



Prime Minister's Advisory Committee on the Public Service

Fourth Report to the Prime Minister

February 2010

A Relevant and Connected Public Service

MESSAGE FROM THE CO-CHAIRS

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

In preparing this report, we have been impressed by the number of opportunities that exist for the Public Service to reinvent the way it does business to serve Canadians better. These opportunities present themselves now. They range from the exciting possibilities that new technologies offer, to a dramatically changing workforce giving rise to new ideas, to the interesting innovations that emerged from the daunting challenge of delivering Canada's Economic Action Plan.

In our view, the circumstances are right for the Public Service to reassess and transform its models for delivering on the business of government. This is an ambitious undertaking. However, we are confident that, with your support, the Public Service can and will succeed. For our part, we are fully prepared to draw on our collective experience to advise you on these issues.

Once again, we appreciate your personal commitment to these matters. We look forward to continuing our work.

The Honourable
Paul M. Tellier

The Honourable
David Emerson

TABLE OF CONTENTS

| | |
|---|-----------|
| PART I: SETTING THE CONTEXT | 1 |
| PART II: TAKING STOCK | 3 |
| RISK MANAGEMENT | 3 |
| PAY MODERNIZATION | 5 |
| PUBLIC SERVICE RENEWAL | 5 |
| HUMAN RESOURCES GOVERNANCE | 6 |
| PART III: OBSERVATIONS | 6 |
| SUPPORTING STRONG LEADERSHIP | 7 |
| IMPLEMENTING THE ECONOMIC ACTION PLAN: IMPLICATIONS FOR THE PUBLIC SERVICE | 8 |
| STRENGTHENING POLICY CAPACITY: A RELEVANT AND CONNECTED PUBLIC SERVICE | 9 |
| CREATING A MODERN, ENABLED WORKPLACE | 10 |
| PART IV: RECOMMENDATIONS | 11 |
| PART V: CONCLUSION | 12 |
| WHAT NEXT?..... | 12 |
| APPENDIX 1: MEMBERS OF THE PRIME MINISTER’S ADVISORY COMMITTEE ON THE PUBLIC SERVICE | 14 |

PART I: SETTING THE CONTEXT

A high-performing and values-driven public service is critical to the success of every country in today's complex and interconnected world. In Canada, our Public Service is a national asset, a part of Canada's comparative advantage and key to our competitive performance in the global economy. It also helps provide the foundation for sound democratic government, which is essential to a healthy society, to a resilient business climate and to our country's ability to navigate economic instability.

In 2009, the working environment in which the federal Public Service operated was complicated and unpredictable. As the country continued to experience a major economic recession, significant health and safety concerns emerged with the onset of H1N1. Innovative approaches were taken to plan and implement the government's Economic Action Plan in a timely and efficient way, and decisive measures were put in place to ensure a coordinated response to national health risks.

"Government capacity is being tested like never before. Decision makers are being confronted by a combination of policy challenges of unprecedented size and complexity – from unemployment to climate change, ageing populations, migration and other long-term concerns. Citizens are turning to governments, seeking immediate solutions to complex problems and demanding high-quality public services to meet their changing circumstances and needs."

Government at a Glance
Executive Summary OECD 2009

More recently in January 2010, following the tragic earthquake in Haiti, the Public Service proved its ability to work horizontally across departments and to mobilize an enormous relief effort. As a result, Canada played an immediate and very valuable role in the international effort to assist Haiti.

It is clear from the experience of the past year that the Public Service has demonstrated its capacity as a strong, innovative institution. It adapted quickly to dramatically changing circumstances, realized opportunities to rethink and improve the way it does business and, most importantly, served Canadians.

We believe we are now seeing tangible results of the concerted efforts to renew the Public Service. First launched in 2006, public service renewal continues to be the top management priority led by the Clerk of the Privy Council. The intent of this management strategy is to ensure that the government and the public are well served by a skilled, knowledgeable workforce now and into the future. The past year has proven the value of having this strategy in place.

As the country enters a period of fiscal restraint, it is clear that the Public Service must reflect the environment in which it operates. That said, we strongly believe that fiscal pressures should not compromise the ability of the Public Service to effectively support the government and serve Canadians. To this end, employee and leadership development, a modernized workplace and strategic recruitment all remain important. Renewal must remain a priority.

Our globalized environment presents both challenges and opportunities for the Public Service to adapt at the same time as internal demographic imperatives provide opportunities to transform the workforce and senior leadership. The quality of the people who move into leadership roles and those who are newly recruited is more critical than ever to ensure the institution remains dynamic and attuned to Canadians' needs.

