

PRIME MINISTER'S
ADVISORY COMMITTEE
ON THE PUBLIC SERVICE

EIGHTH REPORT TO THE PRIME MINISTER

CONTRIBUTING TO A COMPETITIVE CANADA

MARCH 2014

MESSAGE FROM THE CHAIR

I am pleased to present to you, Prime Minister, the eighth annual report of your Advisory Committee on the Public Service.

I write as the departing chair of a renewed committee. While I am sorry that personal commitments oblige me to step down after nearly five years, the quality of our new members makes me confident I am leaving things in good hands.

Over the past year, a number of long-serving members have also completed their service, including my friend and colleague Paul Tellier, who did a remarkable job as co-chair from the very beginning of the committee. I also wish to thank Donna Soble Kaufman for her significant contributions.

The renewal of the committee is an affirmation of your commitment to our work, and we appreciate your continuing engagement. Like you, we want to do whatever we can to equip Canada's Public Service to support our country's success in a competitive global environment.

The members of the renewed committee have now had three meetings together. We have been inspired by the people we met on those occasions and by the ambitious agenda for renewal set out in Blueprint 2020. I am confident that the committee will contribute to continued innovation in this vital national institution.



The Honourable David Emerson

Chair

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PART I: INTRODUCTION

The Prime Minister’s Advisory Committee on the Public Service was created in 2006 with a mandate to “advise the Prime Minister and the Clerk of the Privy Council on the renewal and future development of the Public Service of Canada.”

Over more than seven years, the committee has done just that. We have provided our advice in written form in eight annual reports, and in regular meetings with the Prime Minister and the Clerk. Sustained engagement with the head of government is one feature that has distinguished our work as an advisory body. We know our views are welcome at the highest level and we are pleased that they have had some influence on decision making.

Another key feature of our work has been the committee’s close contact with the Clerk of the Privy Council and many other senior officials regarding all the major management issues facing the Public Service. This open dialogue with Public Service leaders has been, we believe, a sign of the committee's continuing relevance. This is a satisfying assignment because each of us feels that our opinion matters and that, collectively, we can make a difference. We are all committed to fulfilling the substantial mandate of this committee.

New Members

Over the past 12 months, five new members have joined the committee – Dominic Barton, Global Managing Partner of McKinsey & Company; Monique Leroux, head of Desjardins Group; John Oliver, chair of Kinross Gold Corporation; Susan Paish, CEO of LifeLabs Diagnostic Labs Inc.; and Eugene Polistuk, founding CEO of Celestica Inc.

Each member brings different experiences and, inevitably, a somewhat different perspective to our common task. All have

been engaged in leading national or international enterprises, and all want to see Canada succeed at a global level. Most importantly, and whatever are our differences in background, we share a commitment to the value of the Public Service as a national institution. We all appreciate the essential contribution public servants make to Canadian society and to an internationally competitive economy.

This Report

This document is the first report from what is essentially a new committee. It is intended to spell out why we believe the Public Service matters to the broader Canadian interest and what we believe is required if the Public Service is to renew itself for the greater benefit of Canada.

Our report differs to some extent from previous ones in that it is largely focused on the future. We have spent a good part of our three meetings discussing the Public Service-wide engagement on renewal (Blueprint 2020) and how to move that initiative forward. We have also been engaged on ideas and plans for reforms in human resources management, including learning. We have observations and recommendations to offer in all of these areas.

The Public Service is changing today. As in any institution, change and renewal are the price of continued relevance and success. Like Canada itself, the Federal Public Service cannot afford complacency – standing still means falling behind. The Public Service must change, not for the sake of change, but because it must support the evolution of Canada as we continue to explore new and different ways to compete and build our prosperity.

We believe that if the Public Service can move forward in the right way, making full use of the energies and talents of its members

and leveraging the work of external partners, it will be well positioned to support the future success of the entire country.

PART II: THE PUBLIC SERVICE TODAY

Canada's Public Service is on a path of significant change and renewal.

Deficit Reduction

This committee report follows the tabling of Budget 2014. We support the Government's strategy to balance its budget and we recognize that in order to realize this goal, all must contribute, including the Public Service. But there must be a balance between cost reduction, operational efficiency and renewal through investment and re-investment in the Public Service.

