



Eighteenth Annual Report

to

the Prime Minister

on

the Public Service of Canada

Wayne G. Wouters

**Clerk of the Privy Council and
Secretary to the Cabinet**

For the year ending March 31, 2011

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Clerk of the Privy Council and
Secretary to the Cabinet



Greffier du Conseil privé et
Secrétaire du Cabinet

Ottawa, Canada
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March 11, 2011

Dear Prime Minister:

I am pleased to submit to you the *Eighteenth Annual Report to the Prime Minister on the Public Service of Canada*, in accordance with the provisions of section 127 of the *Public Service Employment Act*.

In the report, I assess recent progress in renewing the Public Service, outline the future direction for renewal and identify priorities for action.

In preparing this report, I have again benefited from the work of the Deputy Minister Committee on Public Service Renewal and of your Advisory Committee on the Public Service, co-chaired by the Honourable Paul M. Tellier and the Honourable David Emerson.

Renewal is essential to ensuring the capacity of the Public Service to serve the Government and Canadians with excellence in the years ahead. I appreciate your support for this important work.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Wayne G. Wouters'.

Wayne G. Wouters

Canada

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I. Introduction

This is my second report to the Prime Minister since I became Clerk of the Privy Council in July 2009. Over the past 18 months I have had the opportunity to travel to many different parts of Canada, meeting public servants doing many different jobs. I am always impressed by their energy, passion, knowledge and skills, and by their dedication to the service of Canadians. I am proud to count myself among them.

OUR OPERATING CONTEXT

Since becoming Clerk, I have seen the Public Service consistently rise to meet the challenges of the day—from extraordinary efforts on behalf of Canadians hit hard by the financial crisis to recent efforts to assist Canadians in the crisis-stricken regions of North Africa.

Public servants helped lessen the impact of the global downturn on Canadians through our work with successive governments to foster a robust financial regulatory system and a solid fiscal foundation for the country. They also acted quickly and effectively to implement the stimulus measures contained in the Government's Economic Action Plan.

The financial crisis highlighted the interconnectedness of today's economies and ongoing shifts in the geopolitical balance. Domestic issues too are increasingly complex and "horizontal" in character. Canada's aging population, for example, has implications not just for health care, but for consumer spending, labour markets, immigration and more. Such issues cannot be addressed in isolation or by governments acting alone. They require the coordinated efforts of many players in Canada and work with partners abroad.

We are in a period of fiscal restraint. As part of efforts to return to balanced budgets we will be called on to improve our efficiency and deliver better services to Canadians with fewer resources.

This will require us to take a hard look at what we do and how we do it. While not the principal aim, I expect that these efforts will result in reductions in the size of the Public Service.

Canadians cannot meet challenges at home and abroad without a strong contribution from the federal Public Service. How well we do our work matters—not just to the Government but to our fellow citizens.

As new people enter our workforce and new technologies shape our workplace, the way we do our work will change. We must continue to adapt and innovate if we are to meet the future needs of Canadians.

THIS REPORT

This report looks back to what we have done and ahead to the challenges we face as public servants. In it, I

- highlight some accomplishments of the Public Service over the past year;
- assess progress on renewal;
- outline the future direction I see for the Public Service; and
- set out specific priorities for deputy ministers and for all public servants.

II. Some Accomplishments in 2010

The past year saw noteworthy accomplishments by many thousands of federal public servants, working in organizations large and small. Here are but a few examples of the kinds of things our colleagues have been doing.

Sustaining an effort that began in 2009, public servants worked closely with colleagues in provincial, territorial and municipal governments to implement the stimulus measures of the **Economic Action Plan**, and they did it with remarkable speed and effectiveness.

Federal public servants delivered Employment Insurance benefits, supported affected industries and facilitated infrastructure improvements across the country. These measures are making a difference to millions of Canadians today, while leaving an enduring legacy for future generations.

Service Canada and the Province of Ontario

Over the past year, Service Canada staff worked closely with Ontario officials to create a Joint Rapid Response Action Plan to meet the needs of workers, employers and communities affected by mass layoffs. This initiative quickly mobilized Service Canada and local service providers to help Ontarians weather the economic downturn and emerge well prepared for jobs in the future.

In June, Canada hosted the **G8** and **G20** summits. On both occasions, public servants made a major contribution to the success of these initiatives and organized these two major international events back to back, something that had never before been done.

At the G8, world leaders focused their attention on critical global peace, security and development challenges. They committed themselves to the Muskoka Initiative, which will help save the lives of women and children in the world's poorest countries. At the G20 Summit in Toronto, the leaders of the world's advanced economies committed to fiscal plans that will at least halve deficits

by 2013 and stabilize or reduce government debt-to-GDP ratios by 2016. There was also progress on reform of the financial sector and international financial institutions. Such high-profile events help demonstrate Canada's leadership in the world community.

We have recently seen significant upheavals in a number of North African regimes and the potential for more in the region. In response to these events, we have helped secure safe passage for Canadians in affected areas and contributed to international sanction and relief measures.

Canada's security and development efforts in **Afghanistan** have brought great credit to the men and women of the Canadian Forces and to employees from the many federal departments and agencies that supported our whole-of-government efforts there. Their work in both Afghanistan and here in Canada is a testament to our ability to come together to meet common challenges. During my visit to Kabul and Kandahar in January 2011, I had the opportunity to meet many colleagues and was struck by the truly integrated work they are carrying out so far from home.

