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▶▶ Restoring balance and respect in our system of governance

The Honourable Kevin G. Lynch, P.C., O.C., PH. D, LL.D, Vice-Chair, BMO Financial Group; former Clerk of the Privy Council

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To hear voices in Canada lamenting the state of our democracy and institutions of governance has become an all-too-familiar and troubling refrain. It raises critical issues. The loss of faith many Canadians often express about government's ability to reflect their needs and wishes strikes at the very heart of democratic legitimacy. It also raises questions about the effectiveness of our institutions that give voice to the democratic will.

For a Canadian perspective on how well our Westminster institutions of governance are working, one need look no further than the Samara Foundation, a non-partisan voice that advocates for civic engagement and a more vibrant political life. Samara does not present a positive view. In its new "Democracy 360" Report card, Samara accords Canada a less-than-stellar grade of "C". It's a ranking that reflects a steadily declining federal voter turnout that fell to only 61 per cent in the 2011 election (a level which rose to 68.5 per cent in the recent federal election), where only 31 per cent of Canadians believe politics affects them every day, where low citizen engagement in the political process is worsening, and where trust levels in politicians and political parties are hovering around 40 per cent. Those are the headline factors that often attract the most public attention. But underlying the issue of public trust is an often overlooked element of the "soft-infrastructure" of effective governance.

To assess whether there has been weakening of key pillars of the Westminster system of governance in Canada, the Public Policy Forum (PPF) established an independent Governance Panel. The panel included Jim Dinning, business executive and former Alberta provincial treasurer (chair), the Honourable Jean Charest, partner at McCarthy Tetrault LLP and former premier of Quebec, Monique Leroux, CEO of Desjardins Group, Heather Munroe-Blum, Principal Emerita, McGill University and myself.

The PPF recently released the Report of the Governance Panel. Entitled "Time for a Reboot: 9 Ways to Restore Trust in Canada's Public Institutions," the report examines good governance practices in a "fast-paced, technology-driven, round-the-clock-news-cycle" world and argues that our public institutions have failed to keep pace. "Short-termism" and permanent campaigning have taken root in the agendas of our governments, resulting in issues management often trumping longer-term strategies and policy, while excessive centralization has eroded the important roles of MPs, cabinet ministers and public servants. As a result, the report concludes, Canadians' trust in public institutions continues to erode and the country's long-term challenges don't get the in-depth attention they should.

The problem is that our public institutions are no longer playing the roles for which they were designed, nor with the authority to be effective. And they are still using processes created a century or more ago for a very different world.

Time for a Reboot: 9 Ways to Restore Trust in Canada's Public Institutions

The four key themes of the report are:

- Restoring the valuable role of parliament and parliamentary committees
- Enabling ministers to be ministers
- Refurbishing the public service's capacity to offer astute, independent and analytic policy advice
- Building more accountability into the "political service"

The Panel makes recommendations to reinvigorate and rebalance our system of governance in Canada. It proposes nine recommendations which address an "extraordinary centralization of power" in the offices of prime ministers (and premiers). The recommendations were designed to ensure that Canada will benefit from more productive, more balanced, more transparent and more accountable public institutions.

As the report notes, public services are under stress, responding to demographic, globalization and technology pressures, and dealing with a challenging governance environment. At a time when Canada faces many longer-term policy issues, there has been little demand for public service policy advice. At a time when the private sector is shifting to distributed leadership, entrepreneurship models and risk management, the governance model of government has shifted towards ever greater centralization and risk aversion. At a time when attracting and retaining superb talent to the public service is facing stiff competition from the private sector, government has lost its sense of purpose and identity. There has been ambiguity from the government itself about the importance of its role to the economy and society in these transforming global times, hardly the motivation needed to attract the best and the brightest.

To be sure, the context for governing in Canada and elsewhere is shifting. The "new normal" is a world of pervasive globalization, relentless competition, hyper-connectivity, perpetual innovation, aging demographics and rising volatility and risk. The role for government is certainly not lessened by this shifting context, indeed quite the opposite, although the nature of government's role needs to evolve to reflect these new realities. And, in our Westminster system of government, the public service plays a core role.

