (63.6%)	46 (2.5%)	152 (8.3%)	46 (2.5%)
NS	9,629	4,164 (43.2%)	382 (4%)	644 (6.7%)	595 (6.2%)
NB	6,974	3,871 (55.5%)	228 (3.3%)	361 (5.2%)	135 (1.9%)

federal public service. In addition, the representativeness of the public service varies significantly department by department and region by region.

Data showing the distribution of public service of Canada employees by designated group⁸⁸ and region of work for 2010–11 shows that Prince Edward Island had the highest representation of women and persons with disabilities in the country at 63.6 per cent and 8.3 per cent respectively.⁸⁹ As indicated in *Table 3*, when we consider where a significant portion of jobs will be cut, it is concerning that in Atlantic Canada, women make up 72% of Veteran Affairs and 60% of ACOA, as well as 68% of CIC. ACOA had a visible minority workforce of 4.1%.⁹⁰

There is reason to be concerned that employment equity progress will be lost and designated groups may be disproportionately affected by these cuts. We already know that compared to 2009–10, the proportion of new hires (2010–11) decreased for all equity groups, except for Aboriginal peoples which saw a slight increase.⁹¹ It is also concerning that women tend to be over-represented in term positions (58.7% of term employees in 2009/10).

For example, significant cuts are projected for the larger departments with the highest proportion of women including HRSDC whose national workforce is 70% female. It is also concerning that the administrative functions included in the ‘back-office’ (aside from IT) are likely female-dominated. There were significant cuts to the civilian staff (back-office) of the RCMP and it is known that women represent almost 80% of civilian staff of the RCMP which also includes 5.5% Aboriginal peoples.⁹² Aboriginal people are similarly clustered in a few departments with 5 employing about 57% of Aboriginal employees (Aboriginal Affairs, HRSDC, Correctional Services, Health Canada, DND).⁹³

Similar to concerns about a disproportionate impact on women and Aboriginal employees, there may be a similar impact on visible minorities. For

example, a significant portion of the Environment Canada national workforce were visible minorities (13%), as well as 16.8% of Statistics Canada, and 19% of Citizenship and Immigration Canada (CIC).⁹⁴ This is even more concerning when one examines the classification of the employees being affected. In addition to severe cuts to administrative support staff of which 80% are female, 15.2% of scientific and professional employees are visible minorities – the highest percentage for any employee group.⁹⁵

It is clear that the jobs lost will be quality jobs. Of all women employed in the core public administration, upwards of 90% are in permanent jobs (92.8 per cent in 2009–10 versus 93.1 per cent of all employees).⁹⁶ This is similar for Aboriginal people with 94% employed in indeterminate positions. However, in 2009–10, 49.9 per cent of women who were hired were hired into indeterminate positions. This was down from last year's 55.4 per cent.⁹⁷ In addition, approximately 80.9 per cent of all employees in the core public administration earned \$50,000 or more in 2009–10.⁹⁸

Biases can affect the workforce adjustment process in ways that disadvantage certain candidates. Discrimination and systemic barriers can impact decisions about who is going to be retained. While efforts are being made to ensure a fair process including considering demographics, there is nothing explicit to ensure that these cuts do not disproportionately affect designated groups. It seems fairly clear, however, that even if progress is maintained, continued advancements in employment equity (especially for hiring) will be thwarted. It will be critical to monitor separations as they affect designated groups.

There have been gains for equity groups in the federal public service. However, the representation of Aboriginal people and persons with disabilities is unlikely to keep up with increases in the proportion of these groups in the external labour market.⁹⁹ Moreover, persons with disabilities rates have increased and are reflective of 'availability' because of the aging population and not because of new hiring. There will certainly be some gains lost especially since the Federal Budget 2012 had provisions that eliminated employment equity requirements for contractors.¹⁰⁰ As one researcher concludes, equity groups are being affected on many levels, "including access to public service employment and career development, and availability of services to women and diverse populations of Canadians."¹⁰¹

Public Service Renewal

The federal government said of the last round of cuts (representing 19,200), that 7200 would be found through attrition. Approximately a quarter of the public service population was said to be eligible to retire in 2012, and half of the current executives.¹⁰² The government frames attrition as a positive way to achieve job cuts because the people in the jobs are voluntarily leaving of the public service. The 1990s cuts, in fact, relied even more on early retirement offering generous packages. However, analysis of the previous round of cuts found that it resulted in “age gaps in professional job categories and to an aging senior management cadre.”¹⁰³ There will be a significant loss in institutional knowledge as eligible workers retire en-masse as part of workforce adjustment. The public service could be facing higher (re)training costs because part of workforce adjustment is offering employees positions outside of their skill sets as integral to their right to continuous employment.

As we have less money and are downsizing without laying off people, knowledge transfer is difficult. Finding the right competencies and capacities within the Department now is a challenge. — **Interviewee**

In terms of attrition and its possible affect on the representativeness of the public service, the age profile of the public service (aged 60 plus) is predominantly white males. Women make up only about 43%, (with Aboriginal people 3.5%, people with disabilities 9.5% and 13% are visible minorities, the majority of whom are also female).¹⁰⁴ When we compare the proportion of designated equity groups between the younger workers and the older workers there are some stark differences. Workers under the age of 35 represent 22% of all Public Service of Canada employees, 4.1% identify as Aboriginal people, 2.7% are persons with disabilities and 14.5% are visible minorities.¹⁰⁵ Women make up 57% of those workers under age 35 (and 48% of those over 55). It is concerning that women’s representation among the younger executives is only 40.8% of those executives aged between 30 and 34.¹⁰⁶ As has been pointed out, we should be concerned about the representativeness of the public service because “under-representation of equity groups at senior levels means that government policy will not be responsive to women and diverse communities”.¹⁰⁷

In short, these cuts could affect the need for continuous renewal of the public service. “Renewal is about making sure that the federal public service preserves and strengthens its capacity to contribute to Canada’s successes through the delivery of excellent public services and policy advice.”¹⁰⁸

The decrease in hiring will mean a whole generation may be unable to enter the ranks of the public sector. Moreover, current changes to compensation packages, and trends to hiring fewer permanent employees and more contract and temporary workers, may make these jobs less attractive to new workers. After the cuts in the 1990s, there was a recruitment and retention crisis within the public service.¹⁰⁹

Filling Gaps with Temporary Workers

There is reason to be concerned that the job cuts to the public service will result in the hiring of more temporary workers or/and contracting out of services. Interviewees mentioned the possibility of having to rely on contracting out services as a result of gaps created by lay-offs. In a 2010 report on hiring of temporary workers, the Public Service Commission warned that temporary help services should only be used to meet short-term, immediate requirements. To use temporary help services for long-term human resource needs contravenes the Public Service Employment Act. The PSC found in fact that the expenses on temporary help services had tripled in the period 2000–09. Factors that contributed to the use of these services included increased workload, and the need to cover for absences due to turnover or leave. The PSC concluded that the increased use of these services poses a risk to the integrity of the public service staffing system.¹¹⁰ One of the departments that relies heavily on temporary help is HRSDC; also one of the departments facing serious cuts to operational spending. There have been no caps or cuts on contracting out however. The Department of Fisheries and Oceans also faces significant cuts at a time when workers are already reporting heavy workloads and high turnover affecting their ability to do the work.¹¹¹ A more recent report by the Auditor General of Canada also raised concerns about departments not weighing a decision to contract out against using regular staffing. The value for money of these decisions is being questioned.¹¹²

I hope the negativity of the cuts to the federal public service is a short term story and does not deter young people from pursuing jobs in the public service. We will lose 30% of our workforce in coming years due to retirement and need to replace that. — **Interviewee**

The ‘shadow public service’ that has developed cost a billion dollars per year since 2006; suggesting that the outsourcing of public sector work is not cost-effective. It is also problematic because it circumvents regular hiring procedures without needing to meet transparency standards or pay re-

quirements. Continued use of temporary workers and contractors also affects institutional knowledge.¹¹³

Who is Monitoring the Long Term Impacts?