III. Public Service Renewal: An Assessment of Progress

When renewal became the top management priority for the Public Service in 2006, there were concerns over the demographics of the institution and its capacity to attract talent. Since then measurable progress has been made across what we defined as the four pillars of renewal—*Integrated Planning, Recruitment, Employee Development* and *Workplace Renewal*.

The results of those efforts over the past several years include the following:

- Deputies and their management teams have greatly increased their focus on people management.
- Departments and agencies are doing a better job of integrated planning, linking their plans for human resources to broader business plans.
- Recruitment is much more systematic and the quality of people entering the Public Service is as high today as it has ever been.
- There has been visible progress in areas such as individual learning plans and performance discussions.
- We have begun to modernize our 40-year-old pay and pension systems.
- Initiatives such as the Common Human Resources Business Process have made personnel operations more streamlined and more efficient.

The renewal of the Public Service over the last five years has also increased the diversity of our workforce. Persons with disabilities and Aboriginal Canadians are now well represented in the Public Service, and women now make up more than half the Public Service. The representation of visible minorities has also increased significantly,

Recognized for Inclusiveness

Seven federal organizations were among Canada's top 45 *Best Diversity Employers* for 2011:

- Business Development Bank of Canada
- Canada Mortgage and Housing Corporation
- Canada Post Corporation
- Canadian Wheat Board
- Health Canada
- Human Resources and Skills Development Canada
- Statistics Canada

though it is still not in line with numbers in the larger Canadian workforce.

Canada's linguistic duality continues to be respected in the Public Service. Yet there is more to do to ensure that citizens receive quality services in both official languages and to create work environments conducive to the use of both official languages.

Renewal will always be a work in progress. The important message is that much has been accomplished, thanks to the efforts of both managers and employees across the country. But there remains much to do.

IV. The Future of Renewal

I believe that we are entering a new stage in the evolution of public service. Almost every issue facing governments today is multi-dimensional; almost all involve many players and an overabundance of information. This complexity presents a challenge to the traditional Westminster model of individual ministerial authority and accountability.

Today, we do our jobs in an environment of increased transparency and a 24/7 media cycle. While we have always been accountable for the effective stewardship of public monies, the oversight regime is now more complex, including multiple agents of Parliament and increasingly active parliamentary committees.

The demographic make-up of the Public Service will continue to shift—more than half our workforce has entered since the year 2000. This new generation of employees comes with new energy, skills and expectations. Making the most of their contributions and the rich diversity of their backgrounds, experience and ideas will be critical to success in the years to come.

To meet these many challenges, the Public Service must get better at dealing with complexity. This will require new approaches to creative and collaborative problem solving. It will mean working

with other levels of government, the private sector, civil society and citizens themselves. All of these players are demanding a larger role in public policy and in the design and delivery of programs and services.

As we move forward, we must continue to take advantage of new technologies. The Internet and Web 2.0 have become integral to the personal lives of most public servants. Within the Public Service, we have begun to adapt to and better use Web 2.0 tools. But we can do more to take full advantage of the opportunities they present for more efficient service delivery, faster knowledge and information sharing, and more effective collaboration.

Health Canada's DrugsNot4Me Campaign

This youth drug prevention campaign, under the National Anti-Drug Strategy, is the first Government of Canada campaign to target 13- to 15-year olds using social media tools, including Facebook, Twitter and YouTube. It promotes peer-to-peer dialogue about the harmful effects of drugs and how to say "no." The response from youth has been positive with over 647,500 visits to the DrugsNot4Me site, 45,000 fans of its Facebook page and 97,000 YouTube viewings.

In adapting to meet these new realities we will be guided by the enduring values of the Public Service—*respect for democracy, respect for people, integrity, stewardship and excellence*. They will continue to define our role and our duties as public servants. A strong values-based approach to our work will make it easier to deal with complexity. It will also support efforts to create a culture of innovation and intelligent risk taking in government.

PRIME MINISTER'S ADVISORY COMMITTEE

The members of the Prime Minister's Advisory Committee on the Public Service offer the Prime Minister an external perspective on the major issues affecting the Public Service.

The Committee's fifth report is annexed to this report. In it the members reaffirm the vital role the Public Service plays in serving Canadians and the Government. They underscore that, in today's complex and changing world, the imperative for renewal remains as strong as ever.

The Committee's report calls for:

- *transforming processes, systems and culture*, using proven technologies to provide better service to Canadians and build more modern administrative services across the Public Service;
- *investing in long-term thinking*—one of the Public Service's most important responsibilities; and
- *examining the oversight regime*, with a view to reducing multiple reporting requirements without sacrificing accountability.

The Committee's valuable analysis and recommendations should be read in conjunction with this report. They show how public service issues and concerns resonate with people from across the country, and they remind us of the value of external advice on matters that affect all Canadians.

A COMMITMENT TO EXCELLENCE

Canadians need—and expect—a high-performing Public Service that can deliver results in a fast-changing world.

Whether renewal efforts are aimed at the workforce or the workplace, the goal is to achieve excellence in all aspects of our business—in management, in policy, in program and service delivery, and in regulation.

Excellence will be demonstrated differently across the many business lines of government. But in all cases it will mean a focus on results and on adapting and responding to a complex environment.

Management

Canada's Public Service is well regarded internationally for organizational performance and for high-quality financial management. We have invested significantly in our capacity in this area. We now plan against declared strategic objectives, measure and report results, and understand and apply the principles and practices of modern public sector management.

