



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

Sixth Report to the Prime Minister

**Moving Ahead:
Public Service Renewal
in a Time of Change**

March 2012

Canada

MESSAGE FROM THE CO-CHAIRS

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

We are conscious that the Public Service is on the verge of significant changes, driven in part by the immediate requirements of deficit reduction, but also by a more fundamental need to renew public institutions for the future.

Advancing this program of change will require the active engagement of senior leaders, managers and employees throughout the Public Service. It will also need your sustained support and that of your colleagues.

We have benefited greatly from our meetings with you over the past several years. We appreciate your openness to our ideas and our recommendations, and we look forward to being of continued service to the Government and to Canada.

The Honourable
Paul M. Tellier

The Honourable
David Emerson



Source: Office of the Prime Minister

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Absent: the Hon. Aldéa Landry

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PART I: THE PUBLIC SERVICE IN 2011

This is the Committee's sixth report since we began our work in 2006. The years since then have been marked by dramatic events and significant changes, both here in Canada and globally. These are uncertain times for Canadians and for public servants. Charting a successful course through the next few years will call for courage, imagination and agility from the Government of Canada and from the leaders of Canada's Public Service.

In previous reports, we have described the ways in which the Public Service has been changing to respond to new realities and challenges. The cumulative impact of transformative initiatives over the past five years is significant. They range from a major realignment of responsibilities for human resources management to the consolidation of the government's underlying information infrastructure. And still more change is on the horizon.

The year 2011 has been noteworthy in the Public Service for a number of reasons:

- It was the largest year in the Strategic Review process, generating projected savings of \$1.570 billion in program spending in 13 departments by 2013–14.
- In addition, departments and agencies are entering the third consecutive year of significant restraint on operating budgets. The Government's actions to reduce growth in operating expenses were projected to save \$0.9 billion by 2011–12 and \$1.8 billion by 2012–13. The consequences of these reductions are now being felt across the Public Service.
- It also represents the second consecutive year in which there has been no growth in the size of the Public Service.
- In Budget 2011, tabled in June, the Government announced a new, comprehensive review of programs and operations that will further reduce the cost of government operations by at least \$4 billion annually. In the

forthcoming Budget 2012, departments and agencies will learn the details of their contribution to the Government's deficit reduction action plan. As those decisions are implemented over the coming months, they will mean changes in how government organizations are aligned and resourced to do their work.

- In August, the Prime Minister announced the creation of Shared Services Canada, a new common-service organization that is taking on responsibility for government networks, data centres and email systems.
- In November, the Treasury Board published its guidelines for the use of social media.
- And in December, the President of the Treasury Board tabled the new *Values and Ethics Code for the Public Sector*. The *Code* will better equip managers and employees to meet the challenges of public management in the 21st century. The new *Code* highlights five Public Service values: respect for democracy, respect for people, integrity, stewardship and excellence.

Cumulatively, these measures—and others to come—reflect a determination to fundamentally rethink the role of the Public Service and how it serves Canadians. What is equally important is that these changes be grounded in the enduring values of the Public Service.

PART II: TAKING STOCK

This kind of comprehensive reappraisal of functions and operations is needed. In the private sector, every successful enterprise has been obliged to re-examine how it does business, manages people, and serves its customers. All Canadians are aware of how their lives have been affected by the information technology revolution, which has transformed communication, entertainment, education and commerce. These forces of change affect governments too.

In every country, public sector institutions are undergoing change. This is also unavoidable in Canada. Indeed, change is essential if the Public Service is to become a more productive, leaner and more relevant institution, and if it is to remain a career of choice for talented young Canadians.

We see our Committee's work as a catalyst to this broader process of public sector renewal, one driven as much by larger forces of change in the world as by the priorities of the Government or the particular goals of Public Service leaders.

Our job has been to help identify priorities for change and, as those changes are implemented, to offer what we hope is useful advice based on our collective experience.

PART III: OBSERVATIONS

1. THE DEFICIT REDUCTION ACTION PLAN

Over the past eight months, departments and agencies have been preparing to meet the goals of the Government's deficit reduction action plan. This has meant reviewing programs and operations with a view to generating ongoing savings in the order of 5 to 10 percent of direct spending.