The report puts forward a number of recommendations designed, essentially, to let the public service fulfil its intended role. At the same time, the public service itself will need to move forward with renewal. In so doing, it might consider the following five areas where the greatest scope for innovation and change may lie.

►► First, policy.

In an exceedingly complex and interconnected world, deep and broad policy capacity is a basic necessity of effective government. Policy obeys the basic laws of supply and demand—without both the supply of high quality policy analysis and options by the public service and the demand for evidence-based policy advice and options by the government, the market for public service policy capacity simply does not function.

Policy advice by the public service should not be a monopoly—there are many sources of advice available to government. What it should be is value-added to other sources of advice in terms of its impartiality, timeliness, analytic quality, broad global perspective and long-term focus.

Public service policy advice should eschew short-termism, which is such a challenge in so many aspects of business, politics and journalism today. Fearless policy advice must be based on extensive information and detailed analysis—the plural of anecdote is not knowledge. The capacity of public sector policy analysis to better utilize big data, big analytics and big computing power offers enormous potential for new insights in the many realms of government. Public service policy thinking should also be more collaborative in its structure, both within government and outside, tapping the public and its vast "internet of ideas." As a country, we have to be bolder in our policy thinking if we are to thrive in this new global normal, and the public service should be able to contribute to these discussions.

►► Second, risk management.

With the world experiencing a sharp spike in risk and volatility, risk management—not risk aversion—is the smart response by government. Risks today are more systemic, more global, more interconnected and more unpredictable in their diffusion than ever before.

For any institution in a period of change and churn, whether a private sector firm or a government, risk-aversion paradoxically amplifies risk rather than minimizing it. It is too often an approach to minimize short-term inconvenience while maximizing long term pain. Risk management lies at the heart of innovation, and innovation is central to making government more productive, more connected, and more relevant—so everyone wins if a better balance can be achieved.

Effective risk management is a key differentiator for long-term success in a changing world. It comes in many forms, whether you're confronting technology risk, geopolitical risk, economic forecast risk, security risk, social license risk or policy risk. It is a strategy for long-term gain while accepting that risk and return are correlated and, since risks cannot be avoided, they should be analytically managed. Part of this entails reducing ever-expanding compliance regimes and their web of rules, and substituting risk management tools such as scenario analysis, stress testing and resiliency planning into government programs, services and operations.

▶▶ Third, innovation.

In a world where technological innovation is increasing exponentially, government should be at the leading—not the trailing—edge of innovation adaptation. In the financial world, as a comparator, "FinTech" (Finance Technology) has captured the imagination of the press and consumers, and the attention of investors, incumbents and regulators. From crowd-sourcing to peer-to-peer lending to mobile payments to robo-advisors to crypto currencies, financial innovation has the potential to improve the efficient allocation of capital to support growth, reduce frictions and costs in the facilitation of payments, transform the collection and analysis of data for decision making, and broaden the accessibility of financial services.

There has been some such experimentation in healthcare and education, but no one would describe Canada today as a leader in these fields.

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The FinTech companies driving this financial innovation, usually innovative start ups, are targeting financial intermediation functions for innovation, not challenging the institutions themselves. Their tools of the FinTech trade are new platform technologies, huge scalability, big data, cloud computing, and customer-centric business models.

All this raises the obvious question: why not "GovTech"? Many of the core functions of government should be equally amenable to such innovations, and in so doing reduce public sector costs, increase government productivity and enhance the public's experience of dealing with government.

There has been some such experimentation in healthcare and education, but no one would describe Canada today as a leader in these fields. There is likely even more scope in the back-office functions of government such as tax administration, transfer and pension administration, program delivery and information delivery. An added benefit of being a leader in GovTech is that the pioneer companies developing these innovative technologies and services will have enormous export potential to market these products to governments in other countries.

▶▶ Fourth, communications.

The revolution in communications technologies is totally transforming how people interact globally, and government communications needs to join the revolution. This is about attitude and approach, not just technology.