The task now is to build on our strengths in these areas and identify those functions that government needs to do and those that are best carried out by others. When others can do the tasks, we will have to be open to, and adept at, moving from doing this work ourselves to partnering with others who do it on our behalf.

Particularly in this period of fiscal restraint, managers have a key role in leading employees and managing for performance excellence. To do this, they must be able to plan effectively and ensure that staff focus on priorities. They have to be able to engage staff in finding better ways to deliver services. They must keep employees motivated in the face of uncertainty and collaborate across departmental lines to achieve shared objectives. They need to think beyond current preoccupations to ensure that they have the capacity to address future priorities as well.

Policy

As the Prime Minister's Advisory Committee emphasizes in its current report, in today's complex environment it is critical that the Public Service maintain the capacity to deliver high-quality, long-term policy advice. While much of our work will have specific goals and shorter time horizons, we must always be able to think in broader terms about the larger, longer-term policy issues affecting our country.

Excellence in policy means bringing evidence and analysis to bear in the development of advice to government. Mere information—

from whatever source—is no substitute for knowledge and analytical rigour.

Policy excellence is also about collaboration. Because issues today are so complex and interdependent, we have to get better at working horizontally, with colleagues in other organizations and outside the boundaries of the Public Service.

Strengthened engagement with other levels of government, academia, think tanks, non-governmental organizations and citizens will help improve the quality of our advice and lead to better results for Canadians.

The role of the Public Service in providing professional, non-partisan policy advice to ministers is a strength of Canadian democracy. This role is central to our Public Service values.

Program and Service Delivery

The best policy advice is of little value if it is not matched by solid implementation. Excellence in service and program delivery means taking clear policy direction from ministers and translating it into meaningful results for Canadians.

A decade ago, Canada was seen as an international leader in service delivery through initiatives such as *Government On-Line*. But we have lost momentum. In this digital world, our “vertical,” department-by-department approach to service delivery is more than just inefficient—it is failing to meet Canadians’ expectations for one-stop, single-window services.

Administrative Services Review

Launched in Budget 2010, the Administrative Services Review is examining ways to simplify, standardize and consolidate service delivery and administrative processes for our internal services (e.g. information technology and real property) and services to Canadians. The review will help us transform our business model by shifting from inefficient, fragmented systems to integrated, whole-of-government approaches that will enable us to improve the delivery of services, while lowering costs.

We have an opportunity today to reclaim the leadership role we once enjoyed in program and service delivery. By increasing standardization and the interoperability of systems, we can simplify and modernize the delivery of our programs and services. Using a whole-of-government approach, we can lower costs while improving the quality of service to Canadians. We will be able to offer them the timely, high-quality services they have come to expect in every other facet of their lives.

Regulation

Effective regulation is an essential responsibility of government. Regulation is critical to the health and safety of Canadians, the protection of the environment, the smooth functioning of the economy, and the safeguarding of our individual rights and freedoms.

Excellence in regulation is a matter of understanding and balancing stakeholder interests. It is about effective risk management and ensuring a reasonable cost of compliance for those who are regulated. Increasingly, it means working closely with regulators in other jurisdictions to streamline and standardize processes and requirements. It also means being transparent in decision making and communicating effectively with stakeholders and citizens.

The recently announced U.S.-Canada Regulatory Cooperation Council and Red Tape Reduction Commission are two government initiatives that through our support will lead to more effective regulation for Canadians.

These areas—management, policy, program and service delivery, and regulation—are core Public Service responsibilities. We have to deliver in all these dimensions of our responsibility if we are to meet the expectations of the Government and of Canadians.

PRIORITIES FOR 2011

In recent years, deputy ministers and central agencies have been asked to deliver on measurable priorities outlined in annual Public Service Renewal action plans. This approach was effective in sustaining progress on the four renewal pillars of *Integrated Planning, Recruitment, Employee Development* and *Workplace Renewal*.

Going forward, our renewal activities can now be captured under the broad themes of *Engaging Employees in the Excellence Agenda, Renewing the Workforce* and *Renewing the Workplace*.

Engaging Employees in the Excellence Agenda

I have spoken on a number of occasions about how I see excellence as exemplifying a shared commitment to sustaining a culture of high performance in the Public Service.

In the months to come, I want deputies and all managers to be more explicit in their pursuit of excellence. I want them to set clear renewal goals, work at improving organizational capacity to achieve those goals, and foster the pursuit of renewal objectives at every level of their organization.

Renewing the Workforce

Excellence starts with a capable and motivated workforce aligned with the goals of the organization. The people who make up the Public Service today bring commitment, expertise and experience. Maximizing their contributions will be essential to achieving results for Canadians. This requires solid workforce data and planning, tailored recruitment and targeted investment in employee development to meet specific organizational needs.

A commitment to renewal means a commitment to supporting and developing current employees, and to making the best possible use of the skills and talents of all. I also encourage all employees to take an active role in their own professional development:

create opportunities to engage and share with peers, connect with mentors, and seek out opportunities for stretch assignments.

Excellent management, at the deputy level and throughout the organization, will enable our employees to aim high and succeed. Our goal should be to transform performance, set high standards and expect our employees to meet them.

Collaborative Culture Camp Series

Individual public servants continue to look for ways to move beyond silos to collaborate more effectively. A recent example is the Collaborative Culture Camp Series. These grassroots, no-fee learning activities—including conferences, workshops, networking and mentoring—are self-organized by public servants, for public servants, with the goal of sharing and spreading the power and value of collaboration.