Meeting this challenge requires deliberate action to:

- support and sustain strong leadership in the senior ranks of the Public Service;
- strengthen policy development capacity;
- ensure the Public Service is relevant, informed and connected with Canadians from all sectors and regions; and

- create a modern workplace that will attract, retain and enable public servants to be responsive, innovative and efficient in serving Canadians.

PART II: TAKING STOCK

The Committee has provided advice to the Prime Minister for over three years and progress is evident. Our last report, *Achieving Results: Accountability and Action*, made three recommendations:

- (1) develop a principles-based approach to risk management;
- (2) renew public service systems and technology with the top priority being modernization of the pay system; and
- (3) sustain public service renewal as a major management priority.

We are pleased to note that the Prime Minister and the Public Service have acted on these recommendations.

RISK MANAGEMENT

A comprehensive government-wide shift to a principles-based approach to risk management will take time. However, progress is being made. New ideas that can improve the way government business is carried out will not be pursued in a culture of risk aversion and zero tolerance for mistakes.

Action to apply risk management to government operations is taking place. In 2009, the Secretary of the Treasury Board publicly reported on how risk management is being used to reduce the numerous complex procedures and reporting requirements referred to as the “web of rules.” Progress is occurring by eliminating ineffective and unnecessary rules, reducing the reporting burden to essential information and modernizing administrative processes and systems.

Central agencies are substantially streamlining and reducing the oversight and reporting requirements placed on departments. Line departments and agencies are taking additional measures to

simplify their internal management processes. A concerted effort to reduce the administrative burden placed on recipients of grants and contributions funding is producing real results.

The impact of this work is significant: the Public Service and recipients of government funding are better able to focus efforts on serving Canadians.

Toward Effective Government: Untangling the Web of Rules

Some practical results

- Eliminating pre-approval requirements for low-risk projects in the Building Canada Fund coupled with departmental collaboration accelerated service to recipients and reduced Treasury Board submissions by up to 80 percent.
- A risk-based approach to audit within Human Resources and Skills Development Canada saved 2,800 audit days and dramatically reduced the burden of multiple audits imposed on recipient organizations.
- Service Canada's e-solutions, including the electronic record of employment and the Newborn Registration Service, benefited millions of Canadians by reducing the time required to post reports to the government.
- The Employee Passport allows up to 75 percent of the core public administration to securely transfer electronic files between departments, reduce paper burden and increase efficiency.

Treasury Board Secretariat, September 2009

This work is on track and must go further. We understand this is the plan.

In our view, developing a culture of innovation, founded on well-considered risk management is essential to a high-performing public service that is accountable, adaptable and focused on results. Sustained attention and commitment will continue to be required at both the political and bureaucratic levels. The Committee will continue to monitor progress on this issue, and offer support and advice wherever needed to accelerate further progress.

PAY MODERNIZATION

Public Service back office systems lag well behind their private sector equivalents. Without investment in more efficient systems, there are serious limits to overall performance of the Public Service.

In 2009, the government approved the modernization of the outdated public service pay system, a 40-year-old inefficient legacy system. Together with the government's earlier investment in the pension system, this is a major step toward modernizing back office support systems required by any large organization. Revitalizing these back office functions will allow efforts to be better focused on service to the public.

The modernization of the pay system is more than a major information technology project. First, this decision represents a significant step toward renewing the foundation for effective human resources management in the federal Public Service. Second, this initiative will completely transform the pay advisory function. In a few short years, the system will be more productive, efficient and cost-effective.

PUBLIC SERVICE RENEWAL

Public service renewal continues to be a critical management strategy to ensure ongoing capacity to deliver on the business of government. We are encouraged by the steady progress that the Clerk and the deputy minister community are achieving by setting, reporting and building on concrete annual goals. Much has been accomplished in establishing a more strategic and rigorous approach to recruitment, talent management, leadership development, and performance management. Such efforts should be applauded and encouraged. At a modest cost, the returns are major—they ensure a public service that is competent, dynamic and adaptable.

HUMAN RESOURCES GOVERNANCE

In response to this Committee's recommendation in 2008, the Prime Minister announced a new human resources management regime for the Public Service in February 2009. The intent of this new governance model was to:

- clarify that deputy ministers have the primary responsibility for human resources management;
- streamline and reduce the number of central agencies involved; and
- shift the central agency role to one of enabling rather than policing deputies.

In March 2009, a Chief Human Resources Officer (CHRO) position was created with consolidated responsibilities for the employer role. The CHRO has moved quickly to take measures to reduce unnecessary central policy and oversight controls. Concurrently, deputies are taking charge of their respective responsibilities for managing people. While it is still too early to assess the success of the new model, we are encouraged by the progress reported to us by the CHRO. This work is a precondition to strategically managing people and talent in the Public Service.