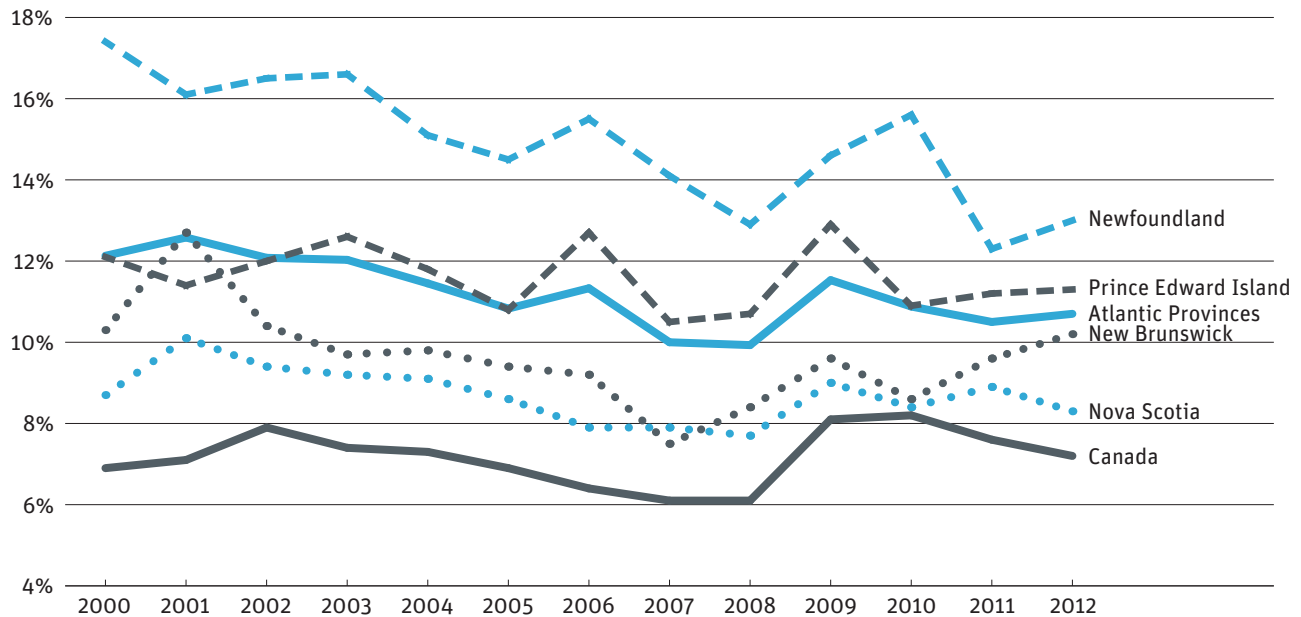
Our ability to monitor the effects of not only job losses, but service changes, is difficult and likely only to get worse. Access to accurate employment equity data is hampered in many ways. Eliminating the mandatory long form of the census will call into question the quality of data available regarding visible minorities as well as Aboriginal peoples and francophone minorities. Data released about minority languages suggest the data may be skewed because of the voluntary nature of the long form census.¹¹⁴ All of these data are critical for holding the government to account, not just for employment equity, but for ensuring its programs and policies are inclusive and representative. Cuts to the Canadian Human Rights Commission, the abolition of the Court Challenges Program and the Centres of Excellence for Women's Health, and cuts to Status of Women Canada have also affected the ability to hold the government accountable for its decisions.

Putting the Cuts in Broader Social and Economic Context

THE FEDERAL GOVERNMENT stated the planned reduction would amount to about 4.8% of the federal workforce nationwide.¹¹⁵ The federal government asserted that the greatest burden of the Workforce Adjustment process would fall on the National Capital Region (NCR) — at least one third. Beyond the NCR, Economic Action Plan 2012 stated, “The regional distribution of employment in the federal public service will be largely unaffected by the implementation of the departmental spending reductions”.¹¹⁶

In reality, while about 43% of the cuts will likely occur in the NCR, **22% of all the cuts outside those in the NCR are projected to be in Atlantic Canada (12% of the total including NCR cuts)**. The cuts that are projected (since the federal budget 2012) represent a loss of 10% of the region’s total federal government employment totals. The projected cuts are well above the 4.8% estimate of the federal government. In NL 9% of all federal government jobs will be lost. New Brunswick is projected to lose 10% as is Nova Scotia. At 16%, Prince Edward Island is estimated to be hit the hardest in terms of the percentage of federal government employment that will be lost.¹¹⁷ These numbers are significant and troubling for a number of reasons.

FIGURE 7 Unemployment Rate, Atlantic and Canada, 2000–12



Source: Statistics Canada, CANSIM 282-0087

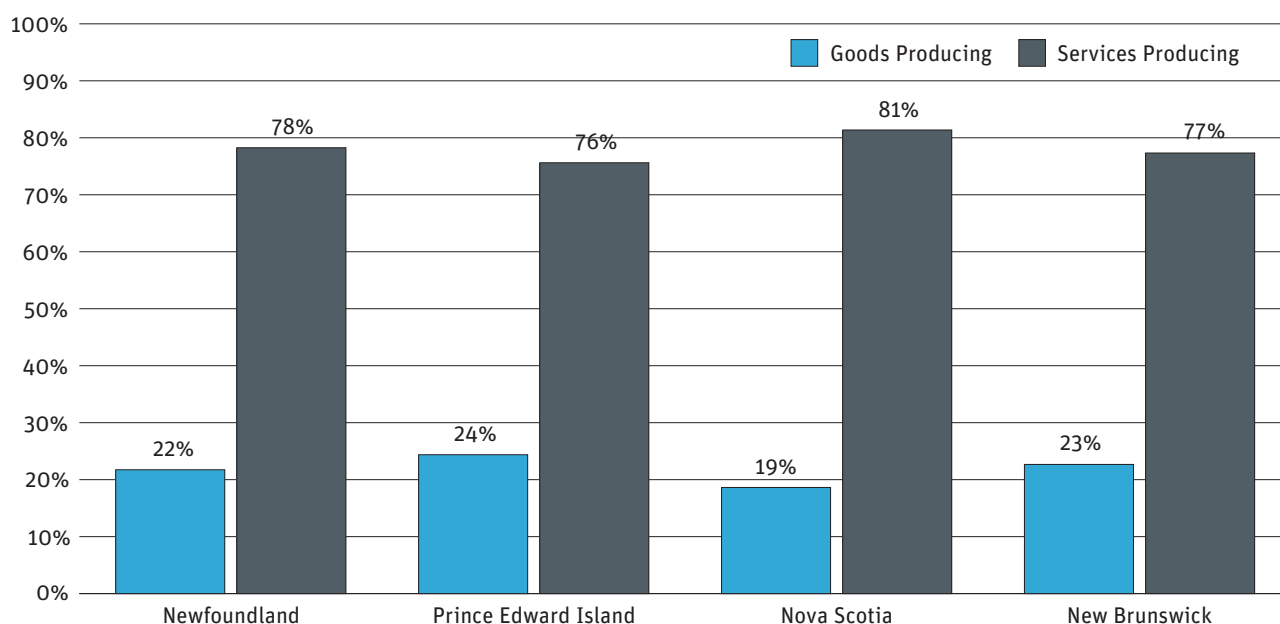
Exacerbate Already High Unemployment

In a region already faced with above average unemployment (see *Figure 1*), the impact of at least 4400 federal government job losses (plus losses from crown corporations and losses in the private sector) will have even more significant effects. It was estimated that in the worst case scenario Atlantic Canada's unemployment could rise at least a half a percentage point.¹¹⁸

As shown in *Figure 7*, while unemployment rates in each of the Atlantic Provinces tend to mirror the national rate, at no point, dating back to March, 2000, does any Atlantic province achieve a rate lower than the national average. While Nova Scotia tends to maintain the lowest levels of unemployment in the region, unemployment rates in each of the other Provinces are significantly higher than the national average. Newfoundland has experienced sustained unemployment dramatically above the national average and considerably higher than the province with the next highest rate.