Renewing the Workplace

A modern, healthy workplace supports greater productivity, a more engaged workforce and better results for Canadians. Deputies and managers have a responsibility to create workplaces that support the well-being, wellness and productivity of our employees.

Following my last report I consulted with public servants via GCPEDIA for views on how to renew the workplace. I heard a number of ideas, which I shared with deputies. Most of these rightly point to the need for culture change in the Public Service. We need to nurture a more performance-oriented, collaborative and innovative culture by, for example, taking greater advantage of Web 2.0 tools to deliver on our business.

I know we still have significant room to improve internal administrative systems and everyday business processes. We also need to improve our ability to plan, at every level of the organization, and assess progress made. Clarity of goals helps align efforts and improve results. We need to strengthen our capacity to deliver, to see a project through from idea generation to meaningful results that can be evaluated.

Finally, all of our work must continue to be firmly rooted in Public Service values. They are the solid foundation on which we will build the Public Service of tomorrow.

REPORTING

Deputies are being asked to report by February 1, 2012, on their efforts and accomplishments in support of renewal. In particular, they will report on the achievement of excellence in their organizations under the following themes:

1) Engaging Employees in the Excellence Agenda

- What renewal goals have they set to enable them to achieve excellence across their business lines?
- What is their organizational capacity to achieve these goals, and what actions have they taken to address any gaps?
- How engaged are their employees, and what steps have they taken to increase engagement?

2) Renewing the Workforce

- How effective is their organization at managing people, performance and knowledge? How are they incorporating diversity into their organizational culture and supporting the use of both official languages? How are they improving?

3) Renewing the Workplace

- How have they have fostered planning, collaboration and new ways of working in their organizations?

V. Conclusion

It is up to all of us to capitalize on the past five years of investment in renewal and to focus on creating the Public Service of the future. To do this we will have to change how we work and how we relate to one another, without losing sight of our traditional values and our vocation of service to Canada.

In making excellence our watchword, we will build on the commitment and the professionalism that have long characterized Canada's Public Service. It is our responsibility to show Canadians that their investment in us is being repaid in stronger public institutions that serve their needs more effectively and more efficiently.

I have seen what we can accomplish when challenged. While I will continue to hold deputies accountable, I am challenging all public servants to look for ways, large and small, to improve on our ability to support and strengthen our great country. The engagement, creativity and collaboration of all public servants are needed if we are to achieve our goal of excellence.

Every public servant can contribute to our renewal and I encourage each one to do so.

Annex A: By the Numbers—A Demographic Profile of the Federal Public Service for 2010

This annex presents select demographics for the federal Public Service (PS),¹ with some focus on the executive (EX) cadre.

Number of Employees

PS: **283,000** EX: **6,784** (2.4%)

EX minus 1: **12,078** EX minus 2: **18,108**

Deputy Ministers (DM): **45** Associate DM: **32**

- Government priorities drive the PS population. Recent increases are primarily associated with internal and external security (four of the five largest departments) and health.
- The PS currently comprises 0.83% of the Canadian population, below the ratios from the 1980s and early 1990s, which were very close to 1%.

Average Age

PS: **43.9 years** EX: **50.1 years**

EX-01 to EX-03: **49.9 years** EX-04 to EX-05: **53.5 years**

EX minus 1: **48.4 years** EX minus 2: **45.7 years**

DM: **53.9 years** Associate DM: **54.4 years**

- Since 2005, the average age of public servants has begun to slowly decrease (from 44.3 in 2005 to 43.9 in 2010). The decrease is expected to continue in years to come.
- Beginning in 2005, the percentage of EXs over 50 has decreased from 58.9% to 53.3%.
- The average ages of deputy ministers and EXs (at both lower levels and senior levels) have been stable since 2003.

¹ The “Public Service” refers to 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). Data is primarily provided by the Office of the Chief Human Resources Officer and is current as of March 31, 2010, unless otherwise indicated. Benchmark years provided for comparisons usually identify the beginning of a trend, indicate the post-Program Review period, or mark the first year for reliable data (such as the year 1983, used in previous *Annual Reports*).

Years of Experience

PS: 0-4 years: **23.1%** PS: 15-24 years: **21.7%**

PS: 5-14 years: **36.7%** PS: 25+: **18.6%**

- After increasing gradually from 1983 to 2007, the proportion of public servants with over 25 years of experience has begun to slowly decrease. Since 2007, the proportion of public servants with 15-24 years of experience has also declined, while the proportions with 5-14 and 0-4 years of experience have increased.

Mobility in the CPA (2009-10)

New Indeterminate Employees: **16,304**

Retirements/Departures: **9,330**

Promotions: **22,965** Transfers: **21,010**

- In the preceding five years, the workforce has become more mobile: recruitment inflows into indeterminate positions have grown (mostly from the general public); internal movements (promotions and transfers) have risen (from 13.9% to 19.1%); and total departures have doubled, led by retirements (72%).
- Most internal mobility is within the same department, while less than 5% is between departments.
- In terms of retention, the departure rate of new indeterminate employees has remained low (1-3%) over the past decade.

Employee Types

Indeterminate: **86.2%** Term: **9.1%**

Casuals and Students: **4.8%**

- Recently, shorter-term hiring (term, casual, students, temporary help) increased as the PS responded to the demands of the economic recession, delivering on the Economic Action Plan and providing additional services to Canadians in such areas as Employment Insurance.
- Since 1983, the proportion of indeterminate employees has been fairly constant.

First Official Language

PS: French: **29.0%** English **71.0%**

EX: French: **30.0%** English: **70.0%**

- The representation of official languages in the Public Service has been relatively stable for over 25 years.

