

Intelligence MEMOS



From: Michael Wernick
To: Public Service Observers
Date: September 16, 2025
Re: **PUBLIC SERVICE CUTS COMING: HERE'S HOW TO DO IT WELL**

As Parliament rolls into its new session, it is increasingly clear that the next couple of federal budgets are going to bring about a sharp bending of the curve regarding the size of the federal government's workforce.

That is, of course, the government's prerogative. Shifts in the size and composition of the public service have always tracked fiscal policy and changing priorities.

The first signs of the coming shift began with the last budget of the Justin Trudeau government and its tapping of operating budgets. The sense of gathering storm clouds grew when Mark Carney's government made "government transformation" a priority and tasked departments and agencies with submitting proposals for reductions by summer's end.

There has already been visible downsizing at the immigration, public health and revenue agencies, ostensibly related to changes in overall workload. For the most part, it seems organizations took the easy route and stopped renewing employees on time-limited gigs with no job security and dragged their feet on replacing permanent employees who left.

Sadly, the positioning of key players as we head toward much larger contractions in the workforce has fallen far short of the candour and realism that would mark a serious reset toward a smaller, but more effective public service.

The unions have unsurprisingly taken the view that no one should be laid off anywhere and are issuing shrill warnings about devastation to services. Realistically, they have no leverage. Their allies in Parliament are in disarray and aren't going to bring down the Liberals in a budget vote. But that liberates the unions to step up their rhetoric.

Equally trapped in dogma are the voices on the right, for whom any cut is a good cut. Steeped in ideology that views government as a cost and a burden, they have little desire to delve deeper into the roles it plays in keeping us safe and prosperous and little regard for protecting its future capabilities.

What the two major political parties share is the unwillingness to confront the unpleasant realities of involuntary layoffs. Both have been peddling the illusion that attrition will painlessly deliver the smaller workforce to which they aspire.

In practice, there is no chance that a random pattern of retirements, deaths and departures will match the workplaces where workers will be needed in the future. It is also unlikely that the rate of voluntary departures will match the numbers fiscal policy will impose.

Right now, it is the youngest part of the workforce that is being shed through the term appointments that aren't being renewed and the entry-level workers who aren't being hired. This is a setback to building a diverse, digitally savvy public service.

The alternative would be a more candid and open conversation about how to downsize. Some of it should be at union-management tables and some of it should be at parliamentary committees.

Unions need to admit cuts will be coming and engage on how best to go about it, and the government should admit it needs to do more to proactively shape the future workforce. That would mean paying much more attention to retaining and enhancing the long-term capabilities of the public sector that will be in demand in the future.

I would start with the contours of a short-duration, early departure window: a serious plan to accelerate and prepay about three years of expected attrition and save the jobs of thousands of younger workers.

In parallel, it should be possible to work out enhanced adjustment tools to help displaced individuals seek new employment in an economy roiled by uncertainty and professions absorbing the effects of artificial intelligence (AI). In the private sector, packages have focused on education, skills upgrading and relocation. This is the unpleasantness unions need to engage with, instead of clinging to a no-layoffs stance.

The coming effort to shed a significant part of the workforce should be matched by a commitment to invest in continuous upgrading of the skills of the ones who stay. I would like to see a firm commitment to double the current spend on training, professional development and management acumen, tracked by making it an explicit and visible part of annual reporting to Parliament.

I agree with the frequent calls for government to be more like the private sector in the sense that best practices for increasing productivity require investing mindfully in training and technology.

There are other structural changes that are overdue, such as a simple ban on salaried public servants having side hustles as government contractors. A serious effort at restructuring and thinning out the management layers, rather than just squeezing numbers, would help with agility and productivity.

The obstacles in the way of a serious labour force strategy are denial and dogma. It is easier to pretend that cuts can be painless or don't affect real people in families and communities as well as impair future capabilities.

We would be poorly served by the bloody-mindedness of old-school trade unionism rampant in France and by the deliberate vandalism of the Department of Government Efficiency to our south. We would also be poorly served if mobile and ambitious skilled workers leave.

Here in Canada, better is possible.

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A version of this Memo first [appeared](#) in the Financial Post.