Among other things, the Budget announced a two-year continuation of the operating freeze on departmental budgets. In the simplest terms, this means managers and employees must continue to look for efficiencies and reduce costs, without diminishing the quality of service to Canadians. After five years of similar restraint measures, this will be no easy task, and yet it is the reality of the increasingly competitive global environment.

What has been apparent in our conversations with deputy ministers, and what is no doubt obvious to many people throughout the Public Service today, is that these fiscal pressures can only be met through a deeper rethinking of how work is done inside government. The need for fundamental change in the operations of government is a premise underlying public sector reform in many countries. And it is a theme repeated in successive annual reports by the Clerk and by this committee. We have some proposals to offer in this regard, as well as observations on some of the significant changes currently under way in the government.

Blueprint 2020

Blueprint 2020 is the name for the current engagement process to reform and renew Canada's Public Service. It rests on four guiding principles:

- An open and networked environment that engages citizens and partners for the public good.
- A whole-of-government approach that improves service delivery and value for money.
- A modern workplace that makes smart use of new technologies for networking, access to data and customer service.
- A capable, confident and high-performing workforce that embraces new ways of working and mobilizing the diversity of talent to serve the country's evolving needs.

We have full confidence in Blueprint 2020 as a reference point and guiding document for continued renewal of the Public Service. We particularly support the active involvement of employees at all levels in the process of reform, something that has been a feature of the Blueprint 2020 exercise from the beginning. Our experience in the private sector is that real change must come from within, and that it will only be successful if it is energized by the ideas and commitment of employees.

We also recognize the importance of modernizing the workplace through the application of information technology. Younger employees in particular are demanding this, and they are right. An effective and efficient technology infrastructure, combined with an agile culture that embraces technology, is key to the future success of the Public Service. And we agree completely with the

goal of improving client service through a more horizontally integrated approach to program and service design and delivery. Canadians want fast, seamless and e-enabled services from government. The Public Service should redouble its efforts to meet this expectation.

Blueprint 2020 is an undertaking for the long-term benefit of a national institution, which will complement many other significant change initiatives under way in the Government of Canada. In all cases, it will take time to achieve results. Those results will depend heavily on the continued backing of the Government for the reform process as a whole. Progress will also require continued leadership from the Clerk of the Privy Council, his colleagues and public servants at all levels.

PART III: THE COMMITTEE'S WORK OVER THE PAST YEAR

In our three meetings over the past year, the committee met with senior officials to discuss a number of significant management initiatives under way in the Public Service. These included:

- *Pension and pay transformation*, where we learned how Public Service pension services have been successfully consolidated in Shediac, New Brunswick and a new system implemented. Already this is generating savings. We were also informed that the consolidation of Public Service pay services in Miramichi, New Brunswick and the replacement of the old system are progressing very well. The project is on time and on budget. These are excellent examples of how investments in technology generate efficiencies and enable common services to be located outside the National Capital Region.
- *The consolidation of key back-office infrastructure* under Shared Services Canada. This is another measure that is long overdue. Shared Services Canada has developed a

strong implementation plan for email, data centres and networks consolidation. Departments are looking for the benefits of the new common IT infrastructure. The key now is to implement the plan and not to frustrate the process of modernization with unnecessary approval requirements and red tape.

Middle Management

We also began an active dialogue with the Chief Human Resources Officer on the broad issue of middle management. We wanted to know who exactly the middle managers are. What is their role in a 21st century Public Service? Do they have the right training, orientation, experience, skills and span of control? Is organizational design too cumbersome? Are there too many management levels? What is the right structure for a positive, efficient working environment?

There are no simple answers to these questions, not least because departments vary enormously in size and function. What is needed by way of middle management in one organization may be very different in another. But in every organization, middle managers represent the cohort of future leaders. They must be positioned and equipped to add optimal value. They must facilitate what the organization is doing rather than serve as an obstacle to efficient output. Equally, they must be qualified individuals who are given operational responsibility, held accountable for results and recognized accordingly.

Simplifying management structures should be seen as an opportunity for managers and employees alike because it will open up lines of communication and speed up decision making.

Streamlining Business Processes

In thinking about middle management, we saw lessons to be learned from what we have observed directly through the use of “lean” process engineering in the private sector. There the focus is on the elimination of unnecessary business processes in manufacturing supply chains and value chains to increase value while reducing costs.