PART III: OBSERVATIONS

The Committee is keenly aware that the reality of the Public Service is one of change and complexity. We have therefore been deliberate in our efforts to stay abreast of both the short- and longer-term impacts of this environment on public service employees and senior leaders. Over the past year, we learned a great deal about the capacity to innovate and deliver results while managing urgent challenges of national import. We have also gained insight into the Public Service's capacity to anticipate important issues that will affect the country and how collaboration with other sectors can usefully inform this work. And finally, we learned about the inadequacies of an outdated public service workplace.

SUPPORTING STRONG LEADERSHIP

The foundation for an effective public service is strong leadership.
During 2009:

- over 20 deputy ministers and associates were either newly appointed or changed portfolios
- over 50 new assistant deputy ministers were appointed

This trend is likely to continue over the next two years as the majority of anticipated public service retirements occur.

A complete transformation in the leadership of the Public Service is taking place as the retirement of the post-war generation and the cessation of recruitment in the mid-1990s play out. In the near term, the effect of this changeover is churn in the senior ranks. Increasingly senior leaders are newly promoted and stepping into critical jobs responsible for delivering major programs and services while at the same time learning on the job. Given the demographics, it will take a few years before this dynamic changes.

Within this context, the importance of rigorous talent management, including succession planning, cannot be overstated.

In our view, the length of time that newly appointed senior leaders spend in their positions must be sufficient for them to fully master the requirements of their responsibilities and exert sustained leadership of their organizations. Mastery of their own departments is also essential to their ability to contribute to whole-of-government leadership and collaboration.

We have also deepened our understanding of the complexities of deputy ministers' jobs, which have expanded dramatically in recent years to include:

- new accountabilities that have increased both deputies' personal responsibilities for management of their organizations, and their involvement in day-to-day transactions;
- extensive portfolio management to promote coherent agendas across multiple organizations reporting to a single minister;

- the need to work horizontally across departments on many complex issues that often transcend the mandate of a single minister, such as Aboriginal policies, immigration, environmental issues and security matters;
- the need to respond to myriad oversight mechanisms in Parliament and the government's central agencies; and
- the need for deputies to manage in an environment of ever present media, public scrutiny and expectations of heightened transparency.

We believe the cumulative consequences of these factors should be assessed along with the possibility of consolidating certain oversight bodies. Too much oversight can lead to a blurring of accountabilities at a time when it is essential for deputies to focus on their core role of providing sound, timely advice to ministers on important public policy issues.

IMPLEMENTING THE ECONOMIC ACTION PLAN: IMPLICATIONS FOR THE PUBLIC SERVICE

In response to the economic crisis, the Public Service was pressed to find new ways to achieve results while managing the trade-offs between risk and speed without compromising the principles of the Cabinet system. It met the challenge.

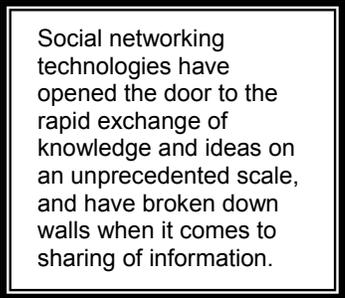
Actions were taken to expedite implementation of the government's Economic Action Plan through a series of streamlined measures with respect to policy decision making, administrative approvals, implementation, reporting and communications. The Committee was very impressed with this work and believes there are important lessons to be learned for the future with respect to collaboration and the management of risks. The Public Service has a tremendous opportunity to rethink and reinvent the ways it does business by applying these lessons more broadly. This ability to be both responsive and responsible is critical if we are to deal with the rapid and unanticipated emergence of global and domestic issues.

STRENGTHENING POLICY CAPACITY: A RELEVANT AND CONNECTED PUBLIC SERVICE

It is essential to Canadian interests that the Public Service be proactive in identifying emerging issues and their potential implications for Canada in the longer term. To do this, the Public Service must strike a balance between managing urgent issues and longer term anticipatory and strategic thinking. We understand this has been done through the creation of several policy planning initiatives led by deputy ministers. We believe this work, done well, is extremely important.

A public service operating in isolation runs the risk of becoming irrelevant. We believe that the quality of policy thinking must be enhanced by additional perspectives from citizens, stakeholders and experts from other jurisdictions and other sectors (e.g. business, academia, non-governmental organizations). We believe sound government policy should be shaped by a full range of perspectives, and policy makers must consistently reach beyond the National Capital Region for input and advice.

