



Canada's Public Service in the 21st Century Destination: Excellence



Public Policy Forum
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Public Policy Forum

Building Better Government

The Public Policy Forum is an independent, not-for-profit organization aimed at improving the quality of government in Canada through better dialogue between the public, private and voluntary sectors. The Forum's members, drawn from business, federal and provincial 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, neutral 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 more information sharing and greater links between governments and other sectors, the Forum helps ensure public policy in this country is dynamic, coordinated and responsive to future challenges and opportunities.

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Message from the President

The Public Policy Forum has been a champion of the public service for over 20 years. We have been a cheerleader as well as a constructive critic and in our report, *Destination: Excellence*, we are no different. We start from the premise that the public service is a vital national institution and a key contributor to Canada's competitive advantage. But, to put it simply, in the face of a number of challenges that are affecting its relevance and its ability to deliver value to Canadians, we believe the public service is struggling to maintain its sense of purpose.

The idea for this project emerged from a scan of the challenges Canada faces at home and internationally at the start of the 21st century. Our funding came entirely from the private sector where many leaders understand that government policy, programs and services – from taxes to financial regulation, to education and health care, to infrastructure, arts and culture, safety and security, the military and beyond – affect our prosperity, quality of life and place in the world. A first rate public service, led by superior men and women, is essential to support the government and deliver results that matter to citizens.

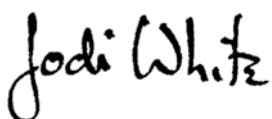
The foundation of our proposals is the recognition of the interdependence of three key elements in any organization: a healthy culture; sustained leadership and modern accountability. These elements are like three legs on a stool – all of equal importance. If one isn't performing as it should – if one isn't up to the task – they all fail. Our recommendations support each of these important elements.

As we release our recommendations we expect there will be naysayers – perhaps especially in Ottawa. Some will say there is nothing new here. Others will single out one or two prescriptions that will be tough to implement and then question the practicality of the whole package. We trust, however, that public servants and leaders from the business and not-for-profit sectors, academe, the provinces and municipalities will see the value in our analysis and recommendations. Indeed, we are counting on their support as we push for implementation.

Since we launched our project almost two years ago, we have been encouraged by the level and quality of discussion about the future of the public service. While we take some credit for this, we also applaud the work of the Prime Minister's Advisory Committee on the Public Service and that of the Clerk of the Privy Council who has made a stronger public service one of his personal priorities. This can only be a good thing. The challenge now is to move forward boldly. History has shown that despite initial support and momentum, efforts to reform the public service often lose steam at the implementation stage.

In order to keep the issue of public service reform front and centre in Ottawa, the PPF will continue to advocate for the proposals we are putting forward in this report. We will also monitor and report on the pace and vigour with which our proposals find their way into practice.

We hope Canadians will stay tuned to these important developments and continue to join in our efforts to build the kind of public service that Canada needs to prosper in the years ahead.



Message from the Chair in Public Service Governance

When Jodi White invited me in 2006 to serve as the Public Policy Forum's first Chair in Public Service Governance and to lead a study of Canada's Public Service in the 21st Century, I accepted with pleasure. After 31 years of service in the public sector as a political assistant and public servant, I admit to a deep attachment to Canada's public service. I have an abiding respect for the pride and commitment of its members, for the complex and vital role it plays across our country and a deep belief in its potential to remain a key player in building Canada's future.

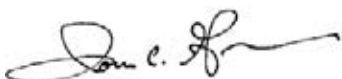
Our public service project has been an exciting enterprise. Funding from the private sector has enabled us, in keeping with PPF traditions, to outreach, to encourage broad discussion and to provide independent diagnosis and recommendations about the challenges and choices facing the public service. Our study, conducted over the last 18 months, has provided a rich opportunity to mine the views of Canadians across different jurisdictions, sectors, regions and age groups. We have benefited enormously from these views and insights about the current state of our public service and how best to adapt it to changing and challenging times.

During our discussions with a wide cross-section of Canadians, I have been struck by the scope and depth of support for Canada's public service as a vital national institution supporting our democratic processes, as a central instrument of modern government and as a key contributor to our country's competitive advantage. At the same time, the message has been equally clear that a number of trends and challenges require an open, honest and forward-looking debate about how best to build on previous successes and how to improve public services, public policy advice and public sector performance. These views were captured in two previous PPF reports: *Leading by Example* and *A Vital National Institution: What a Cross-Section of Canadians Think about Canada's Public Service*.

Our study has led to the report which follows. Notwithstanding the scope and complexity of our subject, we have sought to ensure that our report is direct and readable. Our recommendations are designed to be practical and based on the belief – reinforced by research and conversations with many Canadians – that there are three essential and interrelated underpinnings to getting the right kind of public service reform: promoting effective organizational cultures; enabling and reinforcing strong leadership; and, achieving modern accountability.

Our report has both synergies and differences with other public service studies. In some instances there appears to be a strong consensus about broad directions like improving performance management and reengineering human resources systems. We believe, however, that further actions respecting sustained leadership, building a diverse and dynamic workforce, enabling the appropriate balance of control and autonomy, fostering greater organizational experimentation, reducing the public sector's "web of rules" and renewing trust between politicians and public servants require urgent consideration.

We sincerely hope our project and final report will contribute to further debate and improvements respecting Canada's public service – a vital national institution in which we all have a stake.



Summary of Recommendations

The 10 recommendations support a change in culture, brought about by a focus on renewed leadership and accountability rooted in the following modern organizational principles: trust, the removal of unnecessary rules and barriers, an emphasis on sustained, values-based leadership and honest and transparent management of performance.

- 1. Continuously Improve the Management of Performance** of Deputy Ministers and within the executive ranks with a focus on transparency, consistency, and meaningful and measurable outcomes. (See pages 19 to 20)
- 2. Apply Terms of Office to Deputy Ministers** of 3-5 years to reduce turn-over in the senior ranks and eventually set the minimum expected job tenure at 3 years for Assistant Deputy Ministers, Directors General and Directors. (See page 21)
- 3. Value and Develop Inside-Outside Talent** by extending the talent pool for deputies and senior executives beyond the public service and providing greater opportunities for all public service executives to gain work experience in the private, not-for-profit or academic sectors. (See page 21)
- 4. Share Responsibilities More Effectively between Deputy Ministers** and Associate Deputy Ministers to make the job of Deputy Minister more doable, the jobs of Associates more meaningful and give DMs a hand in recruiting Associates and assessing their performance. (See pages 22 to 23)
- 5. Conduct a Central Agency Review** to enhance departmental authorities and accountabilities by converting central agencies from "controllers" of departments to "enablers" and "integrators" that support departments. (See pages 24 to 25)
- 6. Create More Separate Employers and Agencies** to improve organizational accountability and facilitate greater authorities, flexibilities and governance structures similar to the Canada Revenue Agency. (See pages 26 to 27)
- 7. Revitalize the Staffing Regime** by removing barriers to movement between the public service and other sectors, identifying gaps in the workforce and moving quickly to attract and hire the necessary talent. (See page 27)
- 8. Recommit to On-the-Job Learning** as a way to attract and develop new recruits and mid-career employees and as a means of immediately slowing down hyper-mobility in the executive cadre. (See page 28)
- 9. Immediately Streamline Existing Rules and Regulations** by creating a permanent, independent panel to continuously review the web of rules in areas such as HR and financial management, procurement and contracting. (see pages 29 to 30)
- 10. Encourage Political Engagement** in public service reform and restore trust among the players by creating more opportunities to bring together Ministers, political staff, senior public servants and Parliamentarians, beginning with a Public Service Summit on issues of accountability. (See page 30)

Introduction

Introduction

Why Examine Canada's Public Service?

The public service is the chief instrument of government. As a vital national institution, its performance is critical in guaranteeing the rule of law, enabling social inclusion, advancing prosperity, contributing to a sustainable environment, safeguarding national security and enhancing the unity of the Canadian federation. At the same time, in the face of new and growing challenges driven by demographics, technological advances, global economic change and public attitudes leading to a greater emphasis on accountability and transparency, there is a need to take a close look at the culture of today's public service and how to adapt it to the needs of the future.

Eighteen months ago, the Public Policy Forum began an exploration of the challenges and choices facing Canada's federal public service as part of its project: *Canada's Public Service in the 21st Century*. As an organization long active in public sector issues, with a membership representing all sectors – private, public, not-for-profit, labour, academic – we felt it important to create a significant opportunity to bring a variety of voices and opinions to bear on the effectiveness and vitality of an institution in which all Canadians have a stake.

Since announcing our project in September 2006:

- Prime Minister Harper created a committee to provide outside advice to the government which has issued two reports on renewal of the public service; and,
- the Clerk of the Privy Council created a deputy-minister level committee to support the renewal process inside the public service and has issued two annual reports on the state of the public service.