The cuts are especially concerning because of the region's significant dependence on the service sector and the important contribution of the federal government as part of the broader public sector. The economies of the Provinces that make up Atlantic Canada do differ somewhat, but all have

FIGURE 8 Employment by Sector, Atlantic, 2011



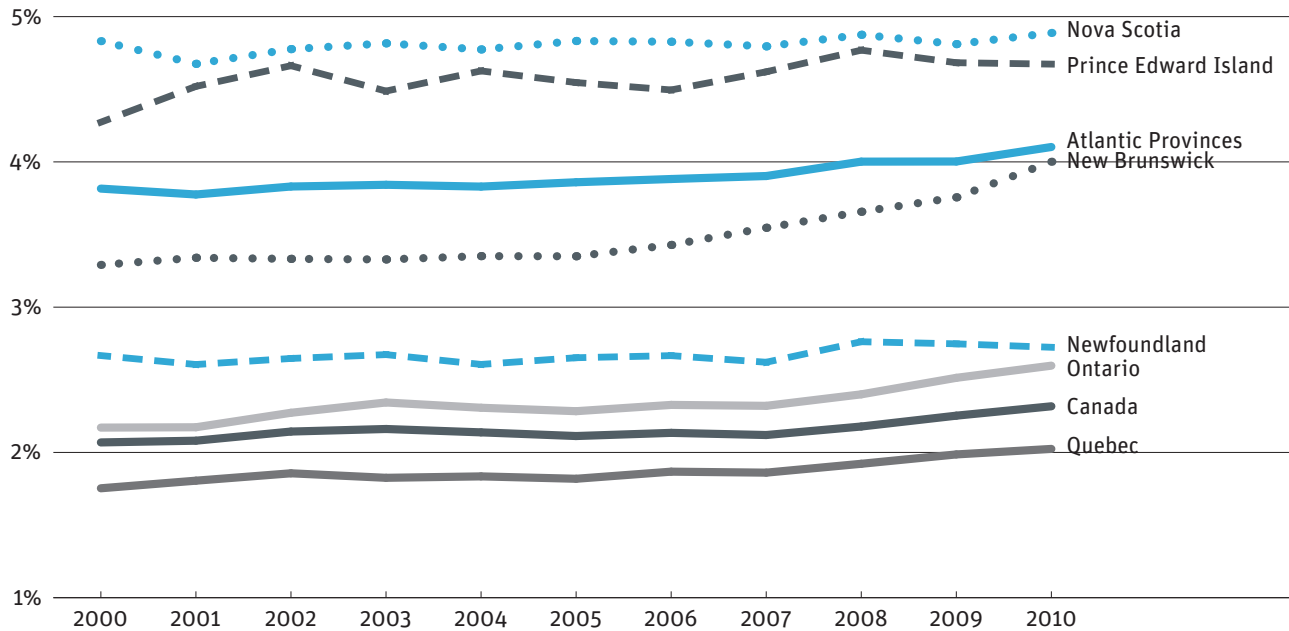
Source: Statistics Canada, CANSIM 282-0088

a significant dependence on the service sector versus the goods-producing sector (see *Figure 3*).

The sheer number of federal government employees in the Atlantic Provinces makes the government's role as key employer in the region quite clear. The percentage of the region's total employment that is comprised of federal government jobs, as seen in *Figure 9*, further illustrates this point. This data from Statistics Canada includes all departments and agencies for which Treasury Board is the employer, as well as and separate agencies (principally the Canada Revenue Agency, Parks Canada, the Canadian Food Inspection Agency and the National Research Council Canada). It also includes RCMP regular and civilian members, as well as Canadian Forces members and reservists. It excludes employees of crown corporations.

Comparing the numbers of federal jobs in two of Canada's most populous Provinces — Ontario and Quebec with 180,000 and 85,000 federal jobs respectively — those numbers dwarf the 52,000 jobs found in the entire Atlantic region. However, when one considers the share of the labour market held by federal government jobs, a different story emerges. The share of total employment (see *Figure 6*) comprised of federal government jobs in March of 2010 in Ontario (2.6%) and Quebec (2.02%) closely mirrors the na-

FIGURE 9 Federal Government Employment as a Percentage of Total Employment, Select Provinces, Canada, 2000–12



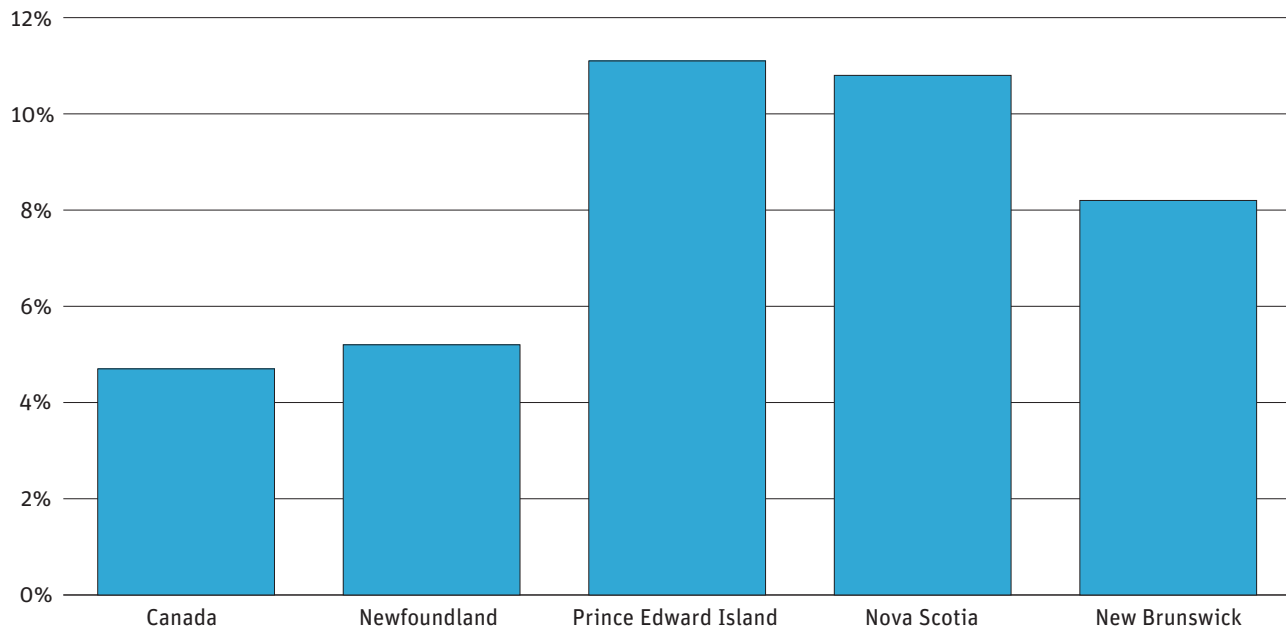
Source: Statistics Canada, CANSIM 183-0002 and 111-0024

tional average (2.32%). However, in the Atlantic region, each province sits considerably above the national average (with the exception of Newfoundland and Labrador at 2.72%). In New Brunswick, where the federal government employment’s share of total employment has grown significantly faster than the national average since 2005, federal government jobs represented 4% of the province’s total employment. In Prince Edward Island and Nova Scotia, the share of total employment held by federal government employment is even more substantial, 4.67% and 4.89% respectively; both Provinces have maintained percentages more than double the national average for more than a decade.¹¹⁹