Representation vs. Workforce Availability (WFA) in the Core Public Administration for 2009-10²

Visible Minorities

PS: **11.6%** vs. WFA: **13.0%** EX: **7.3%** vs. WFA: **7.7%**

PS New Hires: **21.2%** vs. WFA: **12.4%**

Persons with Disabilities

PS: **5.6%** vs. WFA: **4.0%** EX: **5.7%** vs. WFA: **4.0%**

PS New Hires: **3.1%** vs. WFA: **4.0%**

Aboriginal Peoples

PS: **4.2%** vs. WFA: **3.8%** EX: **3.7%** vs. WFA: **4.3%**

PS New Hires: **4.6%** vs. WFA: **3.0%**

Women

PS: **55.1%** vs. WFA: **52.8%** EX: **44.1%** vs. WFA: **45.5%**

PS New Hires: **55.5%** vs. WFA: **52.3%**

- While the representation of all four designated Employment Equity groups has increased overall and within the EX ranks over the past several years, workforce availability is not yet being met for all of the designated groups.
- The proportion of women EXs has risen significantly since 1983, with the number almost tripling since 1998.

Supplementary demographic information is available on the website of the Office of the Chief Human Resources Officer:
<http://www.tbs-sct.gc.ca/res/stats/demo-eng.asp>

² Workforce availability (WFA) for an Employment Equity designated group is the percentage of these citizens working in occupations in the Canadian workforce that correspond to occupations in the PS, with the data being derived from 2006 Census statistics. Data for new PS hires comes from the Public Service Commission. The employee population here is based on those organizations under the *Public Service Employment Act*.

Annex B: 2010-11 Public Service Renewal Action Plan—Progress Report

This annex summarizes progress against the 2010-11 Public Service Renewal Action Plan commitments as reported by 36 departments and agencies for the year ending March 31, 2011.

EMBEDDING RENEWAL

Deputy heads were asked to report on what they have done to continue their renewal responsibilities and work to further embed the first three renewal pillars into their organizational cultures.

2010-11 Commitments	Progress and Results
<p><i>Integrated Planning</i></p> <p>Planning is the foundation for management excellence and must be accompanied by effective and efficient implementation and sound reporting on results. The goal is to align and integrate the human, as well as financial, asset and information resources required to deliver on the business of government.</p>	<p>Reports of deputy heads:</p> <ul style="list-style-type: none"> • 33 out of 36 have integrated business plans in place. • 27 out of 36 are incorporating financial and information resources, in addition to human resources considerations into their plans. • 32 out of 36 have made their planning processes increasingly integrated, inclusive and robust. Many have introduced supporting tools, learning events and more systematic engagement of key players into the organizational planning process.

<p><i>Recruitment</i></p> <p>Targeted and coordinated recruitment initiatives aligned to business needs should continue. This must take advantage of efficiencies, with a view to developing a diverse and representative Public Service workforce.</p>	<p>Reports of deputy heads:</p> <ul style="list-style-type: none"> • 24 out of 36 recruited over 2,500 indeterminate post-secondary candidates. • 24 out of 36 targeted specific communities and/or mid-career professionals to fill existing or expected workforce gaps. • 17 out of 36 actively participated in job fairs and/or were actively involved as a university champion.
<p><i>Employee Development</i></p> <p>It is critical for a high-performing organization to develop its talent through a systematic and integrated approach to managing performance and learning.</p>	<p>Reports of deputy heads:</p> <ul style="list-style-type: none"> • 28 out of 36 have a robust performance management and/or talent management regime in place for the executive cadre, and already have or are planning to extend this approach further in the organization. • 12 out of 36 indicated that learning and learning plans were formally incorporated into the performance management process. • 25 out of 36 invested in new tools, courses, programs or other development opportunities, targeting various employee groups. • 16 out of 36 introduced or enhanced mentoring, coaching and/or on-boarding initiatives.

RENEWING THE WORKPLACE

In addition to embedding renewal across their organizations, deputy heads were also asked to report on actions taken to advance renewal in four specific areas to support workplace renewal.

2010-11 Commitments	Progress and Results
<p><i>Supporting Managers</i></p> <p>Managers are the creators and carriers of corporate culture. They translate the principles and goals of renewal into the realities of daily work.</p> <ul style="list-style-type: none"> Deputy heads will engage their managers and foster their managers' communities. They will enable managers to better manage people and performance by equipping them with the tools, skills and support they require. Deputy heads will draw on the Canada School of Public Service (CSPS) Learning Roadmap for Managers and align departmental learning activities for managers with CSPS offerings. 	<p>Reports of deputy heads:</p> <ul style="list-style-type: none"> 21 out of 36 established or enhanced a managers' network. 19 out of 36 are actively engaging their managers' communities by: supporting network infrastructure; identifying senior-level champions; and hosting various learning and networking events for managers. 32 out of 36 are offering practical tools, courses, training and other learning and development opportunities to managers on an ongoing basis. 18 out of 36 are drawing on the Canada School of Public Service's Learning Roadmap for Managers.