The combined effect of these efforts should help create greater understanding of the kind of public service Canada needs, now and in the future.

Our Methodology

To support our public service study we pursued research and analysis that took advantage of a diverse multi-sector membership, our 20-year reputation with respect to public sector issues, an active and knowledgeable Board of Di-

rectors and an external Advisory Panel. This allowed us to engage on a national basis with Canadians who share an interest in, knowledge of and respect for the institution.

We gathered data on jurisdictional comparisons, public and public sector workforce attitudes and historical information about previous reforms. We also went on the road to talk to leaders, decision-makers, new recruits, students, and managers about public service challenges and opportunities. As a result of national roundtables we produced a report entitled *A Vital National Institution: What a Cross-Section of Canadians Think about Canada's Public Service*. We held interviews with prominent Canadians about key leadership issues which led to the report, *Leading by Example*. Roundtable discussions with private sector CEOs and with union representatives provided further insights.

We also created venues for the Public Policy Forum's members to hear from credible and leading-edge practitioners, academics, and thinkers about current and emerging public sector issues. Along with these activities, the PPF research team explored key lines of inquiry and produced original research pieces on public service reform efforts, risk management, "churn" in the senior ranks of the public service and the impact of globalization on government.

Acknowledgements

Our public service project is unique in that it has been exclusively funded by the private sector – demonstrating in very concrete terms the commitment of other sectors to an excellent public service. TransCanada Corporation, TD Financial Group, EnCana, Power Corporation, Bell Canada, the Aurea Foundation and Manulife Financial each provided significant financial contributions to support the research, consultations and reporting that underpin our project. None of the organizations sought to influence our approach, methods or outcomes. We are grateful for this funding. It enabled us to present an honest and independent diagnosis of public service challenges and to develop an action-oriented agenda for significant and practical reforms.

We also want to thank the individuals who gave of their time as roundtable participants, interviewees, Advisory Panel members or as part of a broader, informal consultation process. We are also grateful to the organizations

that provided us with opportunities to share some of our diagnosis and recommendations and enabled us to expand our reach. Finally, our sincere thanks go to the research and project team at the PPF who organized our many events, prepared research papers and drafted the reports that helped form the basis of our recommendations and of our final report.

"...a well-functioning and values-based public service is critical to the success of every country in today's complex and interconnected world. As a national institution a high quality, merit-based Public Service is part of Canada's comparative advantage and a key to competitiveness in the global economy. It also helps provide the foundation for sound democratic government."

2007 Report of the Prime Minister's
Advisory Committee on the Public Service

The Public Service Matters

The federal public service is by far Canada's largest enterprise. Its workforce is made up of over 200 entities employing from 250,000 to upwards of 400,000 people (if we include, among others, the Canadian Forces and the Royal Canadian Mounted Police). Federal public servants deliver services to Canadians from 1,600 locations across the country and in 180 countries around the world. Its workforce is twice the size of the closest private sector entity with an annual payroll of approximately \$25B (approximately \$45B if the provinces and territories are included). Understanding the size, workforce and reach of the public service is an important reminder of the scope and significance of any sort of reform effort.

In designing our public service project, we wanted to be forward-looking in defining the requirements of the 21st century. To this end, we were guided by an overarching question:

As a vital national institution and key component of Canada's competitive advantage and well-being, what kind of public service is needed to meet the needs of Canadians and respond to the complex challenges and opportunities of the 21st century?

There is a growing body of commentary on the link between a successful public service and a successful country. As Kofi Annan, former UN Secretary General, has noted: "Public administration systems and institutions are an essential element in promoting good, democratic governance that is transparent, accountable, and sensitive to the needs of the public."

A creative, knowledge-driven public service is critical to generating the kinds of public policy solutions that help politicians and decision-makers balance competing interests while improving the quality of life of Canadians.

As former Deputy Minister of Justice and Supreme Court Justice Frank Iacobucci put it: "there is no substitute for the fundamental role which public servants play in providing evidence-based advice that may integrate a range of opinions and set out policy options with a view to the long term, not the next election; and with the interests of all Canadians in mind, not one sector, region, interest group or economic class."

By most measures Canadians are in an enviable position: we are part of an elite group of countries that are prosperous, peaceful and deeply democratic with governments run by honest, efficient, and professional public services. A quick scan of international comparisons indicates that Canada ranks fourth in the 2007-08 United Nations Human Development Index. We have enjoyed 15 consecutive years of employment growth, and had nine consecutive federal budget surpluses. In 2006, Canada had a GDP per capita second only to the United States among the G-7 countries. And, according to The Economist Business Environment rankings, between 2008 and 2012, Canada will be the fourth best place in the world to do business.

It is not hard to make the case that the public service is a vital national institution; the correlation between successful states and a high-quality, high-performing public service is widely recognized. That said, as former Clerk of the Privy Council Gordon Osbaldeston put it: "The world does not stand still and the public service must be vigilant and creative in identifying and responding to the complex issues that continue to shape the environment and, most importantly, bold in how it shapes its future as a respected, trusted and professional organization."

Challenges Facing Canada's Public Service

Challenges Facing Canada's Public Service

A Complex and Changing Environment

There is a significant degree of convergence around some of the complex issues that require attention by public services, be it at the federal or provincial levels or in other countries. A few of the common concerns are:

- enhancing the delivery of services to citizens;
- improving the quality of policy advice and opening up policy-making processes to make them more transparent, networked and inclusive;
- confronting the impacts of an aging workforce and a new generation of employees with different skills and expectations; and,
- emphasizing performance and accountability while valuing creativity and innovation.

Canada is not alone: Other Jurisdictions are dealing with Similar Issues

In countries that share our Westminster model of government, such as the United Kingdom, Australia and New Zealand (and across member states of the Organisation for Economic Co-operation and Development), we have seen similar trends leading to public sector reforms. Some of these reforms include:

- performance-based reporting measuring healthy organizations and increased efficiencies;
- greater experimentation with service agencies with a clearer focus on delivery; and,
- decentralization efforts supporting clearer divisions of labour particularly with respect to financial and human resource management accountabilities and authorities.

Across different jurisdictions, and especially in some provinces, we are witnessing a similar and significant emphasis on service and on public service cultures that: can innovate and adapt; place a high premium on efficiency, outcomes and results; and are focused on ensuring the right people are doing the right things. Increasingly, doing the right things means engaging more transparently and developing effective partnerships and relationships – be it with Canadians, public servants on the front lines, other sectors, or parliamentarians and ministers.

A number of other jurisdictions are also benefiting from a high level of engagement from their political leadership. As former New Brunswick Premier Frank McKenna has said this is triggered by a perception that public services can and should be “force multipliers”, working to enhance and implement government agendas. To this end, public service reforms related to improving efficiency, results and public satisfaction are considered “good politics” and worthy of significant political support.

Good Government is Good Politics

In 2007, the BC Public Service, the province's largest employer, made it onto the list of BC's top 40 employers for the first time. As Premier Gordon Campbell said, “this recognition is a strong endorsement of the actions we've taken to increase the competitiveness of the BC Public Service as an employer...” In order to become more competitive BC has: opened all job competitions to external applicants; expanded recognition programs to highlight the achievements of award-winning employees; offered forgiveness of BC student loans for employees; entered into a unique partnership with CUSO that allows employees to volunteer for overseas service, and achieved a 75 percent increase in the number of employees under age 30 hired into the BC Public Service.

The Political Context

The political context imposes unique constraints and responsibilities on the public service and its leadership. Public service authorities exist in legislation advanced by government and approved by Parliament. The prime minister appoints the most senior public servants who “serve at pleasure”. The public service is accountable to the political executive and before parliament for the management and administration of the public purse.

Navigating these complex relationships is a constant preoccupation of public service leaders and is an area that received much comment during our study.

Certainly at the federal level, a spotlight continues to be directed on accountability issues, fed by media stories about real or alleged public service or political wrongdoing. One result, observed by many, is a growing level of distrust and lack of respect (some say dysfunction) between politicians and public servants that appears to be growing wider (witness the decline in decorum at parliamentary committees). As a result, it appears that the public service is less able to consult, generate and give advice, make decisions, innovate or make service improvements without jumping through endless accountability hoops.

There is also debate over just what role public servants are supposed to play in terms of “defending the public interest”, engaging with Canadians and upholding the public trust. Some argue there is a supply and demand issue affecting the provision of policy advice and that this lies at the heart of a strained political/public service relationship. On the one hand, there is a view that there is a diminishing audience for objective, non-partisan public service advice. On the other hand, there is a concern around the credibility of public service advice and the capacity of the public service to navigate an increasingly complex policy universe.