Furthermore, the Public Service now has an opportunity to engage Canadians, especially younger ones, through the use of Web 2.0 collaborative technologies such as wikis, blogs and social networking. These offer an excellent way for the Public Service to reach out and connect.



Social networking technologies have opened the door to the rapid exchange of knowledge and ideas on an unprecedented scale, and have broken down walls when it comes to sharing of information.

We applaud existing mechanisms to engage with senior external leaders, and encourage the Public Service to consider other potential opportunities to exchange and obtain knowledge and perspectives from Canadians.

Of particular note, we strongly endorse practices such as external advisors from the private sector sitting as members of departmental audit committees. We also recognize the value of the Interchange Canada program for improving policy making and for building knowledge of how government works across sectors.

The Committee has learned this year that universities and senior public service leaders have well-established relationships supported by institutionalized programs and practices. These include: university exchanges, ties between public policy schools and deputy minister champions, close links between government scientists and their university colleagues, and cooperative and other recruitment programs. We encourage the continuation of this collaboration and the greater involvement of universities as well as other sectors in the policy development and review process.

CREATING A MODERN, ENABLED WORKPLACE

Public service renewal must extend beyond the workforce to address the nature of the public service workplace. An enabled workplace will equip the thousands of public servants who deliver essential services to Canadians across the country, to do their jobs better. With the approval to proceed with pay modernization, a major step has been taken to improve the back office systems needed for an enabled workplace. Much more, however, remains to be done. Sustained attention will be required. There are two building blocks for workplace renewal:

- doing business better and more efficiently based on innovative approaches, best practices and new business models. We believe continuous improvement reviews are essential if government operations are to keep pace with the demands placed upon them; and
- creating a workplace that will attract, retain and empower public servants to innovate, collaborate and be responsive to the public. Among other things, this must include the adoption of collaborative technologies that are increasingly widespread in other sectors.

Moving forward in these two areas will permit the Public Service to better serve Canadians and provide quality advice to the government. This will create a workplace where service to the public is enabled, and not just a place where public servants work.

PART IV: RECOMMENDATIONS

The environment in which the Public Service operates will continue to be complex, demanding and unpredictable. Canada will continue to need a public service that is able to adapt and manage risks in delivering results, and is equipped to be productive and connected to citizens. Within this context, the Committee recommends the following actions.

Supporting Strong Leadership

1. Deliberate steps must be taken to manage churn and establish greater continuity in senior leadership positions. Effective succession planning and talent management are essential, given the demographic realities facing the Public Service.
 - Deputy heads should remain in their positions for at least three to five years. This goal should be maintained. We realize this will not always be possible in the short term, given demographic and operational needs.
 - However, when rapid changes are inevitable, it is even more important to have rigorous talent management and succession planning. This should include a systematic approach to developing associate deputy ministers and assistant deputy ministers for more senior positions.

Staying Relevant and Connected

2. The Public Service must ensure it has the capacity to anticipate and plan for issues that will affect the country in the longer term. It must, therefore, be consistently tuned in to the issues and concerns of Canadians.

- The Public Service should adopt a structured approach to tapping into broad-based external expertise. This includes collaboration and exchanges with universities, social policy organizations, think tanks, other levels of government and jurisdictions, private sector organizations and citizens.
- Fiscal restraint that impedes the Public Service’s ability to engage face-to-face with external organizations is “penny wise and pound foolish.” Public servants must be able to seek out external views and expertise to inform policy development.
- The Public Service must take full advantage of collaborative technologies to facilitate interaction with citizens, partners and stakeholders.

Doing Business Differently

3. The Public Service should find opportunities to work in new and innovative ways with a view to transforming the way it does business and delivers services to Canadians, and to improve its policy-making capacity.
 - Lessons should be learned from the creative measures taken to implement the Economic Action Plan in streamlining decision making, expediting implementation measures and communicating results.
 - This management model of enhanced collaboration and explicit risk management should be replicated for dealing with other initiatives.

PART V: CONCLUSION

WHAT NEXT?

In the coming months, as we enter a period of fiscal restraint, the Committee intends to focus on ways to support the renewal of the Public Service:

- consider and advise on new business models for the Public Service with a view to creating an innovative and productive workforce that continues to deliver increasing value for money by taking advantage of new tools and technology;
- learn about and advise on the overall health of the public service workforce;
- review the impact of changes in human resources governance as the new model matures;
- stay abreast of progress in reducing the web of rules and embedding well-considered risk management practices; and
- continue to advise on a high-performing public service workforce, with particular attention to the critical issue of talent management in the senior ranks.

APPENDIX 1: MEMBERS OF THE PRIME MINISTER'S ADVISORY COMMITTEE ON THE PUBLIC SERVICE

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

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