<p><i>Knowledge Management</i></p> <p>Our knowledge and information are important government assets that should be systematically captured and shared among individuals and across organizations.</p> <ul style="list-style-type: none"> • Deputy heads will assess and improve their approaches to managing knowledge and information as corporate assets. • Deputy heads will build knowledge transfer considerations into their talent management and succession planning strategies for executives and other critical positions. 	<p>Reports of deputy heads:</p> <ul style="list-style-type: none"> • 24 out of 36 have a knowledge management approach or strategy in place, as well as complementary, supporting tools and systems to varying degrees. • 14 out of 36 incorporate knowledge management considerations into performance management processes and succession strategies.
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<p><i>Innovation</i></p> <p>Innovation is about doing things differently in ways that are more effective and efficient. We need new ideas and ways of doing things, greater flexibility, more experimentation and better implementation.</p> <ul style="list-style-type: none"> • Deputy heads will foster a culture of innovation, both in the way they manage their organizations and in the way they serve and engage Canadians, through activities such as: <ul style="list-style-type: none"> ◦ building strong employee and managers' networks; ◦ developing collaborative work environments; ◦ further reducing the "Web of Rules"; and ◦ experimenting with Web 2.0 technology, including GCPEDIA. 	<p>Reports of deputy heads:</p> <ul style="list-style-type: none"> • 18 out of 36 bolstered or established employee networks (in addition to managers' communities), including communities of best practice, functional communities and other horizontal forums and task teams. • 25 out of 36 have adopted new tools and applications to make the workplace more collaborative and modern (e.g. videoconferencing, instant messaging, collaborative software, enhanced desktop functionality, improved web management systems). • 11 out of 36 have further reduced their "web of rules," particularly in the areas of staffing and human resources management. • 28 out of 36 experimented with internal Web 2.0 technologies (e.g. internal wikis, corporate blogs and social networking tools), and with internal government tools such as GCPEDIA and GCFORUMs. • 19 out of 36 are investing in back office systems, with particular emphasis on automation of human resources requests (e.g. "fast track" staffing and classification systems) and launching "one-stop shop" online human resources service portals. • 16 out of 36 are adopting the Common Human Resources Business Processes.
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<p>Public Service Values</p> <p>Values matter. They underpin public service renewal. In serving Canadians, our institution will continue to be guided by the values of public service.</p> <ul style="list-style-type: none"> • Deputy heads will draw on and seek to apply best practices from the Workplace and Workforce Taskforce led by Monique Collette (bilingualism, diversity, communications). • The Chief Human Resources Officer will finalize the Values and Ethics Code for the Public Sector by fall 2010 and deputy heads will develop and implement their departmental codes by March 31, 2011. • Deputy heads will encourage dialogue among employees on values and ethics. 	<p>Reports of deputy heads:</p> <ul style="list-style-type: none"> • The Public Sector Code is now planned for tabling in spring 2011. • 31 out of 36 have customized their departmental codes in anticipation of the Public Sector Code. All were developed in large part based on employee consultations. • 27 out of 36 are working to embed the Code into the culture of the organization on a sustained basis. This includes promoting ongoing scenario-based dialogue, developing new course modules, and incorporating values and ethics into existing training and orientation programs. Many have also identified senior-level values and ethics champions and established specific divisions with a primary focus on values and ethics. • All departments indicated commitments and action to address employment equity and official language considerations.
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Annex C: Report of the Prime Minister's Advisory Committee on the Public Service

MESSAGE FROM THE CO-CHAIRS

We are pleased to present to you, Prime Minister, the fifth annual report of your Advisory Committee on the Public Service.

Over the past four years we have seen issues evolve as the world has changed – in some ways dramatically. We have also seen real progress in how the Public Service has responded to new challenges and opportunities.

In a global environment undergoing significant change, we see the Public Service as a vital instrument for the benefit of Canadians and a source of stability in public policy development. Fulfilling this responsibility calls for a long-term vision and strategy to ensure the Public Service is structured and equipped to do what Canadians require of it.

We believe there is an opportunity today for the Public Service to transform its business model and its approach to service delivery. Among other things, this will mean ensuring it has the right people in the right jobs to effectively serve Canadians and their government, now and into the future.

As always, we appreciate your commitment to ensuring a first-rate Public Service. For our part, we remain committed to offering our advice on the important issues facing the Public Service today.

The Honourable
Paul M. Tellier

The Honourable
David Emerson

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PART I: THE CONTEXT FOR CHANGE

In previous reports, we talked about the complex environment within which the Public Service operates. Current circumstances are no less challenging. Notwithstanding the stimulus programs of governments around the world, the global economy remains uncertain and recovery will take time. Many governments now face the task of restoring fiscal balance, and all will face tough choices as they transition from stimulus to deficit reduction.

There is no doubt that we have come through an extraordinary period. Canada has fared better than many countries during the recent financial and economic crisis because of the health of our financial institutions, and the strength of our regulatory system and our fiscal and monetary policies. For its part, the Public Service has shown leadership and professionalism in implementing the Government's Economic Action Plan, as was noted in the Auditor General's most recent report.

Despite these successes, many sectors of our economy are struggling to adapt to a changed environment. And Canada as a whole must adapt to a changing geopolitical environment in order to remain competitive in the global economy. As we have said before, the Public Service has a key role to play in shaping and supporting Canada's place in the world.

The Public Service is also adapting to more "local" changes including the effects of departmental strategic reviews, the freeze on operating budgets, and the expected results of the Administrative Services Review. These new circumstances continue to drive the imperative for change. They will require the Public Service to:

- Transform the way it does business, to achieve greater efficiency and continue to strive for excellence in serving Canadians;
- Maintain itself as a stable platform for strategic thinking on medium- and longer-term public policy issues; and
- Continue to be responsive to the evolving needs of Canadians.

PART II: LOOKING BACK

Renewal is a journey, not a destination.