Trust and Service

A large body of research on public attitudes points to a clear trust deficit between the public and public sector actors and institutions, not just in Canada but around the world. Regardless of how it is measured or interpreted, most experts agree that a high level of public scepticism directed at public sector officials is here to stay. Despite increasing levels of distrust, survey data suggest that interaction between Canadians and the public service improves the public's perception of the public service. In a 2006 survey conducted by the Association of Professional Executives (APEX) of the Public Service of Canada, 60 per cent of respondents indicated satisfaction with services received from the federal public service. More specifically, recent research suggests that views about the public service tend to improve for those who have

had some sort of direct, transactional contact with the public service. While Canadians may have a “love-hate” relationship with government, the majority of citizens are supportive of government interventions that help build the country, sustain prosperity and improve quality of life.

“The culture of trust is the culture of public service at its very best. [T]rust is what enables all of us – as individuals and as a collectivity – to work in the best interests of the public.”

**David Dodge, Former Governor,
Bank of Canada**

The Growth of “Wicked” Problems

In today’s “flatter” world, problems span borders, defy easy description and require multiple players, expanded networks and multi-disciplinary views to arrive at modern and meaningful solutions. In practical terms, this means that institutions working in the public interest are dealing with much more complex and consequential issues. Gone are the days when problems were easily defined and solved within neat, tidy organizational and analytical silos. Now and in the future, the scope, size and speed of developments will demand different behaviours, skills and institutional arrangements from public services and all parts of civil society. Many issues require empowered and local leadership, continuous and open information-sharing and greater uses of shared accountability.

Relationships

Solving increasingly complex problems depends on many actors working toward solutions. Public servants no longer (if they ever did) have a monopoly on developing or implementing public policy solutions. This interdependent universe requires a broad understanding of interconnected issues, a deep understanding of possible

impacts and causes, the need to develop and maintain effective networks (both from a policy development and implementation standpoint) and the development of stronger relationships inside and outside the public service to move issues forward. Fully valuing and engaging public service intelligence and expertise – on the frontlines where services are delivered, among the program managers, and in the regions – will be even more critical from a policy development standpoint.

Demographics and the Next Generation

All sectors are experiencing similar demographic challenges; Canadians are aging, many are heading to retirement and the competition for labour and talent is increasing. At the same time, workplace expectations are changing, particularly for Generation Y – the networked, connected generation that wants to contribute, receive interesting and varied career opportunities and does not expect, necessarily, to sacrifice work-life balance to achieve its goals. This generation has grown up in an “open source” environment where ideas flow, diverse groups of people interact and their opinions are sought and valued. This generation will have many career options and for those organizations hoping to recruit and retain young people, competition will be fierce. This also highlights the importance of sharing, transferring and retaining existing expertise, knowledge, and corporate memory within the current workforce.

Implications for the Public Service

It is clear that there are many complex issues shaping the environment in which the public service operates. Responding to this changing environment requires the courage to tackle problems honestly, a clear vision for the future, and the will to implement real change where needed.

But which problems need tackling and where is change most needed? Our examination of the public service revealed the following:

- Beyond the natural tensions of a large, complex and diverse country, a growing worry that the public service is becoming isolated from other segments of Canadian society;
- The existence of mistrust and strained relationships between public servants and citizens, politicians

and stakeholders, between Ottawa and the rest of the country and between public service leadership and its workforce;

- An increasing sense that responsiveness and relevance is hampered by an overemphasis on procedures and structures that impede meaningful collaboration and partnership;
- A growing emphasis on a “web of rules”, compliance and outdated accountability concepts at the expense of outcomes, intelligent risk-taking and innovation;
- A need to promote networked and agile approaches to a complex policy environment full of “wicked” problems both from a policy development and implementation standpoint;
- A strong view that inflexible, hierarchical and bureaucratic cultures are a barrier to recruitment, talent management and to meeting the challenges of demographic change;
- A need to continually enhance the skills and knowledge, performance and values of public service leaders; and,
- Concern that political leadership is overly focused on issues of partisanship and centralized control and must be fully engaged in and supportive of public service reform.

The Case for Change: Modern Management Practices are in the Public Interest

The public service is a unique institution with many time-honoured characteristics. It is non-partisan, merit-based, and clearly accountable to the government of the day. It is in the business of serving Canadians, is the steward of public resources and is required to provide objective, impartial advice. It operates as a bilingual institution and is expected to meet employment equity targets and represent the population it serves. It is subject to a high level of oversight and reporting requirements by Parliament, agents of Parliament and others. It is also widely unionized, national in scope and governed by a specific code of values and ethics.

In addition to these characteristics, the public service is an organization like any other and must be able to: deliver its mandate effectively and efficiently; manage

multiple business lines; deliver products and services on time and within budget; improve performance; attract and nurture talent; manage a diverse workforce; operate in a way that is respected, trusted and accountable; modernize its approaches to delivering programs and services; and anticipate, respond and adapt to the challenges and opportunities of a changing environment.

Without ignoring the unique and enduring features of the public service, it is critical that the public service continue to adapt and modernize its practices and its culture in order to anticipate and respond to the pressing challenges and opportunities of the 21st century.

To this end, a modern public service should:

- **Behave with greater agility...**
 - o With a workforce that can be reinvented and deployed quickly;
 - o Where greater mobility inside and out leads to increased appreciation for issues;
 - o So that the workplace is attractive to a younger workforce and values the experience and contribution of its more experienced employees.
- **Break down organizational barriers, use networks and work in partnership...**
 - o With public servants able to interact with a range of individuals and organizations in order to develop “real world” experiences and emotional and social intelligence;
 - o Where innovation, creativity and intelligent risk-taking is highly rewarded;
 - o So that latitude to make appropriate decisions exists at all levels.
- **Create efficiencies, streamlined processes and a productive workforce...**
 - o With fewer cumbersome rules, regulations and reporting requirements;
 - o Where public servants are freed up to focus on what truly matters;
 - o So that Canadians can interact with the public service more easily.

- **Concentrate on what is relevant, focus on implementation and turn its attention outward and upward – to citizens and to the government...**
 - o With departments and agencies working together in an integrated and coherent manner;
 - o Where the emphasis on process gives way to meaningful outcomes and effective implementation;
 - o So that policies, programs and services are firmly rooted in the public interest.
- **Live its values and ensure that those values are fully reflected and respected in how it manages performance...**
 - o With leaders who are inspirational role models, demonstrate the culture's values and have a deep understanding of their business and their mandates;
 - o Where the workforce that clearly understands what is expected of it;
 - o So that trust – inside and outside the public service – increases.
- **Be held to account and hold itself to account...**
 - o With individuals and organizations doing the right things in the right way
 - o Where public servants behave in ways that are transparent and accessible;
 - o So that trust in and respect for the workforce is supported by fewer central controls and more enabling frameworks.

Changing the public service culture on the inside is key to bringing meaningful changes to the lives of Canadians, whether as a result of ministers receiving more credible, objective and relevant policy advice, parliamentarians receiving more easily understood, accessible and relevant financial and performance information, or Canadians receiving more meaningful programs and more efficient and effective service.

Previous Public Service Reform Efforts

Much has been said and written about the need to reform the public service. Previous reform efforts, commissions, surveys and polls, have called for fairly radical changes – be it more streamlined and responsive recruitment and staffing processes, more clearly delineated accountabilities (between deputies and ministers or central agencies and departments), a more robust and objective performance management regime, or a greater ability to deliver, articulate and measure meaningful policy, program and service outcomes. For example, the Glassco, Lambert and D'Avignon Commissions, PS 2000, La Relève and the Lahey report on Compensation argued, in one way or another, for a more decentralized, flexible and responsive human resources regime emphasizing greater clarity of authorities and accountabilities. Calls for greater clarity with respect to accountability are also rooted in history; the concept of an Accounting Officer was first recommended by the Lambert Commission in 1979 and then recommended by Justice Gomery almost 30 years later in 2006. In fact, reform efforts have largely (but not exclusively) focused on trying to change organizational culture, typically through improvements to people management in the public service. The latest renewal efforts and advice from independent bodies bear witness to this emphasis as well.

Numerous public administration experts, academics and commentators have made similar observations about the public service and the need for change. Indeed, the recent examination of the RCMP by the Task Force on Governance and Cultural Change revealed a number of shortcomings, some of which are applicable to the broader public service and could be addressed through recommendations in the report (largely related to removing barriers to effectiveness, providing more flexibility for personnel and financial management, and enabling the organization to make decisions and be held to account). Most recently, the PM's Advisory Committee on the Public Service recommended a more simplified and accountable human resources regime and a strengthened performance management program.

There is a concern that in addressing reform, Ottawa is “more Westminster than Westminster”. Other countries that share the traditions of our political system have been more prepared to experiment with new approaches to leadership, accountability and organizational culture. Our interviews and consultations underscore the fact that the public service must be more courageous and entrepreneurial to create the kind of modern organization needed to function with credibility and respect in today’s fast-paced, complex and interdependent world. But what is needed is strong leadership and a sustained commitment to articulating and achieving the kinds of reforms that will shape a modern public service.