Losing Access to Services

Beyond the sheer number of federal government employees, the share of federal government jobs in the labour market that is dominated by service sector jobs, makes clear how significant these cuts are in Atlantic Canada. It also makes clear that, especially for smaller Provinces, fluctuations can

FIGURE 10 Total Federal Employment Income as a Share of Total Labour Income, Atlantic, Canada, 2010



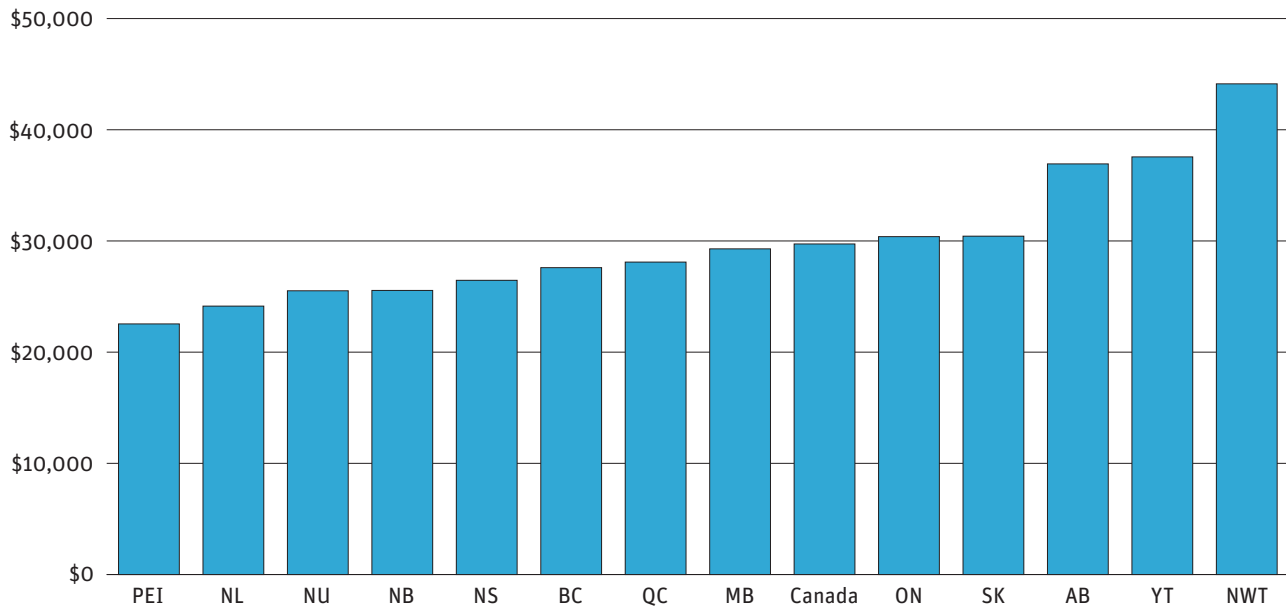
Source: Statistics Canada, CANSIM 111-0024 and 183-0002

have a significant impact as further discussed below -on income, on government revenue, and on the very life of our communities. Given high unemployment rates, the closure of Employment Processing centres and Service Canada centres are of significant concern to the residents of Atlantic Canada. HRSDC is closing 111 Employment Processing Centres leaving only 19 in Canada. Given the obvious need for regional economic development, it is equally troubling that ACOA, the only regional department left, has seen fairly significant cut-backs, which has affected its transfers to partners including Regional Development Authorities.¹²⁰ Its operating budget is being cut by \$18 million; one-fifth of its budget.¹²¹

Lost Revenue for Provincial Governments

The loss of nearly **4400** jobs that pay, on average, roughly double the income of the average working person in the region represents a significant economic loss of approximately **\$300 million** in salaries and wages. *Figure 10* illustrates how significant these federal jobs are in terms of the con-

FIGURE 11 Median Employment Income, Canada, 2010



Source: Statistics Canada, Table 111-0024

tribution to total employment income. The total federal employment income (including business enterprises) represents a low of \$242,490 million in PEI, \$520,850 million in NL, and \$931,770 million in NB, to a high of \$1.6 billion in NS in 2012.

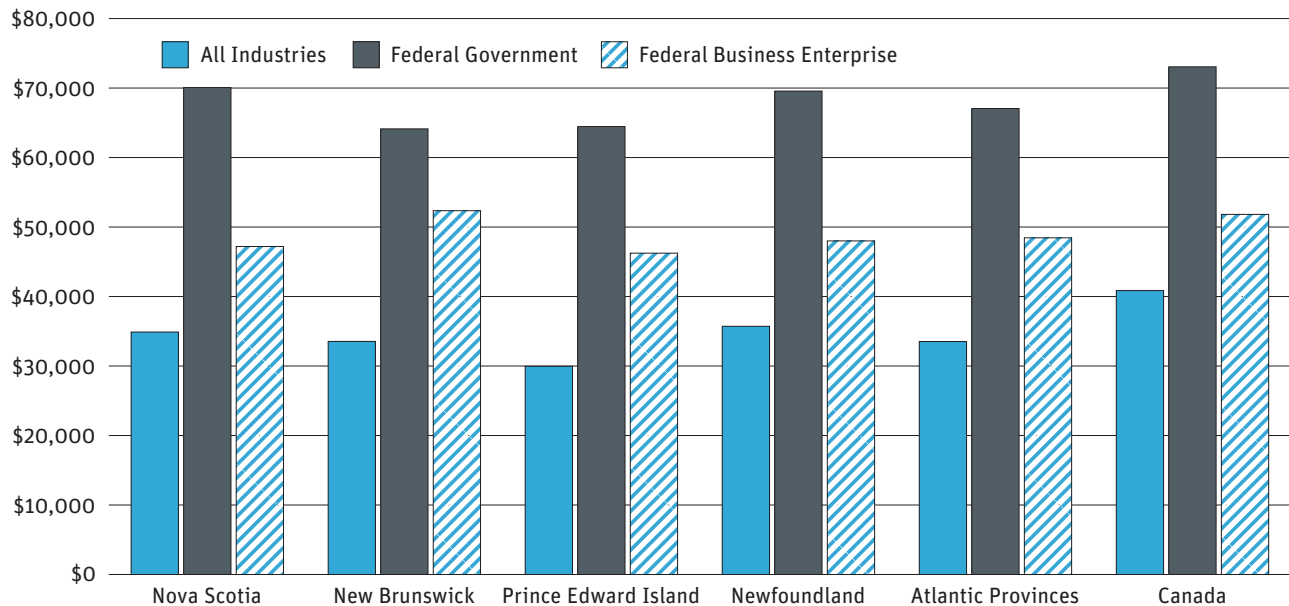
Clearly, federal government jobs contribute significantly to the economy, as well as contributing revenue to provincial governments.