Social media is disruptive—multiple voices, many platforms, competing narratives, hugely decentralized, totally interactive, very dynamic. All this is challenging for governments for a variety of reasons, not the least of which is the need for message control imposed at the political level. But that doesn't mean there aren't opportunities to make government communications more effective and connected with citizens.



RAYMOND THOMSON, JSGS MPP STUDENT. PHOTO CREDIT: BOEHMER PHOTOGRAPHY

The reality is that the public has already made the switch, particularly the younger generation. As a result, the relevance of government communications and engagement is a real and present issue. The upsides of more open communications utilizing social media are clear: an opportunity to engage Canadians on issues in real time, to listen and interact as well as broadcast, to create new virtual networks, to give voice to government science. The downsides are loss in central control

of communications and lack of a single message. The benefits should make the choice obvious.

►► Fifth, brand promise.

In a world of rapidly shifting career options, we need to make working for government as exciting as working at say, Google, and as meaningful as joining a social enterprise such as the United Way. Challenging, to be sure, but also doable; provided we update the brand promise.

The renewed brand must be about the potential of public service work to make a real societal difference, and this requires public service managers to delegate responsibility and encourage innovation. It is about the public validation of the role and work of public servants by the government and by the public at large. And it is about active, not passive, recruitment of the next generation of Canadian leaders to give a public service career consideration because the country needs their talents.

To conclude, how governments govern receives too little attention, and yet is vital to our long term future. A nonpartisan and empowered public service, one that is attractive to Canada's best, brightest and most entrepreneurial talents, one where excellence is the benchmark and one in which risks are to be

Good governance is not an end in itself, but a means towards achieving a robust democracy for the benefit of all citizens. This is important to Canadians both for reasons of transparency and ensuring trust in public institutions.

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managed, not avoided, in the pursuit of innovation, is one that can contribute enormously to Canada's long-term success as a robust democracy, strong economy and vibrant society.



Kevin Lynch

The Honourable Kevin G. Lynch, P.C., O.C., PH.D, LL.D was appointed Vice Chair of BMO Financial Group in March 2010.

He began his career in 1976 with the Bank of Canada. Over a distinguished 33-year career, Dr. Lynch served as Deputy Minister of Industry and Deputy Minister of Finance and then Executive Director at the International Monetary Fund. In early 2006, he was appointed the 20th Clerk of the Privy Council, Secretary to the Cabinet and Head of the Public Service of Canada. In July 2009, Dr. Lynch retired from the Government of Canada.

Dr. Lynch earned his BA from Mount Allison University, his Masters in Economics from the University of Manchester and a doctorate in Economics from McMaster University and holds eight honorary degrees.

He is Chancellor of Kings University, the past Chair of the Board of Governors of the University of Waterloo, and serves on several other boards, including those of the Killam Trusts, the Rideau Hall Foundation, the Asia Pacific Foundation, Communitech, Princess Margaret Hospital, the Canadian and U.K. Ditchley Foundations and the Samara Foundation. He also serves on several corporate boards (CN, Empire Company Limited, CNOOC Limited).

Dr. Lynch was made a Member of the Queen's Privy Council for Canada in 2009, an Officer of the Order of Canada in 2011 and received both the Queen's Diamond and Golden Jubilee Medals for public service.

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People who are passionate about public policy know that the Province of Saskatchewan has pioneered some of Canada's major policy innovations. The two distinguished public servants after whom the school is named, Albert W. Johnson and Thomas K. Shoyama, used their practical and theoretical knowledge to challenge existing policies and practices, as well as to explore new policies and organizational forms. Earning the label, "the Greatest Generation," they and their colleagues became part of a group of modernizers who saw government as a positive catalyst of change in post-war Canada. They created a legacy of achievement in public administration and professionalism in public service that remains a continuing inspiration for public servants in Saskatchewan and across the country. The Johnson-Shoyama Graduate School of Public Policy is proud to carry on the tradition by educating students interested in and devoted to advancing public value.