The Importance of Organizational Culture

“A leader is someone who gives the culture what it needs, not what it expects.”

Dr. Rachel Naomi Remen, Author,
Medical Reformer and Educator

Achieving large-scale reform is difficult at the best of times and any talk of changing an organization’s culture is often met with cynicism, fatigue or resistance. In fact, we expect most readers to conclude that many of the issues, problems and solutions we are putting forward are well known. But if it is the case that the public service has been wrestling with many of the same issues for decades,

we are left to wonder why implementing lasting solutions seems so elusive.

There are probably numerous practical explanations (the sheer size of the enterprise, the nature of government, etc.). However, we think the reasons are more fundamental and have to do with two related issues: 1) a traditional way of “solving problems” which leads to trade-offs, partial solutions and unintended consequences (some of which are worse than the original problem) and 2) a tendency to focus on mechanical or structural approaches that ignore the human element (i.e. values, meaning, cultural norms and relationships – the very drivers of behaviour). What is required is a more integrated approach to achieving sustainable change.

1) Beyond “either-or” approaches: taking an integrated view

We have been influenced in our thinking by Roger Martin and his theory about the “opposable mind”. Rather than choosing from among the options that exist, we believe that the ability to generate something different, more innovative and more effective comes from an ability to hold two seemingly opposable ideas and create something new. For example, while it may be easy to debate whether the public service should be rules-based *or* values-based, bureaucratic *or* entrepreneurial, made up of generalists *or* subject-matter experts, it is a lot harder to conclude that it needs to be all of these things and to create something optimal as a result. With respect to some of our recommendations, we have tried to give decision-makers a package that will allow them to create something different from what currently exists.

2) Organizational change depends upon personal commitment, the alignment of values and the quality of relationships

Change depends on behaviour and behaviour depends on connecting with what matters to an individual and whether or not it aligns with someone’s values. This is what makes sustainable change so difficult – it depends upon much that cannot be seen, managed or manipulated through the creation of new organizational rules, initiatives or processes. For any reform to be adopted or change initiative

to take root, both the personal and the organizational must be respected, understood and attended to. When critics wonder why change is either not occurring or has too short a shelf-life, it may well be that it was never given the proper care and nurturing. Care and nurturing require a human touch, not another business plan or set of rules or a training manual. It requires human beings to be fully present and committed to the change that is required. We hope that our report and the recommendations speak to those aspects of change.

Principles for a Modern Organizational Culture

The ability of an organization to respond to change and keep up with the times is a testimony to its leadership, resilience and vision to articulate and achieve meaningful culture change. Organizational culture is paramount and an organization's structure and culture can either support or impede leadership. Some would argue that leadership can and should be exercised in spite of organizational constraints and, moreover, that an organization's culture will be defined by the type of leadership displayed. We agree...up to a point.

Supportive structures and processes can improve and ease the relationship between leadership and organizational culture and it should not be about having to choose between leadership or structure or leadership or culture, rather it is about forging a new interdependent relationship between leadership and structure and culture.

Looked at from this perspective, there are better, more supportive organizational models with appropriate rules, processes and frameworks that will help leaders – and the public service workforce – generate the kinds of behaviours and attitudes that support a modern, excellent and accountable public service.

To achieve a modern public service that can reach its full potential, the following principles must be respected and reflected in the culture:

- **A culture of trust exists throughout the organization...**
 - o Employees and managers are given the freedom to make decisions, and mistakes, on the understanding that most innovations come as a result of trial and error.
- **Unnecessary barriers are significantly reduced or removed...**
 - o Layers, rules, out-dated technology, organizational constraints and cumbersome processes give way to greater decision latitude and engagement across organizational silos.
- **Leaders model the kinds of behaviours, values, and competencies demanded of the larger workforce...**
 - o Greater trust and transparency up, down and across the organization are generated.
- **Meaningful, consistent and transparent performance management is standard practice...**
 - o Leaders focus on outcomes rather than process, reward the good, deal with the bad (through honest yet supportive feedback with a focus on learning) and get rid of the ugly.

Recommendations

Recommendations

Recognizing and respecting the efforts underway in Canada's public service to bring about change, reform initiatives must be forward-looking and principle-based in order to achieve more profound culture change. Public service leaders at all levels must be involved in articulating and taking hold of the changes that are required in order to guarantee success – success that is sustainable, not transitory. To this end, many of our recommendations focus on leadership – both from the perspective of encouraging and demanding even better leadership across the public service and providing suggestions to better support leaders going forward.

Our recommendations are directional in nature and relate to two broad themes that support and enhance a renewed organizational culture:

1) Sustained Leadership:

Setting the Tone at the Top

2) Modern Accountability: Creating Flexibility and Removing Barriers

1) Sustained Leadership:

Setting the Tone at the Top

Ultimately, even in organizations with broadly distributed leadership, the tone must be set at the top. When the right tone is set, it will cascade throughout the organization, inspire and enable leadership at all levels and help create a modern organizational culture. Our recommendations for sustained leadership recognize the need to:

- Change culture and behaviour through transparent and consistent performance management;
- Develop a greater capacity to lead by putting the brakes on churn;
- Value "inside-outside" talent; and,
- Help make deputy minister jobs "doable" by giving them the tools to do the job.

"The only things that evolve by themselves (in an organization) are disorder, friction and malperformance."

Peter Drucker,
Author and Management Expert

Changing Culture and Behaviour through Transparent and Consistent Performance Management

One of the most effective ways of changing organizational culture is to ensure the incentive system rewards the kinds of behaviours an organization is looking for while blocking those behaviours that are considered undesirable. It's not sufficient to simply create a model system; behaviours must change as a result of that system.

We recognize that efforts are being made to improve the existing performance management regime to place a greater emphasis on people management (the "how" and not just the "what") and to better integrate the Treasury Board's Management Accountability Frameworks more directly into performance agreements for deputy ministers. However, as much as various bodies (including the Advisory Committee on Senior Level Retention and Compensation and the Prime Minister's Advisory Committee) have lauded the improvements, there is still a widely held view among many public service executives that while managing performance is important, the existing regime could be better conceived and better implemented. According to recent APEX studies a significant number of executives believe the existing performance management program acts to demotivate individuals because it is perceived to be closed and arbitrary. At the same time, there is a public perception that too many public servants receive "bonuses" (whether true or not) and that poor performers are not dealt with.

Virtually every organization has challenges with underperformers. They are often a serious impediment to high-quality and high-performance organizations. In some private sector organizations, performance management is used each year to identify and remove underperformers. In a public service context, when it is determined that someone is underperforming, a model system would ensure that, where appropriate, support – through interventions related to learning, coaching, on-the-job training, deployment to determine a better "fit", etc. – would be provided. However, if after a rea-

sonable period, it was determined that performance had not improved, mechanisms would have to be in place to terminate employment or move the employee back to his or her previous level.

A model performance management program would:

- be based on clear, understood and meaningful agreements that are linked directly to corporate priorities and business plans (or mandate letters and management accountability requirements at the most senior levels) that cascade throughout the ranks;
- begin to move away from vertical and individual accountabilities such that more collaborative and team approaches could be encouraged, recognized and rewarded;
- explicitly include innovation and experimentation – intelligent risk taking – in the areas of policy, program design, people and financial management and service delivery;
- give centre stage to strong, effective, values-based management of people and money;
- include explicit learning and development (for deputies as well as for all executives) linked to the achievement of performance (present and future);
- include clearly understood, agreed-upon and meaningful performance expectations and measures; and
- include the ability to measure performance objectively and subjectively using, as appropriate, 360-degree feedback from colleagues, employees, clients, stakeholders, and managers in order to create a more complete picture of performance.

Recommendation 1: Continuously Improve How Performance is Managed

An effective performance management regime is a key component of any successful and modern enterprise. While we are not recommending a private sector standard, the public service must continue to bring concrete improvements to the most senior level performance management program and strongly communicate these improvements to the broader public service workforce and to the public. Fewer, simplified and more meaningful objectives related to corporate, administrative and ministerial priorities, including concrete and measurable outcomes should be

included. On a yearly basis, a process to gather feedback (up, down, across and out) in order to measure performance should be undertaken – with detailed debriefing opportunities as a key feature. Over time (within two to three years), consideration should be given to moving away from a quota system once evidence exists that both high-performing and under-performing employees are being managed effectively. A direct relationship to longer “terms of office” (discussed below) to reinforce organizational stability on the one hand and remove impediments to organizational excellence on the other should exist. A renewed program should also be implemented across the public service executive cadre as soon as feasible.

This will be a time-consuming process and will require resources and capacities which do not currently exist. But if the public service wishes to become a model employer – one that demonstrates its values – it should find the resources and the wherewithal to make the necessary improvements.