Over the past four years, the Committee has examined a broad range of issues related to public service renewal. Recognizing the importance of a well-functioning, diverse, non-partisan public service to Canada's success, we have offered advice on how to improve and strengthen this national institution.

We believe our work has shown results. We are pleased to have contributed to the advancement of renewal and, indeed, to have accelerated the implementation of certain initiatives. Under the leadership of the Prime Minister and the Clerk of the Privy Council, most of our recommendations have been or are currently being implemented. In particular:

- The Public Service has adopted a more coordinated and demand-driven model of recruitment;
- The human resources (HR) governance framework has been streamlined and realigned. Responsibility for human resources management has been placed firmly in the hands of deputy ministers;
- The performance management system for deputy ministers was revamped and significant progress has been made in extending a comparably rigorous regime to all executives; and
- The pay system modernization project was approved by Cabinet and is moving forward.

In our first two reports we focused on the fundamentals required to strengthen human resources management in the Public Service. In our third and fourth reports, while continuing to emphasize good HR management practices, we shifted toward more systemic reform, focused on:

- Encouraging and managing risk, and reducing the “web of rules” to focus on results;

- Modernizing systems and taking advantage of technology to make government more efficient;
- Developing new ways of doing business to improve services for Canadians; and
- Staying connected with Canadians and internationally to deliver well-informed policy advice to government.

As this Committee enters its fifth year, we will continue to focus on these broader issues, recognizing that change in these areas takes time and requires sustained attention.

PART III: OBSERVATIONS

Based on what we have learned over the past year, we believe the imperative for renewal remains as strong as ever. The Committee's reflections point to the following as areas for particular attention.

1. TRANSFORMATION

As an institution, the Public Service must continue to renew the way it does business. We see a need for transformation in both business processes and systems, and in the way people are managed.

The business model

A decade ago Canada's Public Service was recognized internationally as a leader on the digital front with its government-on-line initiative. For a variety of reasons, it is now falling behind in the use of new technologies and in adopting whole-of-government approaches to its work. The current business model of fragmented administrative services is inefficient and costly.

This underscores the importance of completing and implementing the findings of the Administrative Services Review (ASR) announced in the 2010 Budget. This enterprise-wide review of administrative functions was aimed at simplifying business processes and delivery mechanisms to improve access to

government services and reduce program delivery costs. Transforming business practices and technology will allow the Public Service to simplify, standardize and consolidate back-office functions and infrastructure. Adoption of a whole-of-government approach can improve the agility and operational efficiency of the Public Service and reduce overall administrative costs.

As the results of this initiative are rolled out, it will be important to:

- Focus on work that is core to the Public Service mandate and move out of non-core work that may be better done by or with the private sector;
- Continue to attract and develop highly skilled employees who can excel at knowledge-based work;
- Ensure the technology and management systems are in place to enable these knowledge workers to effectively deliver on the priorities of government; and
- Maintain strong leadership and ensure clear accountabilities for the transformation of business processes and systems, and for the realization of benefits.

People management

The Committee was interested in the five-year review currently underway of the *Public Service Modernization Act*, the legislative framework for human resource management. Two of its component statutes, the *Public Service Employment Act* and the *Public Service Labour Relations Act*, are central to better people management in the Public Service. There are strong links between the modernization efforts of the past five years and recent and ongoing initiatives in support of public service renewal. A high performing public service depends upon a modern, flexible and risk-based people management framework that is understood and upheld by highly competent and committed public service managers who are held to account for achieving results.

We believe that further legislative and machinery changes are neither necessary nor desirable for continued progress in people management. Rather, public service leaders and managers must

continue to develop the institutional culture to support effective people management. This new culture must be rooted in a shared vision expressed in public service values, clearly articulated expectations and a reasonable level of risk taking. It also requires clearly defined accountabilities, including consequences for poor performance.

2. LONG-TERM THINKING

Government is a long-cycle business. Yet the work of government is often driven by short-term pressures and concerns. The Committee is pleased to see continued attention being paid to medium and long-term thinking and we applaud the work of the deputy minister policy committees as one example of this. This kind of activity is a critical function of the Public Service in fulfilling its responsibility to Canadians. It supports Canada's capacity to deal with emerging issues and it informs government decision making in the short term. Playing this role of longer-term stewardship of issues and policy development means public servants must be well connected across Canadian society and seek the views of experts outside of government.

In our view, longer-term thinking is more important than ever as we move from a period of relative stability and growth to one of global complexity and uncertainty. Today, we are witnessing a major shift in the global marketplace, including a change in the role of the United States, Canada's foremost trading partner, and the emergence of China and India, among others, as economic powerhouses. Canada must adapt to these changes in the global political and economic environment and take advantage of them.

A core responsibility of Canada's Public Service is to be ready to help current and future governments address the important issues of the day. To fulfil that responsibility and provide the best possible advice to government, the Public Service must continue to invest in research, analysis and strategic thinking. We believe its role as a platform for longer-term policy thinking must be strengthened, particularly in the current environment of economic uncertainty. Just as Canadian businesses must internationalize their mindset, so too must the Public Service shift to a much more

international perspective to help position Canada for success in the 21st century.

3. REFLECTIONS ON THE OVERSIGHT REGIME

The Government's commitment to strengthening accountability in federal public administration is laudable, and the 2006 *Federal Accountability Act* was a major step toward this end. Yet the Committee is concerned about the cumulative impact of the various oversight and accountability mechanisms that have been created over many years, and the resulting cost and complexity of the current oversight regime.