Lower Average Incomes

Atlantic Canada has some of the lowest incomes in Canada; all lower than the national average (see *Figure 11*). In addition, we know that significant portions of the population earn very low wages, with 9.3% of the workforce in Newfoundland and Labrador, and 6.8% of the workforce in Nova Scotia working for minimum wage¹²² (2009). These figures are above the average of 5.8% for Canada.¹²³

As is clear from *Figure 12*, there is a significant disparity in income levels between those who are employed by the Government of Canada, and those who are not.

FIGURE 12 Average Total Annual Income Per Employee, Comparison by Type, 2010



Source: Statistics Canada, CANSIM 111-0024 and 183-0002

The average annual labour income for all workers including the federal government and those working for federal business enterprises is \$33,527. The average income of a federal government worker in Atlantic Canada is \$67,055 (includes all employees as well as RCMP and military officers) and \$44,448 for those working for federal business enterprises. Federal jobs represent some of the best paid in the region because these jobs are more often professional jobs. The federal public service has seen a steady increase in the numbers of knowledge-based workers, such as scientific and professional workers, and those in computer systems. By 2006, these workers represented 58% of workers.¹²⁴ Employees tend to be professional (health regulators, knowledge workers, peace officers, military etc.). When one considers the significant proportion of income that comes from the federal government, removing it drops the average income by about 4% lowering it to \$32,092 for the region. It is important to note, however, that all of the average federal government incomes in the Atlantic are below the Canadian average income. The difference might be due to there being slightly fewer indeterminate jobs located within the region versus term-limited positions.¹²⁵ The difference in income might also be due to there being fewer senior executive positions, which would pay more. Unfortunately, this report does not

TABLE 4 Federal Public Service Population by Tenure (Atlantic Canada), March 2012

	Total	Casual	Indeterminate	Student	Term
NS	11630	395	10088	103	1044
NL	5162	133	4021	49	959
NB	8173	271	7120	89	693
PEI	3289	50	2541	77	621
Canada	278092	6743	243144	5418	22787

Source Office of the Chief Human Resources Officer, <http://www.tbs-sct.gc.ca/res/stats/fpsppt-efprde-eng.asp>

* Data includes all federal government departments and agencies, but it does not include civilian or non-civilian members (except for public service employees) of the RCMP and military.

provide an analysis of occupational level as this information was not available by geographic region.¹²⁶

Losing Good Jobs in the Atlantic Region

Beyond these jobs being well-paid, they are good jobs because they are secure, and most are unionized¹²⁷ with benefits that include top-up for maternity and parental leaves, excellent health and dental coverage, and pension plans.¹²⁸ Another measure of a ‘good’ job is whether the wages are fair, matching qualifications and skills required, and reflect current living standards. *Table 4* provides a break-down of federal government employment¹²⁹ by tenure.¹³⁰ Mirroring the total federal government workforce in Canada, 87% of federal government jobs in NB and NS are permanent (or indeterminate) jobs (as of March 2012). In NL and PEI, 78% and 77% of these jobs are permanent. The proportion of permanent jobs is more often reported to be quite a bit higher than these numbers, somewhere in the low 90%, most often because reporting of total numbers does not include casuals and students. On the other hand, if one were to include RCMP officers and military officers in the numbers, the proportion of permanent positions would be higher.

This data also provides a sense of the kinds of jobs being cut, including casual and student positions. Of those positions almost 30% were indeterminate, and 48% were term (see Appendix I, *Table 1* for details for each Atlantic province). New Brunswick and Newfoundland and Labrador saw a net gain in one job category with a growth of 120 indeterminate positions for NB and 43 casual jobs for NL, while PEI gained 1 student position and 7 term positions over that 3 year period. Otherwise, all job types in all Atlan-

TABLE 5 Change in Employment by Tenure (Type) 2009–12

Type	Total	Casual	Indeterminate	Student	Term
NL	-435	43	-184	-67	-227
NS	-448	-64	-185	-16	-183
NB	-201	-104	120	-60	-157
PEI	-87	-1	-94	1	7
Atlantic	-1171	-126	-343	-142	-560

Source Office of the Chief Human Resources Officer, <http://www.tbs-sct.gc.ca/res/stats/fpsppt-efpfrde-eng.asp>

tic Provinces saw losses between 2009 and 2012, with the greatest number being term positions.

While this data does not tell us what the workforce will look like by the end of 2015, it does provide some baseline for considering the outcome of the cuts in terms of types of jobs. In the national workforce, there has been, for example, a small movement away from permanent jobs in the federal government even between 2009 and 2011; compared to 2009–10, the number of **new indeterminate employees decreased** by 28.4% and the **internal mobility rate decreased** to 18.1%.¹³¹ Between 2011 and 2012, hiring dropped for the third consecutive year, with indeterminate hiring facing the largest decline of 26.3% (versus a decline of 9.3% for casual hiring, 7.2% for term and 5.3% decline in student hiring).¹³²

While we project at least 4400 jobs will be lost by 2014–15, this data includes non-civilian DND. But, when we examine Treasury Board data that excludes military personnel and RCMP officers, a slightly different picture emerges (*Table 5*). The overall picture isn't very different, with 1171 net job losses in Atlantic Canada between April 2009 and March 2012. However, as *Table 5* indicates military personnel changes do affect the aggregate numbers. In NS military growth has masked some larger cuts in the non-military federal government sector in NS, which when military personnel and RCMP are excluded amounts to a loss of 448 jobs. The opposite occurs to the numbers for NB and PEI. PEI shows a loss of only 87 jobs when the military is excluded. NB shows an aggregate loss of only 201 jobs.

Impact on Our Communities

While the total number of federal government jobs lost in any one Atlantic province may not be enough to significantly alter the average income or cause a distinct increase in the unemployment rate in the region, the loss of these higher paying jobs will affect the labour market overall. Any employee who loses a position and is unwilling or unable to relocate with the position, will result in an increase of the pool of, in many cases, highly-qualified persons seeking employment. Additionally, each federal government position that is lost or moved from any one province represents a significantly above-average income that will no longer be reinvested into the local economy and represents a loss in revenue for that provincial government. As is explored in the remainder of this report, the job losses predicted are significant and will undoubtedly have longer-term effects and broader implications than a simple statistical increase in the number of unemployed persons.