A Greater Capacity to Lead: Putting the Brakes on Churn

Longer tenure of public service leaders is linked to the ability of the public service to fully understand and respond to complex policy issues. Longer tenure can result in a better understanding of departmental issues, and the confidence and knowledge to generate innovative solutions and deeper relationships with other key sectors. High turnover of public service leaders creates the impression that commitment to and ownership of issues and people is limited, “managing up” trumps managing down or across, and “process” expertise is favoured, with subject-matter or operational and administrative expertise appearing to be less valued.

Transience is simply not a recipe for sustained and committed leadership and organizational effectiveness.

Our interviews and discussions revealed a perception that there is simply too much movement and turnover among Deputy Ministers – “churn” – and our research bears this out. The average tenure of deputies decreased from four years on average in the 1990s to 2.7 years more recently. According to 2005-06 data from the Public Service Commission, we also note that the executive cadre experienced the highest rate of staffing activity of

any of the six major public service occupational groups. Simply put, too much churn in the DM community – and in the entire executive community – limits full ownership of issues in departments, creates organizational instability and hinders the ability to firmly embed necessary changes. Too often public servants experience the “musical chairs” phenomenon among the senior ranks, resulting in change initiatives being picked up, dropped and reinvented. This creates a distrustful, disengaged and cynical culture, despite the best efforts and intentions of the workforce and its leadership.

“Some of the public management practices we have adopted over the past 30 years seem almost to militate against...deep professionalism and learning. One such practice...is the habit, even encouragement, of rapid horizontal mobility, especially at the managerial and executive levels. The churn and constant personnel rotation resulting from this kind of mobility culture bring with them an inevitable loss of focus, purpose, expertise and professionalism in our organization.”

**Ralph Heintzman, Senior Research Fellow,
University of Ottawa**

CEOs and other leaders we surveyed expressed a strong view that public sector leaders who move too fast cannot adequately absorb the business of the departments they are running nor can they develop long-term strategies for the country. In a world of ever-increasing complexity, having the time to absorb issues, gain experience and develop relationships becomes a necessary precondition of success; intelligence is no substitute for wisdom and wisdom requires time and experience. The high turnover rate of ministers and political staff exacerbates this lack of continuity and suggests that achieving some measure of stability at the most senior levels of the public service would result in more effective and trusted administrative and policy leadership.

The ability of the public service to effectively “speak truth to power” – to provide advice and options that may not always be well-received by the government of the day but which is based on objective and impartial evidence and firmly rooted in the public interest – depends upon good relationships and the credibility of the “truth” that is being spoken. But both may be in short supply if trust is low and if there is a perception that DM leadership is “a mile wide and an inch deep”. The consequences of this for the quality of the political/public service relationship are significant.

Recommendation 2: Apply Minimum Terms of Office to Deputy Ministers

The time has come to demonstrate to the public service workforce and all sectors that sustained, committed leadership is valued by the highest ranks of the public service.

While we fully acknowledge and understand the pressures that lead to DM churn – demographics, unexpected crises, relationship challenges, political expectations – minimum terms of office of three to five years (with a preference for four years) should be applied wherever possible to deputy ministers. There are numerous examples of mechanisms to support this approach, including performance-based contracts (in use in New Zealand and Australia), and we urge the government to explore the use of such mechanisms. This approach will need to have sufficient flexibility to replace DMs who are not able to fulfill their terms of office (either for unanticipated reasons or because of poor performance), including providing adequate separation or severance requirements. Consideration should also be given to phasing in a term of office approach throughout the executive cadre after it is successfully implemented at the deputy level.

Recommendation 3: Value and Develop Inside-Outside Talent

The PPF has long called for a diverse, dynamic public service workforce that is not constrained by a “career” mentality or out of step with the country or the times.

This includes opening up the public service to access talent from a wider pool of skilled professionals in other sectors and segments of Canadian society. We have previously proposed that public service executives should do a stint outside of Ottawa or outside the public service as a precondition to being named deputy minister. We continue to recommend such approaches as ways to break down barriers between sectors and to increase shared understanding.

The talent pool for deputies and for all senior executives should extend beyond the public service (according to 2005-06 data from the Public Service Commission only 63 of 4000 executive appointments were filled by “outside talent”). As much as the public service has a particular culture with a unique values and ethics code, it will benefit from access to a greater diversity of talent, skills and perspectives. Therefore, consistent with the practice in some provinces and other Westminster countries, the deputy minister-level appointment process should continue to evolve to include more open mechanisms to fill senior positions (as has been the case recently for positions such as the Commissioner of the RCMP, Comptroller General and President of the Canadian Food Inspection Agency). Opening up this process could also act as a catalyst to achieving cultural change in the way business is done, organizations are run and innovation is embraced and rewarded. Given past experiences, an essential requirement will be to ensure appropriate mechanisms are in place (e.g. mentoring, coaching, orientation, etc.) to provide support and ongoing management to “outsiders” who will experience a steep learning curve as they adapt to public service cultures.

Another mechanism to help achieve this kind of change would be an expanded advisory capacity to the Clerk of the Privy Council focused on public service leadership. We recommend expanding the terms of reference of an existing advisory body (such as the Advisory Committee on Senior Level Retention and Compensation) to provide advice and act as a sounding board on the management of the deputy minister community. This committee would provide advice on best practices in other sectors, identify emerging skills and competencies, advise on performance and talent management issues, share approaches to learning and other related issues. Using such a committee more broadly would also help build

bridges between the sectors, identify talent from other sectors and improve mobility. While the group would meet formally a few times a year to offer specific advice and recommendations it would also be available on an ongoing basis to assist in networking and outreach.

Make Deputy Minister Jobs “Doable”: Give Them the Tools to do the Job

There is little doubt that the jobs of our most senior public servants are complex, some would say increasingly so, in the face of accelerating societal change. Deputy ministers have some of the most complex “top jobs” in the country, given their multiple reporting relationships (prime minister, clerk of the Privy Council, and minister). They are also now designated as accounting officers, responsible before Parliament for administrative issues relating to human resource and financial management issues inside their large, complex organizations. At the same time, ministers, media and the public have little (some would say zero) tolerance for mistakes no matter how “noble” or well-intentioned. Policy issues themselves have become more complex and interconnected and yet DMs are still considered the chief policy advisors to their respective ministers. The accountability requirements – placed on them by the government of the day and watched carefully and reported upon by as many as a dozen agents of Parliament – are increasing in scope and number. Finally, the central agencies – the Privy Council Office, the Treasury Board Secretariat and the Public Service Agency – continue to exercise considerable control (either via planning and reporting requirements, stringent terms and conditions, policy oversight, detailed interventions on files, etc.) that, taken together, are often seen to affect the ability of DMs to fully exercise their authorities.

As one of our roundtable participants put it, “I don’t mind being held accountable, so long as I understand those accountabilities and am given the authority and tools to do my job”.

Given the scope of a deputy minister’s job, it is worth asking whether any one person can do it effectively. The short answer is no; which is why DMs build talented teams around them to help them administer their organizations and deliver their mandates on behalf of minis-

ters. That said, we wonder whether the public service is taking full advantage of models that exist in other organizations wherein power is shared in a more deliberate way among the most senior leaders. We are not in any way advocating that the bureaucratic buck not continue to stop with the DM (and ultimately, of course, with the minister). What we are advocating is that the job of the “second in command” to the DM, the associate DM, be more deliberately defined in terms of supporting the DM and helping run the department. As it stands, associate jobs reflect a number of motivations in managing senior personnel and are often loosely defined by the respective DM; some roles may be substantive while others may be involved in special or random projects. Typically, tenure is very brief (in fact, according to our most recent data, associates remain in their jobs for less than two years on average) with associate jobs seen as a quick training ground for a talented individual before moving into the top job of deputy.

Thinking of the associate deputy minister position in more substantive terms (as opposed to as a stepping stone) could also help round out the skill-sets of senior public service leaders. This would balance the focus on policy or process expertise in top jobs and increase opportunities for talented “specialists” or operationally-focused individuals in the senior ranks of departments. Defining associate jobs in more concrete terms across departments could provide an opportunity to bring a balance of policy, management and operational focus to bear inside departments. This would ease the load for deputy ministers and see associates taking greater ownership for departmental matters. This team approach could have significant organizational benefits while, at the same time, giving senior public servants an opportunity to achieve – and model – a healthier work-life balance.

Recommendation 4: Share Responsibilities More Effectively between DMs and Associates

The public service should use the associate deputy minister position more strategically. To bring greater clarity to senior roles and responsibilities and reinforce the importance of operational efficiency and management excellence, we recommend defining associate DM jobs more concretely so that they are given more direct responsibility for key operational areas such as financial

management, administration or service delivery, as an example. While DMs would remain ultimately accountable in law as “Accounting Officers”, associates would be charged with exercising leadership across a range of concrete responsibilities that would be outlined in a mandate letter from the Clerk and the DM. In recognition of the important relationship between a DM and the associate, DMs should also be given a greater role in choosing and mandating their associates from the point of view of ensuring a good blend of skill-sets.