This process is more than an obligation to deliver savings—it is also one of the drivers for the transformation of the Public Service.

We are pleased to see that deputy ministers are taking this opportunity to think about how to transform and improve their organizations for the future. They are beginning to drive the process of change and positioning their workforce for future success. This is just what was intended in 2009 when deputy ministers were given primary responsibility for the management of human resources.

One of the major tasks that senior leaders will face is the deliberate downsizing of the Public Service. Current provisions of workforce adjustment agreements will make this a particular

challenge. Departures must be managed in a way that does not undermine the longer-term capacities of departments.

2. SHARED SERVICES CANADA: A NEW INFORMATION BACKBONE

In our report last year, we talked about “simplifying business processes and delivery mechanisms to improve access to government services and reduce program delivery costs.” The creation of Shared Services Canada in August 2011 is a significant step toward this goal.

Shared Services Canada is founded on the premise that internal services such as information networks, data centres and email systems are essentially “utilities.” Like electricity or natural gas, they are best delivered by a single enterprise rather than by individual service providers in departments and agencies. Shared Services Canada will consolidate these underlying systems so as to reduce operating costs and facilitate investments in new technologies, thus improving both service and efficiency. We believe the benefits to government as a whole will be substantial.

3. TOWARD A NEW BUSINESS MODEL

A senior manager told us that through the deficit reduction process, he aims to build a 21st century organization, equipped and managed to get the best from its employees and to deliver the best services to Canadians. This vision should underpin the entire process of Public Service renewal and transformation.

The elements of such a 21st century organization are:

- A clear mission and longer-term goals;
- Modern technology to enable efficient operations;
- Much faster decision making and quicker “reaction time”;
- Close linkages to partners inside and outside government; and

- An intelligent and respectful approach to people management that is sustained by investments in employee development and communicates clear expectations of performance.

With respect to public sector unions, we have seen that frank and productive dialogue between labour and management can generate results that serve the interests of both sides. This kind of dialogue must continue.

4. TRANSFORMING PEOPLE MANAGEMENT

In our report last year, we noted the importance of “a modern, flexible and risk-based people management framework” upheld by competent managers who are accountable for results.

The five-year review of the *Public Service Modernization Act* has been tabled in Parliament. We support the review’s finding that continued progress in people management requires capable leadership, appropriate tools and respect for people, rather than major changes to the law or institutions.

Over the past year, we have seen clear evidence of continuing progress in people management. Yet there remains much more to be done in areas such as performance management, disability management and, generally, in getting senior managers to take up their full responsibilities for managing people. We strongly endorse the current disability management initiative. We believe it can produce significant cost savings, improve support to employees, and increase productivity and morale.

Over the coming months and years, changes inside the Public Service will affect many people’s lives. Managing through this period of uncertainty requires clear goals and priorities, determination, timely decisions and open Communication.

5. INVESTING IN LONG-TERM THINKING

Long-term thinking is an area where the Public Service has a vital role to play.

Policy issues today are more complex, more “horizontal,” and, in many ways, more intractable than ever before. In today’s global information economy, every issue facing Canada has an international dimension, as well as a federal-provincial, municipal, local or Aboriginal perspective. On every issue, concerned citizens have a voice.

There are many more players on the policy field today than in previous years, and this is a good thing. Governments must be receptive to ideas and inputs from many sources. Today, Canada’s Public Service must compete for its place at the policy table on the basis of knowledge, rigorous analysis and high-quality advice. It must be able to provide creative solutions as well as accurate and evidence-based diagnoses of problems.

The Public Service can do all these things and the result will be better public policy for Canadians.

It is essential that the Government continue to invest in the longer-term policy and research capacity of the Public Service. This means investing in training and development, and encouraging open and productive relationships with policy centres outside government.

As Ministers move to implement the deficit reduction action plan, they must protect essential policy and research capacity, as well as talent and skills unique to government. Talented people and innovative thinking will be just as important in the future as they are today.

PART IV: RECOMMENDATIONS

On the basis of our work over the past year, our dialogue with officials and our private discussions within the Committee, we make the following recommendations. They are intended to help guide the process needed for the Public Service transformation that lies ahead.