As demands for monitoring and reporting on a wide range of activities have increased, we are concerned that the costs of operating this complex regime may be disproportionate to the benefits. Our concern is not so much with the new parliamentary mechanisms but rather with operating a system that is becoming more concerned with *how* things are done than with *what* is done for Canadians. Proper oversight and accountability are essential to a well-functioning democracy, but over time current arrangements are having unintended consequences. We believe that quality of oversight is more important than quantity. We note in particular:

- The cost and complexity of compliance with a multiplicity of reporting requirements to the various agents of Parliament;
- The barriers to relationships with many sectors of Canadian society that have arisen due to complex reporting requirements and confusion over what is actually required by the rules and regulations in dealing with external stakeholders; and
- Conflict of interest rules that discourage participation in government by well-qualified Canadians.

In effect, the complexity of today's multi-faceted oversight regime, built up over many years, has made accountability less clear rather than more effective. The Committee's view is that a proper regime of oversight should not be a barrier to meaningful dialogue between government and the society it serves. Nor should it become such a burden to departments and agencies (especially smaller ones) that it hampers their real job of service to government and to Canadians.

For all these reasons, the Committee intends to continue to devote attention to how the oversight regime can be made simpler, clearer and more effective.

PART IV: RECOMMENDATIONS

Based on our observations, we make the following recommendations.

1. TRANSFORM PROCESS, SYSTEMS AND CULTURE

- Implementation of the measures flowing from the 2010 Administrative Services Review should be seen as a priority. Building on the work of the ASR team, the Government should:
 - Clearly signal an intent to shift away from building costly, customized systems and move toward enterprise-wide administrative services that are more effective and efficient;
 - Draw on proven business strategies to leverage technology and integrate back-office systems;
 - Put in place an appropriate governance and accountability regime to drive this initiative over the medium term;
 - Focus on improving the service experience for citizens by consolidating front-office delivery mechanisms, with a view to ensuring seamless service delivery across multiple channels; and

- Be prepared to innovate and learn from experience as the initiative proceeds.
- To realize the promise of the *Public Service Modernization Act*, we support change initiatives geared toward management excellence and high performance throughout government. To this end, we recommend:
 - Greater emphasis on managers at all levels demonstrating competence in people management, including dealing with employee performance;
 - Capturing meaningful information on organizational performance to support a better understanding of what has been done, and what needs to be done, to strengthen human resources management;
 - Making measurable improvements in the time it takes to hire public servants and fill positions; and
 - Providing a regular evidence-based assessment of progress to ensure that changes in the broader HR management regime are yielding tangible results.

2. INVEST IN LONG-TERM THINKING

- It must be recognized that one of the Public Service's most important functions is maintaining a capacity for strategic thinking and policy advice. To this end, the Public Service should:
 - Continue to invest in the sustained examination of issues beyond the current agenda and in developing people with the skills to do this kind of work;
 - Engage other sectors and other jurisdictions on a continuing basis to understand emerging trends in the domestic and global environment; and
 - Pay particular attention to the emergence of new ways of adding value, as well as changes in how knowledge is transmitted in the global economy.

3. THE OVERSIGHT REGIME

- Recognizing that an effective oversight regime is essential to an effective democracy, we encourage the Government and Parliament to consider whether the right balance has been achieved. They should:
 - Examine the current oversight regime and look for ways to reduce multiple reporting requirements, without sacrificing accountability;
 - Clarify rules and procedures to ensure the intentions of the various elements of the oversight regime are met in practice; and
 - Ensure that the rules enable public servants to engage with other sectors and jurisdictions, all with a view to facilitating informed advice to government.

PART V: MOVING FORWARD

WHAT NEXT?

In the coming months we will be looking in more depth at the following issues.

- Business models in the Public Service in the context of ASR implementation. It will be important to develop business models that reflect broader trends in service delivery, demographics and the needs of the population, as well as opportunities arising from new technologies and partnerships.
- How to make the most effective use of resources in the Public Service.
 - Is the Public Service the right size and configuration to meet the needs of the Government and the country over the coming decades?
 - Are we as good as we need to be at measuring efficiency and productivity in the Public Service?

- Are resources effectively utilized? That is, do we have the right people in the right jobs to lead the Public Service to where it needs to be in the next five, ten or twenty years?
- The importance of managing for wellness and ensuring a healthy, engaged and productive workforce.
- The role of technology and social media in the transmission of knowledge and ideas, and their effect on policy development in a globalized world.

Like the Public Service as a whole, the Committee has been renewing itself with three new members joining us this past year. We are proud that we have been asked to make a contribution to the enterprise of good government in Canada and we look forward to our work over the coming year.

**APPENDIX: MEMBERS OF THE PRIME MINISTER'S ADVISORY
COMMITTEE ON THE PUBLIC SERVICE**

The Honourable Paul M. Tellier, P.C., C.C., Q.C.

The Honourable David Emerson, P.C., Ph.D.

*Tony Comper, Immediate Past President and CEO,
BMO Financial Group*

*Jacques Gauthier, Executive Vice-President, Dessau and
President and Chief Executive Officer, LVM*

Donna Soble Kaufman, B.C.L., LL.M., Corporate Director

*The Honourable Aldéa Landry, C.M., P.C., Q.C.,
President, Landal Inc.*

*R. Peter MacKinnon, President and Vice-Chancellor,
University of Saskatchewan*

*John MacNaughton, Chairman, Business Development
Bank of Canada*

Sheila Weatherill, C.M., Corporate Director