Consistent with simplifying performance management agreements and clarifying roles, consideration should also be given to making associates responsible for achieving ongoing commitments related to the management practices of the department with deputies focusing on key commitments related to specific policy priorities. Where appropriate (in large, operational departments, for example), consideration could be given to designating associates as chief operating officers. This approach to dividing responsibilities among the most senior leadership would provide the deputy community with a greater level of support and, over time, the community would gain important experience as a result of their exposure to and responsibility for concrete administrative and management issues. Consistent with the need to address the issue of churn, associates should also be in place for a minimum of three years, subject to achieving performance objectives.

“A rules-based environment is the single biggest impediment to an accountability culture.”

Michael Sabia, President and CEO,
Bell Canada

2) Modern Accountability: Creating Flexibility and Removing Barriers

Consistent with the need to clarify and simplify accountabilities, bring services closer to Canadians and vest administrative and management authorities more directly

and clearly with deputies, we call for a more modern and innovative approach to accountability to bring the public service into the 21st century. Our recommendations for modern accountability are based on:

- Letting departments manage: Central agencies as “integrators” not controllers;
- Clearer accountabilities through greater organizational experimentation;
- A more “porous” public service, where mobility is a principle, not a program;
- Reducing the web of rules and re-connecting with Canadians; and,
- Renewed relationships between politicians and public servants

Letting Departments Manage: Central Agencies as “Integrators” not Controllers

Public service studies and commentators going back to the Glassco Commission have long wrestled with how to achieve the right balance between government-wide coherence and control and giving departments and agencies the freedom and autonomy to lead innovation and change. What has become clear throughout our study is the perception of a long historical march to greater centralization within the federal government and the need to discuss the prevailing philosophy in the relationship between departments and central agencies (the Privy Council Office, the Public Service Agency, the Department of Finance and the Treasury Board Secretariat).

In brief, “the centre” needs to loosen its collective grip on departments and “get out of the weeds” in ways that are consistent with previous reform attempts to “let the managers manage” and “make the managers manage”.

This is true both from an administration and a policy standpoint. Rather than trying to out-expert the experts in departments, central agencies should re-orient their skills and talents in the pursuit of more integrated and coherent approaches to public policy and administration (i.e. identifying linkages across complex policy issues, developing frameworks and tools to better handle

wicked problems, etc.). Whether with respect to the administration of departmental matters or with respect to policies and programs, it is clear that departments need to be given greater latitude to make decisions and exercise authority if they are to manage and deliver on their mandates effectively. This, we believe, was the spirit in which the Public Service Modernization Act was created (the results of which have yet to be fully realized). While there is no disputing that some efforts should be

"Above all, departments should, within clearly defined terms of reference, be fully accountable for the organization and execution of their programmes, and enjoy powers commensurate with their accountability. They must be subject to controls designed to protect those general interests of government which transcend departmental interests. But every department should be free of external controls which have no such broad purpose."

*A Plan for Management, Glassco Commission,
1962-63*

made to help the public service manage talent corporately, ultimately DMs should be responsible and held to account for understanding their unique workforce, selling their particular "brand" to Canadians, identifying gaps with respect to skills, attracting and recruiting talent and managing performance. A diverse workforce of several hundred thousand cannot be micro-managed from the centre. Rather, central agencies should generate policies, frameworks and principles (in collaboration with

departments) that can bring greater coherence to human resource planning across the public service.

Departments will require greater enabling tools and support from agencies with respect to understanding public service-wide demographics and labour force issues, implications with respect to generational change and possible impacts on the workplace, and any and all data that would provide a complete picture within which human resource planning can be undertaken. It became strikingly apparent early in our study that there is a lack of complete, agreed-upon, up-to-date empirical data about many of these important issues. An ongoing challenge for the public service will be to create an accurate self-portrait as a basis for diagnosis, reform and measurement of progress and central agencies have a critical role to play in this regard.

Consistent with recent public service studies and independent reports, we reiterate that responsibility for administering financial and human resource responsibilities within organizations should rest with the responsible DM – and that he or she should determine the kinds of rules and regulations that would be needed to respect the principles and policies developed by the central agencies. One feature, already underway in the public service and similar to managing individual performance, would be to provide incentives to departments to better manage risk. If organizational performance meets certain standards and is seen to be improving (based on concrete, measurable and meaningful management accountability assessments) then rules and regulations required by the Treasury Board Secretariat or PCO should be relaxed; and, if the opposite were to be found, then departments would be subject to more stringent requirements for a specified period until performance improved in a measurable way.

Recommendation 5: Conduct a Central Agency Review

To ensure that appropriate authorities are vested firmly with departments, we recommend launching an immediate review of central agency mandates, with a view to getting them "out of the weeds". This review would include two parts: 1) a targeted review of human resource responsibilities and mandates with a view to streamlin-

ing and simplifying the existing central human resource apparatus; and, 2) a review of the broader roles and functions of the central agencies and an assessment of how to reinforce their core roles as enablers (providing support through policies, frameworks and appropriate tools) and integrators (identifying linkages across “wicked” problems and bringing greater coherence to the public policy landscape) – leaving maximum flexibility for day-to-day operations and policy and program administration to departments and agencies.

1) A targeted review of human resource responsibilities and mandates with a view to streamlining and simplifying the existing central human resource apparatus.

This recommendation is consistent with that of the PM’s Advisory Committee and should result in a smaller, more targeted central human resource function. Without prejudging the outcome of such a review, previous attempts at reform have often called for, among other things, a return to first principles where the role of the Public Service Commission as “auditor”, rather than service provider and central recruitment agency, is concerned. One organizing principle for such a review would be to think of the central apparatus as organized along the following lines: employer (Treasury Board Secretariat); auditor (Public Service Commission or Auditor General); and enabler (a revitalized Public Service Agency with the Canada School of Public Service as the training and development arm).

Creating a simplified and streamlined central human resource function would also be an opportunity to firmly establish the “locus for change” with respect to ongoing public service reform and renewal efforts. Not only would the head of a revitalized human resource agency bring much-needed focus and attention to corporate organizational health and well-being, but the organization would also become the “corporate memory” of all public service reform efforts based on an accessible, up-to-date central repository of public service and demographic information. Renewal would become a constant process of institutional reflection and improvement, based on trend analysis and evidence and rooted in historical context. The Head of the Public Service would benefit enormously from this type of corporate support.

2) A review of the broader roles and functions of the central agencies and an assessment of how to reinforce their core roles as enablers and integrators – leaving maximum flexibility for day-to-day operations and administration to departments and agencies.

In a public service world with, conceivably, more independent operations focused on service, departments fully responsible for administration and alignment of policies and programs, and an ever-increasing number of policy actors and stakeholders involved in the policy process, the need for better coherence and integration becomes clear. It is our view that this is where central agencies should devote their considerable skill and energy. In any event, a central agency review should provide the opportunity for a much-needed discussion and exploration of getting the right balance and behaviours in the important relationship between “the centre” and line operations.

Clearer Accountabilities through Greater Organizational Experimentation

We noted at the outset that the public service is the country’s largest employer. While this gives the public service a competitive advantage in terms of job opportunities, it comes with challenges as well. In the first instance, effective management and oversight of large, hierarchical organizations are difficult – most private sector leaders and organizational experts would agree with this point. Add to this the fact that ministers – not deputy ministers – are actually accountable to Canadians, throw in a high level of public scrutiny and a requirement to develop policy in a more networked and collaborative environment and combine it with a cumbersome and outdated human resource regime, and effective management of the public service becomes even more of a challenge. Faced with these challenges, the United Kingdom, Australia and New Zealand have experimented with organizational approaches that have either led to the creation of smaller agencies focused on delivery of services (with smaller departments emphasizing policy development) or to organizational models that create clearer, more defined responsibilities between deputy heads and ministers.

Canada has gone some way toward this “agency” model and has achieved service delivery improvements as a result. The Canada Revenue Agency is an example of this as is the Canada Security and Intelligence Service, Parks Canada and the Canadian Food Inspection Agency, to name a few. Along with service improvements, we have also heard from those familiar with agency operations that the ability of agency heads to exercise direct authority to deliver their mandates (including putting in place the most appropriate administrative measures to support these mandates) is greater than that of deputy ministers running departments. Moreover, a number of experienced public service observers believe that innovative governance approaches such as the use of management boards that bring an informed, outside perspective to public service operations can improve oversight and help assure accountability, productivity and performance.

Public service organizations with “separate employer status” – in other words, those who no longer have the Treasury Board Secretariat and the Public Service Commission as the employer – are also able to implement more agile and effective human resource management practices, largely because they have regimes designed to support their mandates and, as a result, are subject to fewer bureaucratic rules. It stands to reason, and is supported by a number of recent reports on public service renewal, that ownership of human resources is more evident when the levers are in the hands of an organization’s leadership – as opposed to shared among any number of institutions. The reports issued recently by the PM’s Advisory Committee and on the management of the RCMP each made the case quite clearly for vesting authorities directly with organizations rather than having them dispersed across an array of central agencies each with different and sometimes conflicting interests and priorities.