“Lean” is as much an attitude to organizing work as it is a specific set of tools or prescriptions. And while no one would suggest organizing the Public Service just like a private sector enterprise, many governments have adopted “lean” practices. The Federal Public Service can continue to learn from cases where managers and employees have increased the value of their programs and services by doing things more efficiently. What’s more, this approach addresses other concerns raised by employees such as the need for greater empowerment and, generally, cutting red tape.

Innovation and Change

In our conversations, we talked with the Clerk and deputies about the challenges of innovation in large organizations, a subject that has preoccupied all of us in our own careers.

We talked about how to lead and manage change, and how to achieve real change in a large organization. We talked about how to stimulate innovation, and about the benefits of experimentation and pilot projects. We talked about the importance of early wins, and the need for a clear focus and a concrete agenda for change. These are all themes that we believe will resonate with employees throughout the Public Service.

It became apparent in our discussions that the preoccupations of managers and employees today are remarkably similar in both the

private and public sectors: the drive for efficiency and cost reduction; the need for organizational agility and responsiveness to client and citizen needs; and the challenge of applying new information technologies to empower people throughout the organization.

We also realized that many of the challenges facing the public sector today are present in other governments around the world. Many of our sister democracies are going through similar processes of public service renewal. It will be important that we learn from their experience and adopt, where appropriate, their best practices.

Learning

In our most recent meeting, we discussed the importance of learning and training as an investment in productivity and as a lever for recruitment and retention. Investments in learning are particularly important in a time of change and renewal, as is the case today.

Training is obviously a key tool for developing the kind of culture aimed for in Blueprint 2020. This means aligning the learning agenda with the values and strategic direction of the Public Service as a whole.

We believe that, as much as possible, training should be accessible online and under the control of the individual employee. We see a continuing role for the Canada School of Public Service in delivering core training and professional development to public servants. We also see the benefits of drawing on outside expertise for specialized training and as a way to ensure the Public Service has the benefit of ideas and experience from the wider community. A two-way interchange of

talent with the private and not-for-profit sectors benefits both parties and is a proven vehicle for employee development.

An important dimension of the learning process is informal mentoring and coaching, something that should be encouraged as a way of transmitting institutional knowledge and sustaining corporate values. Mentoring need not be formalized or expensive; it is really a sign of a healthy culture in an organization.

Communication

As a committee drawn largely from outside government, we are aware that the Public Service should be doing more to communicate its accomplishments and explain the critical role it plays in the daily lives of Canadians. It should provide clarity on the object of change, benchmarks to monitor results, and timelines to achieve the desired changes, thereby offering all stakeholders a true blueprint for the future.

Better communication does not have to mean self-promotion or usurping the role of politicians; instead, greater use can be made of third parties (like ourselves) to raise public awareness of the value to Canada of a modern, high-performing public sector. Such an effort could also serve to build pride in the Public Service and reinforce its essential role in serving Canadians and Canada.

PART IV: LOOKING AHEAD

As we look ahead, the committee will focus on issues that are key to successful change and renewal in the Public Service. We want to ensure the Public Service is equipped to play its essential role in supporting a healthy society and a globally competitive economy.

Facing up to the Information Age

It is a truism that the globalized information economy is changing not only politics but the whole business of government. Yet we

have only begun to explore in this country the implications of the information revolution for Canada's Public Service. Much more can be done, and must be done, if the Public Service is to make its full contribution to Canada in this new environment.

Making optimal use of new technologies to work better and smarter is a pervasive theme of Blueprint 2020 and it will be a central focus of the committee's work moving forward.

- We will be examining new approaches to policy development in the information age.
- We will encourage pilot projects on the 21st century workplace. Deputies should be encouraged and supported in trying out new ways of working that use the new technologies to empower a new generation of public servants right across the government.
- And we will urge the Government to empower public servants not just with technology but with the freedom to do their jobs better. Responsible risk taking in the service of the government should be the norm, not an ambition.

Our objective is to push the Public Service forward on this path as fast as is reasonably possible.

Thinking about Middle Management

The committee has just begun its work on how to get the most from a modern middle management cadre in government, today and tomorrow. We will continue our dialogue with the Chief Human Resources Officer and other deputies on required investments in learning and leadership development, on management structures and processes, and generally on how best

to equip this vital cohort for an optimal contribution to good public administration.

