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OPTIMIZING GOVERNMENT Modernization in the Public Sector

Ottawa Roundtable Summary
June 2014





The Public Policy Forum is an independent, not-for-profit organization dedicated to improving the quality of government in Canada through enhanced dialogue among the public, private and voluntary sectors. The Forum's members, drawn from business, federal, provincial and territorial governments, the voluntary sector and organized labour, share a belief that an efficient and effective public service is important in ensuring Canada's competitiveness abroad and quality of life at home.

Established in 1987, the Forum has earned a reputation as a trusted, nonpartisan facilitator, capable of bringing together a wide range of stakeholders in productive dialogue. Its research program provides a neutral base to inform collective decision making. By promoting information sharing and greater links between governments and other sectors, the Forum helps ensure public policy in our country is dynamic, coordinated and responsive to future challenges and opportunities.

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Introduction

Public sector modernization is an ongoing priority as governments adapt to new expectations. Faced with shifting demographics, disruptive technologies, and budget deficits, public sector leaders must rethink their roles in an increasingly complex, rapidly changing environment.

New challenges also present new opportunities to drive greater efficiency and effectiveness. How are growing demands for innovation, collaboration, and accountability being met? What type of transformation is needed to drive better outcomes for Canadians? Where should governments target their efforts for the greatest impact?

In partnership with Microsoft Canada, the Public Policy Forum launched *Optimizing Government*, a project exploring challenges and opportunities for public sector modernization. Following multi-sector leadership roundtables, this project will culminate in a white paper that will help inform the development of high-performing public services at all levels of government. On June 6th, 2014, the Forum convened a roundtable in Ottawa, where a select group of leaders across sectors engaged in a candid discussion about what it means to modernize government, with a particular focus on the federal public service. (*Agenda and list of participants are attached.*)

Public institutions matter more than ever with the rise of “wicked” problems that span sectors and geographic boundaries. As good government requires good governance, public sector modernization is critical to long-term prosperity. A dominant theme at the Ottawa session was the need for systemic change as current structures and processes are no longer relevant due to new demands facing the public service. Limited by a bureaucratic culture that is not conducive to either collaboration or innovation, the public service is due for a transformation.

Structure and culture

One of the key barriers to greater efficiency and collaboration in government is the organization of work in silos. In addition to the lack of horizontality, several participants were concerned about the hierarchical structure of the public service, which has created cumbersome approval processes that prevent the government from being more responsive. Accountability pressures further compound hierarchical barriers. With the emphasis on risk management, individual public servants at lower levels have little room to act without going through multiple layers of authority, impeding the government’s ability to collaborate. Rigid hierarchy and accountability can also become obstacles to innovation as good ideas either get lost in the approval process or never get tested as a result of risk aversion.

Many large institutions face trust issues, and the public service is no exception. Although a number of factors contribute to organizational trust, it is necessary for shared accountability. As trust requires openness, some participants were particularly concerned about the lack of frank dialogue inside the public service. Rather than identifying what needs to be fixed, the tendency is to find superficial solutions that do not address the root problems.

With the rise of digital technology and social media platforms, the world is becoming much more open, instant, and connected than ever before. In fact, these new capabilities are transforming the relationship between citizens and government. From growing demands for public engagement and open

government, to a faster news cycle and greater public scrutiny, this changing landscape requires a different type of public service that is less constrained by bureaucratic structures and processes.

To support a whole-of-government approach, centralization in some areas may be beneficial; however, it is certainly not a panacea. Rather than forcing collaboration, building bridges across the public service can help pool knowledge throughout the system to achieve better results. Effective reorganization, therefore, requires looking beyond departmental efficiencies to aggregating components across the public service to support a more flexible and responsive government. By balancing accountability with efficiency, the public service can manage risk without resorting to process-laden systems that hinder innovation. A flatter organization will also empower all employees to help improve outcomes.

In other words, the public service can no longer function effectively with an outdated system. Technological changes alone will not modernize government, which needs a more dynamic structure and culture that embraces innovation. Such a fundamental shift can only take place with ongoing leadership that is committed to building a high-performing public service.

Talent management

Another key theme throughout the Ottawa discussion was talent management. The bureaucratic environment in the public service undermines not only the overall effectiveness of government, but also talent recruitment and retention. Challenging the dysfunctional image of government by supporting an entrepreneurial workplace culture will help make the public service more appealing as a career path for the next generation.

The public service has also turned performance management into a labour-intensive process, with the addition of more rules across departments that do not actually lead to better results. Some participants recommended rethinking the management accountability framework to ensure that the criteria align with evolving objectives and updated performance measures are applied throughout departments.

Regardless of sector, talent management is vital to organizational success and even more critical today due to demographic change. The lack of long-term investment in professional development in the public sector continues to worry many participants. Moreover, leadership training tends to be narrowly focused on senior officials instead of preparing new, younger leaders for emerging challenges.

Redesigning government

While scale and complexity may differ, many public sector organizations face similar challenges. Best practices in public sector modernization exist, but the key is leadership commitment to organizational change. For instance, Alberta has managed to overcome jurisdictional blocks to consolidate health services under one authority. Service Canada is another example of a whole-of-government approach. At the municipal level, replacing annual planning with multi-year budgets has helped shift the organizational focus from short-term to long-term outcomes that add greater value for money. However, convincing political leaders to move to longer term planning will require the public service to build a strong case that clearly articulates the benefits to citizens.

In addition to considering other levels of government, the private sector may also offer promising strategies to improve efficiency and effectiveness, although some participants remain skeptical about

the transferability of approaches, especially in terms of policy development. Many of the challenges facing government are also reshaping private sector approaches. Demographic change is forcing all sectors to prioritize talent management. To maintain their competitive advantage, corporations must continue to update business practices to improve productivity and enable innovation. Therefore, solutions in the private sector may provide lessons for the public sector to consider. A recent example of this type of cross-pollination of ideas is the introduction of audit committees across federal departments to help improve financial management.

To further support good government, the discussion touched on the need to improve the relationship between elected officials and the public service. Some of the suggestions include revisiting the idea of a public service charter to help clarify roles and responsibilities, as well as finding better ways to improve the appointment process in government.

As the current system is perfectly designed to produce the results we have observed, the good news is that, with broad support and understanding of the need for change, it can be redesigned. Moving forward with fundamental change requires an honest public dialogue about the real issues facing the public service, and all sectors and stakeholders can play a role in generating the momentum for action.

Optimizing Government

Roundtable on Public Sector Modernization

June 6th, 2014
7:30 – 10:00AM
Public Policy Forum
130 Albert Street, Suite 1405
Ottawa

AGENDA

7:30 – 8:00am	Arrival and Breakfast
8:00 – 8:25am	Introduction <ul style="list-style-type: none">• Welcome by David Mitchell, President and Chief Executive Officer, Public Policy Forum and Marc Seaman, National Director of Corporate and Public Affairs, Microsoft Canada• Opening remarks by David Zussman, Jarislowsky Chair in Public Sector Management, University of Ottawa
8:25 – 9:55 am	Roundtable Discussion <ul style="list-style-type: none">• What are the key barriers to improving public sector performance?• How can government modernize its structures and processes to meet changing needs?• Where should government target its efforts and investments?
9:55 – 10:00am	Closing Remarks <ul style="list-style-type: none">• Wrap-up by Microsoft Canada and the Public Policy Forum

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Optimizing Government

Roundtable on Public Sector Modernization

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