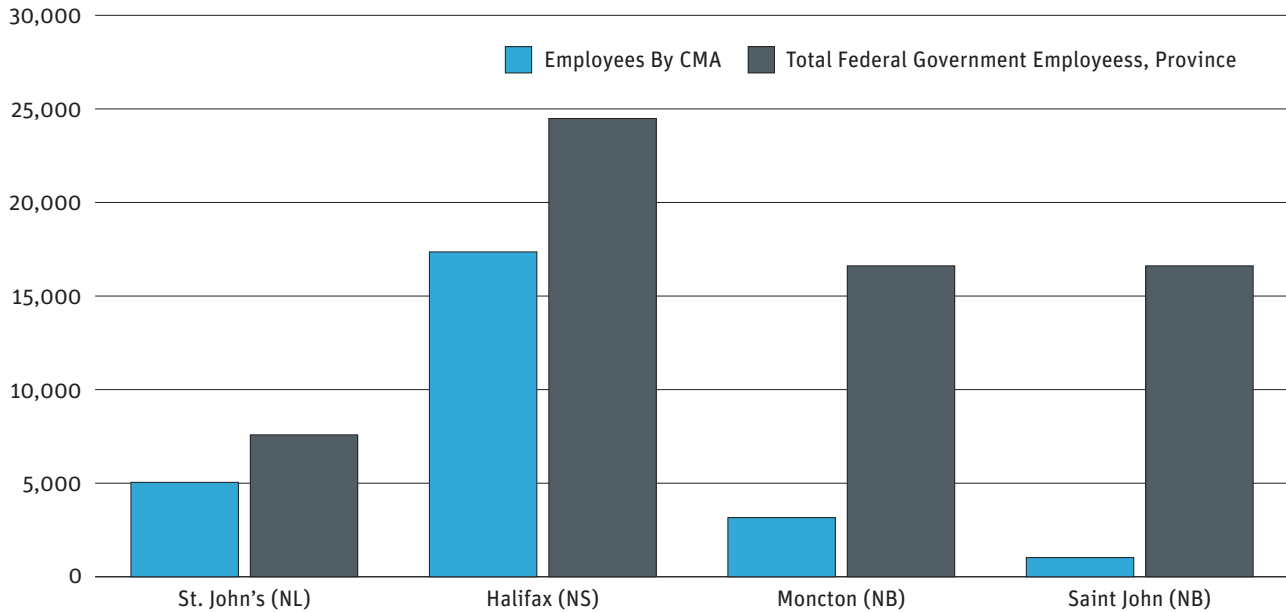
The campaign launched by the Public Service Alliance of Canada called “We are all affected,” draws attention to the importance of these jobs, to the workers and their families, as well as to community members who need services including private businesses. The PSAC has compiled some compelling stories, many from Atlantic Canadians about what these cuts mean to them.¹³³ One such testimony is by the Mayor of Gander who says: “Here in Gander the biggest cuts we’re seeing are to Service Canada. We’re losing 30 jobs here. These people end up having to uproot their families and head to more urban areas like St. John’s or other parts of Canada. We need to consider not only the toll this will take on these families, but the economic impact for our community.”¹³⁴

Concentration of Federal Employment in Regional Centres

The large numbers of federal government jobs based in Atlantic Canada are not evenly distributed across the Provinces. These jobs tend to be clustered in regional centres, where unemployment rates tend to be lower. 71% of all federal government jobs in Nova Scotia are found in Halifax and 67% of those in Newfoundland and Labrador are located in St. John’s¹³⁵ (see *Figure 13*).

In New Brunswick, the jobs are not as concentrated in the larger communities, with 19% located in Moncton and 6% in Saint John. Therefore, when we assess the impact of job and service cuts, it is critical that we take into consideration how these cuts might affect communities differently. The centralization of jobs into these larger communities and rural centres will

FIGURE 13 Federal Government Employment (Persons) by Census Metropolitan Area and by Province, 2011



Source: Statistics Canada, CANSIM 183-0003 and 183-0002

impact our rural communities. As explained below, many rural areas and small communities cannot afford to lose any more of their productive citizens and see their tax base further eroded.

Impact on Rural Communities

There is a concern about disproportionate impacts of job cuts on the Atlantic region because of its rural nature and the kind of cuts being undertaken. The relatively small populations found in each of the Atlantic Provinces undoubtedly increases the pronouncement of economic changes, positive or negative, on unemployment rates in the region. As of the most recent census (2010), NB had a population of 751,171. NS is the largest Atlantic province with a population of 921,727. PEI is the smallest Canadian province with 140,204 habitants and NL's population is 514,536. Atlantic Canada also has the highest proportion of residents living in rural areas in the country with over 40% of the population living in areas with fewer than 1000 habitants (the proportion rises to 53% in PEI). The region's population density

is below 400 people per square kilometre compared to the national average of 18.9%.¹³⁶

While there is a certain concentration of jobs in regional centres, a small number of cuts in smaller communities have an especially significant impact. Many of the departments that are facing significant cuts including Fisheries and Oceans, HRSDC, and Parks Canada, have a significant presence in many rural communities and/or have a more significant presence in Atlantic Canada. The Department of Fisheries and Oceans closed rural offices and/or facilities in Liverpool, St. Andrew's, Wallace, Port Hood, and Baddeck.¹³⁷ Parks Canada has seen major funding cuts affecting communities across the region. It has been reported that Parks Canada will have its budget cut by \$29-million. The result will be that some parks will be open for shorter seasons and more than 600 staff, including scientists, will lose their jobs.¹³⁸ Kejimikujik National Park in Nova Scotia is but one example where services will no longer be available seven and a half months of the year. Resources will focus only on summer as the peak season.¹³⁹ This is a cause for concern for businesses in the area that rely on visitors to the park as their customer base.¹⁴⁰

In many communities the cuts will be across multiple departments; especially concerning for smaller communities. Kent County in New Brunswick faces a number of job cuts or/and reduction of hours with 33 WFA letters to employees at Kouchibouguac National Park, as well as 'affected' letters to 4 employees of HRSDC in Richibucto, and 10 in Bouctouche at Agriculture and Agri-food Canada. Regardless of how many jobs are lost through attrition or scaled back, job losses here hit harder for many reasons. This is a county that has very high unemployment; a rate of 19.3% among the county's Anglophones, and 14.7% for Francophones.¹⁴¹ The southeast region of the province has a significant portion of EI beneficiaries (30% for several occupation areas) including seasonal work in construction and fish processing.¹⁴² These numbers indicate a need for services. In addition, while the relative extent of public sector employment is smaller than across the province as a whole,¹⁴³ these good-paying jobs are important to local economies especially in a county where the average employment income is \$21,780, 23% below the provincial average.¹⁴⁴

A concern with some of the changes that result, for example, from shortening of the park season and thus employment hours is that the employees may not qualify for Employment Insurance or may face pressure to find other, lower paid work, given planned changes.¹⁴⁵ This in a region that already has high levels of seasonal and temporary work; tourism and agri-

Atlantic Fisheries Left Vulnerable

The Department of Fisheries and Oceans has experienced four waves of cuts so far. These cuts have included those programs that have a mandate to protect the fish habitat. The Habitat Management program staff is responsible for monitoring, investigating and enforcing provisions of the *Fisheries Act*, which protects fish and their habitat from the effects of harmful industrial, agricultural and land development activities. Many of the Habitat program offices (including in Moncton, NB, Dartmouth, NS and St. John's, NL) are likely to be shut down completely and centralized. The lack of evidence for making the cuts and evidence provided that the cuts and centralization won't have a detrimental impact has been questioned by scientists and others.¹⁴⁷ It is especially concerning that the scientists feel they are unable to talk about their concern about the impact of the cuts.¹⁴⁸