Recommendation 6: Create More Separate Employers and Agencies

To facilitate more flexible, accountable and performance-based approaches to departmental operations and workforces, we recommend expanding the separate employer model (including improved governance arrangements such as boards of management) to more departments which are operational in nature, and where a clear and obvious business case can be made. Organizational enti-

ties that are primarily operational and could be considered include: Service Canada, Public Works and Government Services Canada, Canada Border Services Agency, Correctional Service of Canada and, as has already been recommended by an advisory panel, the RCMP. A useful and complementary first step could be to review what is working well and less well in existing agencies to anticipate and deal with possible challenges, including the potential to create too much distance between policy coherence and service autonomy (as has been the case in some Westminster countries). We believe that the risks can be managed through a stronger focus on integration and horizontal management by central agencies.

This recommendation is also consistent with previous calls for the public service to exercise greater administrative leadership by putting the levers firmly in the hands of the heads of agencies and creating clearer lines of responsibility between those responsible for the overall management of the agency (i.e. between the minister, deputy head and board of management). Levers would relate specifically to the human resource and financial management regimes in place and careful attention would have to be paid to governance and performance arrangements and to anticipating unintended consequences, such as the inadvertent creation of barriers to mobility across the broader workforce. We know that there are a variety of “machinery” possibilities – from special operating agencies to departmental corporations – and all possibilities should be examined.

At the same time, in a country as vast and diverse as Canada, with technology able to bridge distance, at a time when “place” is becoming increasingly important from a policy development standpoint and when talent and demographic challenges continue to put pressure on the public service to step up and reflect the population, we wonder whether continuing to cluster the majority of departments and agencies and their headquarters in the National Capital Region should be the default setting.

A number of public servants told us that the distance between Ottawa and its regions is as much psychological as it is geographical.

This suggests that a greater emphasis needs to be placed on accessing and engaging front-line intelligence in the regions with a view to improving policy development and implementation. At the same time, in creating more separate employers, consideration should be given to relocating some of these newly-formed bodies outside of the nation's capital in order to improve responsiveness, gain access to a larger and diverse pool of talent, increase capacity with respect to intelligence gathering and engagement and address perceptions of a growing sense of isolation between Ottawa and the rest of the country.

Develop a More Porous Public Service: Where Mobility is a Principle, not a Program

A modern organization – “fit for purpose” in the 21st century – must be able to respond quickly to changing demands, building and rebuilding a workforce accordingly. A key challenge for the public service is to compete for a shrinking pool of talent, now and in the future. At the same time, recognizing that recruitment of young talent will not be sufficient, the public service needs to consider ways to attract mid-career individuals from other sectors into its workforce as well as younger, work-experienced individuals.

While an aging population takes its toll on the workforce, much is also being made of the changing workplace expectations of the younger generation. A generation with broad employment opportunities, different expectations with respect to work-life balance, a strong desire to contribute, an expectation of diversity in the workplace, a need for learning and development opportunities – these are the expectations that future employers are striving to meet, and the public service is no exception.

A hierarchical, rules-bound, inward-looking environment will have a hard time continuing to sell itself as an “employer of choice” if it does not change its organizational culture quite dramatically. Efforts at branding will be insufficient if the reality of the personal experience does not match what was sold.

At the same time, as noted in the February 2008 Report on the Government of Canada's Consultations on Linguistic Duality and Official Languages, stress fractures are appearing in terms of the image of Canada as bicultural. The Canadian population grows ever-more diverse, with increasingly more Allophones (those whose mother-tongue is neither French nor English) than Anglophones or Francophones in some urban centres as a result of immigration trends. Whether the current public service model is flexible enough to attract or retain a representative and bilingual workforce with the requisite skills and talents is a very real question. Managers, employees and unions should be involved in very tough and very honest conversations about these and other challenges as well as possible solutions.

Recommendation 7: Revitalize the Staffing Regime

We support efforts underway, highlighted in the Clerk of the Privy Council's most recent annual report, to increase the number of new recruits in the public service. At the same time, recruitment processes continue to be cumbersome taking, in many instances, half a year or longer to come to fruition. While efforts are being made to address the slow and cumbersome hiring and staffing processes, much more needs to be done.

As part of the revamping of human resource central agencies, we recommend that a newly-constituted Public Service Agency, in collaboration with Treasury Board Secretariat, unions and interested departments, begin a process to remove barriers to movement between the public service and other sectors (private, not-for-profit, other levels of government) and that this process consider such key factors as sustained mentoring to facilitate job transitions, pension portability, official language procedures, demographic trends with respect to diversity and other disincentives to leaving or entering public service. If the public service is to compete, it must embrace a model that includes a number of complementary features including: incentives to recent graduates to choose a career in the public service; the possibility of changing the pension and benefits scheme to encourage pensionable public servants to continue making a contribution; and the removal of barriers to enable greater ongoing exchange of talent.

Recommendation 8: Recommit to "On the Job" Learning

As much as there is an immediate need to replace talent, we reiterate that developing skills and talent – whether with respect to management, operations, policy, finance, human resources or any other area of specialty – takes time; intelligence is no substitute for experience and will only get people so far. The younger recruits in the public service must be given the time to develop and, until they do, there will still be a pressing requirement to fill gaps at the middle-management level (and in other occupations and functional groups) and to expand the reach of the public service in order to attract talent from other sectors.

Currently, we are aware of a few programs which allow individuals to take advantage of public service opportunities on a temporary basis in mid-career, either through executive interchange or the Government of Canada Fellows Program (as of February, 2007, according to the Public Service Agency, 328 participants were on assignment in the public service, of which 79 were executives). We are also aware of the challenges faced by "outside" employees in fully integrating into the public service culture (either with respect to official languages expectations, limited decision-making latitude, and complicated or unnecessary rules and regulations). More needs to be done to provide learning and mentoring opportunities to all recruits at all stages of their career.

As a way to attract younger and mid-career recruits, we recommend making it easier for public servants below the executive level to deploy across branches and departments and between sectors. This would give employees numerous opportunities to develop skills and capacities, including a deeper appreciation for the kind of career path they wish to follow prior to becoming either an executive or a subject-matter expert. It is our strong view that an organization can bear turnover much more easily below the executive cadre and that demonstrating a "corporate" commitment to the organization is the responsibility of executives.

In an effort to bring some stability to an organization experiencing a high degree of "hyper-mobility", talent management programs should de-emphasize the need to "accelerate" employees (e.g. the Accelerated Executive Development Program) and re-emphasize an approach

that supports sustained and continuous leadership. In this regard, we are encouraged by such programs as the recently-created Advanced Leadership Program and suggest that more attention should be paid to developing and implementing these types of talent management programs at all levels.

Reduce the Web of Rules and Re-Connect with Canadians

Organizations with a clear understanding of accountability focus their energies on articulating outcomes and results, give employees latitude and support to innovate and achieve intended results, demonstrate an ability to distinguish between necessary mistakes and incompetence or wrong-doing, align human and financial resources toward delivering results and tell a compelling and straightforward results "story".

If accountability regimes tilt toward "blaming and shaming" – on hindsight and "gotcha" approaches rooted in distrust – and if public servants, labouring under compliance and reporting requirements and a piling-on of rules and regulations, are not able to direct their creative energy and attention toward developing innovative and effective policy options, programs and services, then the accountability regime needs to change.

We have been told repeatedly that one of the biggest barriers to a modern, excellent, innovative and results-oriented public service is the current accountability dynamic in Ottawa. Recent measures to "enhance" accountability (for example, the significant increase in administrative rules under recent governments or the recent Federal Accountability Act) have generated what is widely referred to as the "web of rules" – a web that risks becoming a pervasive and negative driver of public service culture. Its impacts can be widely felt: detailed policies and procedures that extend recruitment times, administrators navigating hundreds of pages of policy manuals or recipients of grants and contributions reporting overhead costs of 30 per cent to comply with rules

and reporting requirements. More than inefficiency or inconvenience, this culture of rules risks reinforcing behaviours – rigid hierarchies, an overemphasis on compliance rather than outcomes, caution instead of innovation, inward-looking and insular bureaucracies – that will not bring to life the kinds of modern principles and characteristics that will allow the public service to respond to the challenges of the 21st century.

Recommendation 9: Immediately Streamline Existing Rules and Regulations

As soon as possible and in order to reduce the existing burden of rules on public servants and those with whom the public service does business, the government and the public service should implement the recommendations of the Blue Ribbon Panel on Grants and Contributions. As well, we urge consideration of immediate common-sense reductions in the web of rules in areas such as contracting (for example, retroactively index for inflation the \$25K limit for sole-source contracts, moving it to \$50-\$75K), streamlining Treasury Board Secretariat reporting burdens, fast-tracking staffing and implementing shared services arrangements to streamline the “back office” (i.e. in the areas of financial and human resources) where appropriate.

