



**Prime Minister's  
Advisory Committee  
on the Public Service**

Fifth Report to the Prime Minister

*A Public Service for  
Challenging Times*

March 2011

## **MESSAGE FROM THE CO-CHAIRS**

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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*