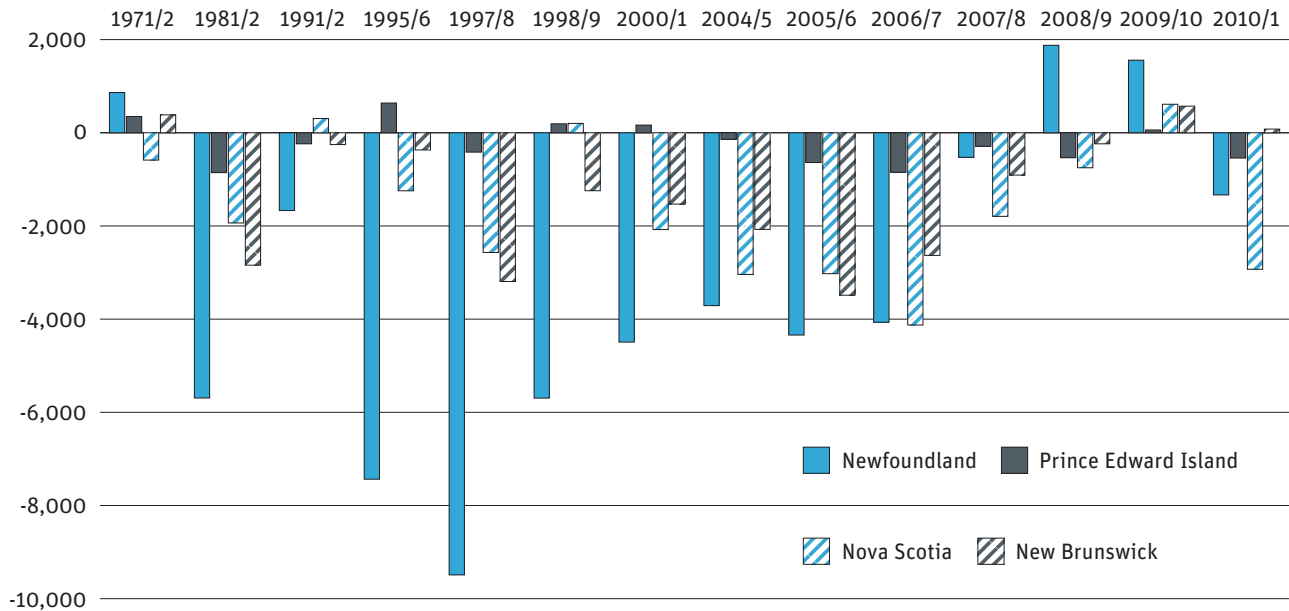
culture, including fishing, farming, and forestry, are major industries especially in rural areas in the Atlantic region.¹⁴⁶

Impact on Youth

Whether a job is lost through attrition because somebody retires and they are not replaced or because a position is declared 'surplus' does not matter for those looking for work. Not only will job-seekers have difficulty finding any work in the public service, the work they may find will likely be contractually-limited offering the employer maximum flexibility and the employee minimum security. Most departments have eliminated the provision that after a few years these contract positions must become permanent. There is also a concern that when there are employment opportunities, new workers will now receive different compensation systems because of recent changes to the public service pension system.¹⁴⁹

These cuts compound the impact of the recession on our youth. As an example, when Statistics Canada includes discouraged searchers and part-time workers who want more hours, the unemployment rate in Nova Scotia becomes 25.6% (29% for men and 22.5% for women) for those aged 15–24 in Nova Scotia.¹⁵⁰ These data on unemployment among youth cry out for an immediate youth recruitment and retention strategy for the public service and beyond. Instead, youth employment centres have been closed across the country.¹⁵¹

FIGURE 14 Net Interprovincial Migration, Atlantic, Since 1971 (Select Years)



Source: Statistics Canada, Demography Division. Retrieved from <http://www.statcan.gc.ca/pub/91-209-x/2011001/article/11514/tbl/tbl-eng.htm>.

Exacerbate Outmigration

There is also a concern that the loss of good job opportunities will exacerbate outmigration, especially of our youth from our rural communities. Outmigration was a serious issue for Atlantic Canada as high unemployment persisted through the 1980s and into the early 1990s. This was exacerbated by a decline in manufacturing in Nova Scotia, fisheries restructuring in all of the Provinces and specifically the closure of the Northern cod fishery, and recessions, as well as significant federal government decline in the mid to late 1990s. As Atlantic Canadians struggled to find work at home, they had no choice but to leave the region. As *Figure 14* shows, 2009/10 marked the first time since before 1971 that all four Atlantic Provinces did not have a net loss of population due to outmigration. These significant cuts to the federal public service may erode the progress the Atlantic Provinces are struggling to make against the tide of outmigration.

Conclusion

THE DECISIONS TO cut jobs and services, why, how and where, must be transparent. Reassurances by the government that these cuts will make the public service more effective and efficient, and improve our economy, are lacking evidence. Stakeholders, including those who rely on the services, as well as those who provide them, must be involved in the decision-making process.

The cuts in the 1990s like the program reviews initiated since 2006 were designed to reduce federal government spending in order to reduce deficits. However, public services were not to blame for causing deficits, not in the 1980s, not in the 1990s and not now.¹⁵² Governments have choices about how to achieve fiscal goals. The 1990s cuts contributed to attaining a balanced budget quickly but at serious social and economic cost.¹⁵³ The 1990s cuts did a disservice to Canadians and by all accounts, this round of cuts will do the same.

Cuts to government services can exacerbate existing inequities unless they are explicitly taken into account when planning cost reductions. As is demonstrated in this report, this is especially true for Atlantic Canada because of the persistent inequities across the Atlantic region and disparities relative to the rest of Canada, with respect to factors such as higher unemployment, lower wages, more seasonal employment, and outmigration concerns.¹⁵⁴

Recommendations

The federal government should stop implementing job cuts until all information and proper weighing of the costs and benefits of the cuts is provided to Canadians. The decisions about job cuts must involve proper consultation with those providing and managing the services and those using the services, as well as researchers and other stakeholders in the communities affected. Examining the significance of the job losses to be experienced in Atlantic Canada raises red-flags about the impact these cuts will have on the broader economy and how these cuts will affect the level and quality of public services including their accessibility to those who need them in communities across our region and indeed our country. The analysis must consider the different kinds of short and long-term impacts cuts might have including on service delivery, quality of service, local/regional economies, unemployment rates, and outmigration. The difficulty we had to conduct this research provides further evidence of the unacceptable lack of a transparent and accountable process.

Human resource planning in the public service must include a full cost/benefit analysis of regular staffing options versus contracting out or using temporary help services. It must also include monitoring and reporting on equity issues within the Workforce Adjustment process. The focus should be not on quantity, but on quality first, in order to ensure ongoing public service renewal.

These federal government cuts have created low morale within the public service and a poor public perception of the public service as a stable career choice. Combined with the loss of institutional knowledge because of high rates of attrition, and the use of more temporary workers and contract workers to fill resulting gaps, may only create more risk in the public service. The federal government must be publicly accountable for how these decisions affect public service renewal. A youth recruitment and retention strategy will help address the need for new employees as many remaining in the public service prepare to retire. This accountability must extend to a consideration of the impact on designated equity groups and take steps to ensure progress towards a representative public service is not eroded. An understanding of the potential impacts of discrimination and systemic barriers must be incorporated into the Workforce Adjustment process. It must also include providing evidence that contracting out saves money, which past experience tells us is not the case.¹⁵⁵ Moreover, if services are privatized

they are no longer subject to scrutiny by the Auditor General and therefore result in less transparency. A youth recruitment and retention strategy will help address the need for new employees as many in the public service prepare to retire.

Decisions about the locations of departments must be based on the need for that department's services in the region.

Federal government departments must be located in the regions with the highest need for those services. These regions must also be connected to policy and decision-making in order to ensure the needs of the service recipients are taken into account in programming and service delivery. Assessments of the need to reduce or expand a service must consider a complexity of factors including data gathered through rigorous evaluation processes and the social and economic context of the communities in which the services are located.