1. BE DECISIVE AND STAY THE COURSE

Every member of the Committee has had experience in organizational transformation, whether in the public or private sectors. Our unanimous view is that transformation requires decisiveness and staying the course, all the while being prepared for unforeseen circumstances. The sooner decisions are taken, announced and implemented, the better for all.

We have learned that successful change depends on treating people fairly—both those who are leaving and those who are staying. The former need to be equipped to get on with their lives and careers; the latter need to see a clear and positive vision for change. Spelling out this vision is partly a political task but, more importantly, it is a task for the leadership of the Public Service. It means:

- Communicating regularly and openly with employees about what is happening and where each institution is going;
- Ensuring managers understand what is expected of them and have the tools they need to do the job; and
- Engaging employees in the process of change and encouraging them to take ownership of their collective future, while acknowledging that this process is challenging and difficult.

Employees can deal with unpleasant facts. What is much harder is to live in an atmosphere of uncertainty.

2. CONTINUE TO INVEST IN PEOPLE

Through this process of change, it is essential to continue recruiting talent, though perhaps at a slower pace, and more strategically. This is needed to ensure a continuous stream of leaders for the decades to come. It is also necessary to sustain investments in employee training and development, to ensure that the Public Service maintains the capacity to do its job even as the total size of the workforce is shrinking.

We were struck by the results of the 2011 Public Service Employee Survey. Despite the stress and uncertainty of fiscal consolidation, employees' satisfaction with their jobs and workplace is remarkably high. Indeed, the survey participation rate of over 72 percent shows that people care deeply about their jobs and about their vocation as public servants. The majority of employees are proud of the work they do (89 percent) and are willing to put in the extra effort to get the job done (94 percent). Yet the survey also revealed a lack of confidence in senior management. Although this finding is not unique to the Public Service, it is obviously an area that should receive attention over the coming year.

3. GET USED TO THE NEW WORLD

We discussed Web 2.0 and the social media tools that are pervasive in society, but only recently adopted by government. We are pleased to see that the Government has published guidelines for the use of social media. This is a positive and necessary step in equipping public servants with the tools and the policy framework they need to engage their fellow citizens effectively. We were impressed by the level of innovation in new approaches and technologies employed in the Public Service today.

These tools are transformative and unstoppable and the Public Service must take full advantage of these new ways of working. The communications challenge for political leaders and deputy heads is not to try to control what cannot be controlled. The task is to ensure that employees understand their responsibilities as

public servants so they can use these new collaborative tools to support their work and the mandate of their organization.

PART V: LOOKING AHEAD

As the Committee enters its seventh year, we will remain closely engaged in the process of renewal and institutional transformation.

We will monitor the implementation of the changes that will flow from the deficit reduction action plan. We will encourage the Government to continue to pursue enterprise opportunities to standardize and consolidate business processes and systems. We will also track projects such as Shared Services Canada, the disability management initiative and other transformative initiatives.

We will pay particular attention to the issues of oversight, reporting and accountability, matters that have long been on our agenda. The Public Service exists to serve government and Canadians, not simply to manage itself. Good management must be seen as a means of enabling effective, efficient and accountable services to the public.

We will continue to urge the senior leadership to equip managers with the tools they need to become great people managers who lead productive, engaged teams in respectful workplaces. We will support continuing investment in employee training and development.

Finally, we will continue to support the Government and Public Service by providing advice and recommendations on a forward vision for the Public Service and how to ensure ongoing success.

We recognize the challenges of leading and managing a 21st century public service within our Westminster system of individual ministerial accountability to Parliament. The Public Service operates within a complex environment that does not easily change. Yet change—transformative change—is what is called for today.

We are truly impressed by the high quality of public servants who dedicate themselves to serving Canada.

Public service work remains a noble calling that deserves the respect and appreciation of all Canadians. Our job is to do what we can to enable the Public Service to live up to the high expectations Canadians have always placed on it.

For all these reasons, we feel honoured to have been given this advisory responsibility in relation to Canada's Public Service.

We look forward with enthusiasm to 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 Inc. and
President and CEO, LVM*

*Donna Soble Kaufman, B.C.L., LL.M., Chair, Institute of
Corporate Directors*

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

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

*John MacNaughton, C.M., Chairman, Business Development
Bank of Canada*

Sheila Weatherill, C.M., Corporate Director