More broadly we recommend establishment of an external review mechanism, similar in nature to the recent Blue Ribbon Panel on Grants and Contributions, with a fixed timetable, to streamline and rationalize public service management policies and rules to acceptable levels (commensurate with other sectors and jurisdictions). We believe the credibility of an outside group will help galvanize and lend impetus to the exercise (in part because organizations that own rules are often reluctant to give them up). The group’s approach should include a prioritized work plan across key sectors such as human resources, financial management, administration, contracting and procurement. We urge an ongoing mandate for the group to guard against the historical tendency to re-impose rules over time. This government-wide effort should be mirrored by individual departments and agencies subjecting their own policies and regulations to similar scrutiny on an ongoing basis.

A Modern Public Service Depends Upon Renewed Relationships with Politicians

A recurring theme throughout our examination of the public service was the importance of relationships. Whether we are talking about effective communication between deputies and their ministers, public declarations of support for the public service, political leadership to help advance required legislative or machinery (i.e. organizational) changes, or respectful and meaningful dialogue between officials and parliamentarians about the administration of tax dollars, it is clear that much depends upon a healthy and functional relationship between the government of the day, Parliament and the public service. Unfortunately, what we heard during the course of our study was that this relationship is anything but healthy. In fact, it was often described as “under strain”, suffering from a lack of trust and respect, and dysfunctional.

“We need legislators and ministers to discuss policy, administrative and ethical issues with public servants in an atmosphere of mutual respect... Public servants want to be helpful to legislators and they can be most helpful when legislators treat them, and their role, with respect.”

David Dodge, Former Governor,
Bank of Canada

There is no question that the political-public service dynamic is complex. Deputy ministers are appointed by the Prime Minister on the advice of the Clerk of the Privy Council and become advisors to ministers and accountable before Parliament (and its various agents) for the effective administration of their organizations. Traditionally, the government looks to the public service for high-quality, non-partisan advice and expects that the public service will administer federal policies, programs and services with integrity, efficiency and probity. Parliament expects public servants to explain how public money has

been spent and will be spent, in a way that is meaningful, honest and transparent. Public servants expect that the relationship with their “political masters” will be based on mutual respect and trust, both on a personal level and in terms of respecting authorities and accountabilities. If at any point these roles are called into question or, worse, into disrepute, then the delicate web of relationships can start to unravel. Some would argue that this is what is happening now and that the public service is bearing the brunt of a messy and distrustful environment.

Government and Parliament must always concern themselves with issues of accountability. The package of recommendations in this report is aimed squarely at improving individual and organizational accountability. However, if politicians are not able to see the benefit of these kinds of changes and believe that greater accountability will only come through increasing the number of rules, regulations and procedures public servants need to follow, or putting in place a “zero-tolerance” policy for administrative errors, or castigating public servants who choose to “speak truth to power”, then we are left to wonder if the public service will be able to become a modern organization able to attract and retain a new generation of talent.

“The renewal of the Public Service will not be achieved simply through legislative and administrative action... It requires fundamental changes in attitudes by Public Servants, by Ministers, by Parliamentarians and ultimately by the public.”

Paul Tellier, former Clerk of the Privy Council and current Co-Chair, Prime Minister's Advisory Committee on the Public Service

Recommendation 10: Encourage Political Engagement

We have seen in other jurisdictions and countries that political engagement is a key determinant of the success or failure of public service reform. To re-engage political leadership and repair a strained relationship, it is time for public servants and politicians to come together for

a frank conversation about renewing the health of their respective institutions. As such, we recommend a public sector summit on the emerging environment of rules, risks and responsibilities with an emphasis on building better relationships between the key players. This summit would be an opportunity to bring Canadian democracy into the 21st century by putting a number of issues on the table that have either received very little debate or suffer from multiple interpretations.

We suggest bringing together senior public servants (from central agencies, line departments and the Library of Parliament), parliamentarians (including committee members and chairs), ministers and their staff, agents of Parliament and their staff for a two-day summit on the following issues: accountability (and the role of the accounting officer), the evolving role of parliamentary committees, the role of agents of Parliament, improving relationships through new standards of conduct, an examination of the effectiveness of the Federal Accountability Act, departmental support to committees, and the effectiveness (quality, number and frequency) of departmental planning and reporting documents, and the estimates process. This event would provide an opportunity for key players to interact with each other in a less formal and “procedural” environment with a view to developing a greater appreciation for respective challenges and requirements and to agreeing on areas of possible follow up. It could also be an opportunity to invite other sectors and jurisdictions to provide concrete comparative examples of strengthened relationships and mechanisms to achieve greater accountability.

The summit would be the first word on the subject of a renewed relationship – not the last. We recommend that it be the start of a series of regular dialogue opportunities to improve relationships, generate mutual understanding and co-create solutions to ongoing and shared challenges. Specific challenges – and possible solutions – could be tabled at a summit and be refined through further conversations before being piloted. Some concrete suggestions include: greater cross-fertilization between public servants and ministers’ offices, secondment opportunities with parliamentary committees, orientation programs for new members of Parliament, training for public servants to appear before committees, more streamlined and meaningful performance reports and estimates documents, among others.

Conclusion

Conclusion

"Don't believe in words – only believe in behaviours."

Jerry Porras, Professor and Author,

Bold Risks... Measured in Small Steps

As you come to the end of this report, we would hazard a guess that depending on where you sit, you are having quite different reactions to both our diagnostic and our recommendations. If you are a public servant you might be thinking, "Well, there's not a lot there that I haven't heard before". If you are familiar with the public service but work in another sector you might be also be thinking "Although I don't quite get the intricacies of a public service culture, a lot of this isn't rocket science". And, if you are part of the senior ranks of private industry of you might be thinking "Just do it already". As for the politicians, we hope they will agree that a strong and effective public service is simply good politics.

No matter the reaction, we are aware that the recommendations are being put forward at a specific moment and within a unique context. The political climate remains volatile and minority governments may persist for some time into the future. It is also true that at this moment in time there appears to be a growing chorus of voices – inside and outside the public service – calling for change. There is a fair degree of convergence around some of the required changes: a modern human resources regime, improved performance management and an emphasis on recruitment. The current Head of the Public Service continues to push for better human resource planning, recruitment and performance management. The PM's Advisory Committee is calling for a simplified human resources regime, less churn among deputy ministers, and strengthened performance management. The Task Force on Governance and Cultural Change in the RCMP called for greater delegation of financial and human resource

authorities to enable more responsive and responsible service in the pursuit of “rebuilding trust”. To ignore or pay lip service to this chorus is to condemn the public service to, at best, mediocrity and, at worst, irrelevance. The public service, public servants, the government and all Canadians deserve better.

So, while some caution in the face of today’s realities may be required, real cultural change also requires bold efforts and the courage to see it through. The package of recommendations we have outlined provides an integrated approach to achieving the kind of change that will enable the public service to better tackle the challenges of the 21st century.

What is needed is nothing less than a change in culture, brought about by a focus on renewed leadership and accountability rooted in modern organizational principles based on: trust, the removal of unnecessary rules and barriers, an emphasis on sustained, values-based leadership and honest and transparent management of performance.

We know that change on this scale takes sustained commitment and time; not everything can be done easily or at once. Some recommendations can be implemented by the public service on its own while others will require the support and leadership of politicians. We call on politicians to exercise courage and re-commit to the value of public service.

Let us end where we began. It has been our privilege to spend almost two years speaking with Canadians about the future of the public service. We are proud of the accomplishments of the public service in helping improve the quality of life of its citizens and the social and economic well-being of the country. We also know that, like so many organizations, it faces challenges and opportunities. We look forward to continuing to work with the public service, and with all sectors of society, to help meet these challenges, take advantage of opportunities and ensure Canada has an excellent public service in which all citizens can take pride.



About the Authors

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Ian Green is PPF Chair in Public Service Governance. Ian began his career in 1974 as senior political aide and advisor to the Leader of the Official Opposition and, subsequently, Prime Minister of Canada, Joe Clark. He then entered the public service where he held a number of senior positions including, Director, Machinery of Government (PCO), Assistant Deputy Minister at Secretary of State, Health and Welfare Canada and Human Resources Development Canada, Associate Deputy Minister of Human Resources Development and Vice-Chairperson of the Canada Employment Insurance Commission, and Deputy Secretary to the Cabinet for Operations (PCO). From 2001 to 2004, he served as Deputy Minister of Health. He retired from the Public Service in 2005 and was awarded the Outstanding Achievement Award of the Public Service of Canada. Ian holds a BA from the University of Ottawa and undertook graduate work in political studies at Queen's University.