Appendix 1

Additional Tables

TABLE 6 Federal Public Service¹⁵⁶ Employment Change by Tenure, Atlantic Provinces, 2009–12

Fiscal Year	Total	Casual	Indeterm	Student	Term
Newfoundland					
2009	5597	90	4205	116	1186
2010	5,489	112	4,209	87	1,081
2011	5222	122	4081	58	961
2012	5162	133	4021	49	959
Change in Employment	-435	43	-184	-108	-227
Nova Scotia					
2009	12078	459	10273	119	1227
2010	12,088	408	10,323	132	1,225
2011	11844	391	10271	118	1064
2012	11630	395	10088	103	1044
Change in Employment	-448	-64	-185	-16	-183
New Brunswick					
2009	8374	375	7000	149	850
2010	8,565	410	7,172	143	840
2011	8672	345	7250	131	946
2012	8173	271	7120	89	693
Change in Employment	-201	-104	120	-60	-157
Prince Edward Island					
2009	3376	51	2635	76	614
2010	3,381	71	2,636	88	586
2011	3257	100	2602	91	464
2012	3289	50	2541	77	621
Change in Employment	-87	-1	-94	1	7

Source Office of the Chief Human Resources Officer, <http://www.tbs-sct.gc.ca/res/stats/fpsppt-efprde-eng.asp>

TABLE 7 Federal Government Employment,¹⁵⁷ March 31, 2011

	NB	NS	PEI	NL
Aboriginal and Northern Affairs Canada	1	154		6
Agriculture and Agri-Food Canada	172	154	89	38
Atlantic Canada Opportunities Agency	403	127	68	134
Canada Border Services Agency	398	314	3	83
Canada Industrial Relations Board		4		
Canada School of Public Service	10	18	2	2
Canadian Heritage	34	14	9	16
Canadian Human Rights Commission		2		
Canadian International Development Agency	1	1		
Canadian Radio-television and Telecommunications Commission		4		
Citizenship and Immigration Canada	21	417	4	14
Correctional Service Canada	1202	662	21	41
Courts Administration Service	3	2		
Environment Canada	127	334	3	77
Fisheries and Oceans Canada	662	1887	122	1644
Foreign Affairs and International Trade Canada	18	35	3	19
Health Canada	28	255	3	24
Human Resources and Skills Development Canada	1517	734	177	754
Industry Canada	32	60	3	22
Justice Canada (Department of)	5	109	7	2
Library and Archives Canada		11		
National Defence (Public Service Employees)	999	3574	7	123
National Parole Board	35			
Natural Resources Canada	111	106		23
Office of the Commissioner of Official Languages	5			
Public Health Agency of Canada	6	47	1	4
Public Prosecution Service of Canada	3	46		7
Public Safety Canada	7	11	6	9
Public Service Commission of Canada		28		
Public Works and Government Services Canada	840	553	59	148
Royal Canadian Mounted Police (Public Service Employees)	416	268	34	166
Statistics Canada	2	49		
Status of Women Canada	6			
Transport Canada	196	146	9	108
Transportation Safety Board of Canada	1	8		
Treasury Board of Canada Secretariat	2	3	2	3
Veterans Affairs Canada	63	178	1401	37

TABLE 7 CONTINUED Federal Government Employment,¹⁵⁷ March 31, 2011

	NB	NS	PEI	NL
Veterans Affairs Canada	63	178	1401	37
Canada Revenue Agency	610	705	968	1322
Canadian Food Inspection Agency	272	219	134	144
Parks Canada Agency	92	367	63	135
National Research Council of Canada	94	148	34	125
Canadian Nuclear Safety Commission	4			
Office of the Auditor General of Canada		9		
National Film Board	3	5		1
Total	8401	11768	3232	5231

Appendix 2

Methodology and Limitations

THE METHODS EMPLOYED for this research were designed to collect both quantitative and qualitative data from primary and secondary sources. Data collection took place between July 5 and August 8, 2012; the baseline for employment numbers is March 2011 with some analysis using more recent Treasury Board data to the end of March 2012. Job cut numbers have been adjusted based on media reporting to mid-September 2012.

Interviews

To garner a deeper understanding of the impacts of federal government job loss in Atlantic Canada, we conducted structured telephone interviews with federal department directors in the Atlantic Region. Potential interviewees were identified through the Government Electronic Directory Services (GEDS). Departments of interest were identified by their expected job loss using our preliminary calculations. Identified departments were then scanned in the GEDS database to identify the most senior, non-elected position in the Atlantic Region.¹⁵⁸

Thirty federal department directors, or individuals in similarly senior positions, were contacted via telephone or email in the Atlantic Region. Four individuals consented to and completed an interview, seven explicitly de-

clined, and the remainder did not respond to an invitation to participate or to follow-up contact. The interview guide contained 16 questions that explored the number and types of jobs lost and expected to be lost in the interviewees' department in the Atlantic region; the challenges and opportunities related to the job loss; the interviewees' department's action plans for managing the job loss with staff, service recipients, and other stakeholders; employment equity; and departmental relations with the National Capital Region. In lieu of a telephone interview, interviewees were given the option of completing an online survey that consisted of the same questions as were contained in the interview guide. Interview responses were compiled and analyzed thematically.

Media Scan

In order to gather additional data, and to understand how federal job loss in the Atlantic Region is portrayed in media, a media scan was conducted. Articles were drawn from various national and provincial media sources including The Canadian Press, the Canadian Broadcasting Corporation, The National Post, The Globe and Mail, The Chronicle Herald, the Telegram, and The Ottawa Citizen.

Access to Information and Data

This report was researched and compiled at a challenging time. Workforce Adjustment letters were being administered throughout data collection, making it difficult to accurately track the total number of actual job losses. Additionally, due to the variable outcomes of Workforce Adjustment (i.e. employees being offered different jobs, severance packages, workforce adjustment through attrition), it is still unknown exactly how many actual jobs and positions will be lost.

The other challenge when undertaking this analysis is distinguishing between data published by Treasury Board and data from Statistics Canada. The Treasury Board publishes data on staff hired through the Public Service Commission, which does not include federal Crown Corporations or other organizations for which Treasury Board is not the employer.

Statistics Canada data (CANSIM 183-000 and 183-003) on federal government employment are not in full-time equivalents and do not distinguish between full-time and part-time employees.

Treasury Board data is much more detailed than the data available from Statistics Canada. Treasury Board provides data for its employees that is broken down by tenure (type of employment), by designated equity group, by age, and by language. Still there are difficulties with the consistency of this data in terms of what is published each year as well as with gaps in details on employment in each province by department for example. All data is not made publicly available on the website e.g. the number of executive positions in each province. This data and other data require Access to Information requests, something that the authors submitted but did not receive in time to incorporate into this report.

Additionally, gathering qualitative data from federal government directors was challenging. The response rate was very low in spite of repeated contacts and the provision of multiple methods for providing feedback. Conducting interviews during July and August may have posed a challenge as many individuals take vacation during these months.

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89 employment equity

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156 The Federal Public Service workforce includes employees who work for departments and others portions of the Federal Public Administration named in Schedule I, IV and V to the Financial Administration Act. Schedules I and IV list departments and organizations for whom Treasury Board is the employer, and Schedule V lists separate agencies. The workforce does not include Royal Canadian Mounted Police temporary civilian members. The workforce does not include non-civilian staff at DND and RCMP.

157 These are not full-time equivalent positions. The numbers include the Core Public Administration (CPA) (departments and agencies for which the Treasury Board is the employer) and separate employers (principally the Canada Revenue Agency, Parks Canada, the Canadian Food Inspection Agency and the National Research Council Canada), as named in Schedule I, IV and V of the Financial Administration Act. It includes public service employees of the military and the RCMP, but does not include the non-civilian members.

158 GEDS Website: <http://sage-geds.tpsgc-pwgsc.gc.ca/cgi-bin/direct500/eng/TE?FN=index.html>



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