Investing in Longer-term Thinking

A recurrent theme in our discussions, particularly given the challenge of global competitiveness facing Canada today, is the importance of long-range thinking about longer-term issues such as an aging population, energy, infrastructure and the environment. These matters touch all Canadians. To deal with them, governments need the support of an intelligent, connected Public Service that can draw on ideas and experience from around the world.

Meeting the obligations of longer-term thinking means continued recruitment of high-quality analytical talent, and continued investments in research, in medium- to longer-term planning, and in longer-term policy development to address the needs of the country.

Over the coming year, the committee will be engaging in an active dialogue with officials about how best to do all these things. We will be thinking about how to build and retain the required policy and analytical capacity, and how best to harness that capacity for effective support to the Government of the day. This is a core responsibility of the Public Service.

Managing Change

A common element in the experience of committee members is change management. We have all done this in our corporate jobs, and we can now see the particular challenges of change management in the Public Service. Since change and renewal will be a continuing feature of life inside government, we know that managing change will be a focus of our work over the coming

year, and that middle managers are critical to the entire process of renewal.

Recommendations

The members of the renewed committee are pleased to engage with public servants on issues that matter not only to them but to Canada. We know that public servants perform their duties with integrity and with a deep sense of duty to the country. We appreciate their service.

Over the coming months, we will be returning to many of the issues and concerns raised in this report. But even at this point, we feel confident in offering some specific recommendations for action. In every case, it will be important to set specific goals, monitor progress and be prepared to report on results.

1. *Start by involving all employees, especially those on the front line, in process improvements.* Push authority down in the organization and hold people accountable for results. When people are empowered to make changes, they grow as a result. This should be seen as an explicit goal of the Government's change agenda, including Blueprint 2020.
2. *Put renewed effort into streamlining business processes.* Experience shows that this pays benefits because it forces people to assess risks and better manage them. And making things simpler and eliminating wasted effort is in everyone's interest. But there are no cookie-cutter solutions; you have to look at the individual characteristics of the organization. Our advice is to start with one or two departments, tailor the process improvements to those circumstances, and let everyone learn from the








experience. Here again, it will be important to agree on a time frame for implementation and yardsticks for measuring progress.

3. *Invest in learning, with a particular focus on core Public Service competencies and skills.* For specialized training, be prepared to look externally. And *invest in leadership development*, especially at middle management levels. One dimension of this effort should be on “re-branding” the public service career for younger people as an opportunity to develop transferable skills for the private and not-for-profit sectors as well.
4. *Ensure that middle management roles are clearly defined and adapt management structures in departments to meet today’s requirements.* Middle managers are a key to leadership and culture change in every organization. Put the right management structures in place to support their leadership and enable their maximum contribution in implementing change. There may be lessons to be learned from the private sector about how to reduce bureaucracy and accelerate decision making.
5. *Invest in longer-term thinking, both in people and institutions.* And maintain an active engagement with research and analytical work outside the public sector. Only through a sustained effort in this area will governments (and Canadians as a whole) get the full benefit of the policy and analytical capacity they deserve.
6. *Sustain the momentum of the management reforms under way and establish milestones for progress.* This recommendation comes directly from our collective experience in the private sector. Change on the scale being undertaken today is not a short-term deliverable. Take the time to do it right.

Final Thoughts

Blueprint 2020 is about modernizing the Public Service. It complements other elements of the broader change agenda that are focused on reducing costs and improving efficiency and effectiveness across a diverse public sector. As we have said, the whole process will take time and considerable effort. The importance of this undertaking, not only for the federal government but for Canada, cannot be overstated.

A high-quality, non-partisan, technologically enabled Public Service, able to serve Canadians in both official languages, is essential to Canada's capacity to meet the challenges of the 21st century. If our public sector is not competitive, our country will not be either.

 Dominic Barton	 David Emerson	 Monique Leroux
 Peter MacKinnon	 John Oliver	 Susan Paish
 Eugene Polistuk		

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

The Honourable David Emerson, corporate director and former Minister (retiring from the Committee);

Dominic Barton, Global Managing Director, McKinsey & Company;

Monique Leroux, Chair of the Board, President and Chief Executive Officer of Desjardins Group;

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

John Oliver, Independent Chairman of the Board, Kinross Gold Corporation;

Susan Paish, President and CEO of LifeLabs Diagnostic Labs Inc.;

Eugene Polistuk, founder and former Chairman and CEO of Celestica Inc.