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Fifth Annual Report

to

The Prime Minister

on

The Public Service of Canada

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**Clerk of the Privy Council and
Secretary to the Cabinet**

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March 31, 1998

Dear Prime Minister:

Pursuant to the *Public Service Employment Act*, I am pleased to submit to you the *Fifth Annual Report to the Prime Minister on the Public Service of Canada*.

In my annual report of 1995, I discussed several international trends that were influencing the role and function of governments and of public sector institutions around the world. To keep pace with the times and the changing needs of citizens, I set three key tasks for the public service: strengthening its policy capacity; modernizing its service delivery function; and building a vibrant national public service adapted to future needs.

We made progress every year since then, and each year we recognized that more could be done. This year is no different. In this report, I reaffirm the importance of the three key tasks, I note the progress made during the last year and I briefly sketch the areas that require special effort.

In policy development, the most important challenge will be to explore ways to better engage the participation of citizens. In service delivery, the challenge will be to use information technology to provide Canadians with access to government services on their terms and according to their needs and circumstances. In human resources management, the goal is to become a learning and knowledge-based organization, one able to provide people with the breadth of knowledge and experience necessary to advise and serve in a modern global environment.

Mr. Prime Minister, public servants are doing their part to build a modern, vibrant institution. With your guidance and the support of your government and of Parliament, I am confident that the Public Service of Canada will continue to make an important contribution to Canada's future and will be ready to meet the challenges of the next millennium.

Jocelyne Bourgon

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I

A Canadian Model of Public Sector Reform

In recent years, an important chapter has been written in Canada about redefining the role of the federal government and about reforming public sector institutions to better serve Canada and Canadians. This chapter was built on 10 years of effort to achieve a consensus among citizens on the need for change in order to live within society's collective means. Public sector reform was carried out in a typically Canadian way — calmly, competently, without much fanfare. Today, the results are a major realignment of role and a balanced budget. These were achieved while maintaining a strong economic performance and preserving a quality of life that is among the best in the world.

The story of public sector reform in Canada deserves to be told. It is a story about democracy and the role of government in a modern society. It is a story of partnership between elected officials and public servants. It is a story about the importance of the public sector in a well-performing global society.

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The reform efforts of many countries are well known. People interested in public administration and public sector reform have studied or heard about the “U.K. model,” the “New Zealand model” or the “Australian model.” We know of the efforts of some countries to separate policy and service delivery, to establish “next-step agencies,” to borrow best practices from the private sector, to

focus on clients and client needs. Every developed country is facing similar circumstances. Each is responding in its own way, and all are learning from one another.

The “Canadian model” is less well known. While none of its elements are uniquely Canadian, taken together they amount to an approach that is sufficiently different from all the others to warrant attention.

The Canadian model is based on the belief that government and government institutions are essential to a well-performing society. While it rejects the philosophy that less government is synonymous with better government, the Canadian model recognizes the importance of affordable government. It endorses the idea that democracy working side by side with a market economy is the key to national prosperity and the well-being of citizens.

The Canadian model asserts that public sector reform must start by examining the role that government is expected to play in the future. It recognizes that public sector reform must be anchored in a reasonable understanding of the strategic contribution that government is expected to make to the prosperity of Canada and to the well-being of its citizens. It recognizes that government cannot act alone. It acknowledges that the role of government can vary depending on the circumstances: it must be able to lead, to play the role of catalyst, to build partnerships, to create strategic alliances, and to rely on the commitment of all those who are willing and able to contribute to the collective good.

The Canadian model affirms that a well-performing public sector requires both a strong policy capacity and a modern service delivery function. Over the past few years, the public service has sought to strengthen its capacity for policy research, analysis and development and, at the same time, to modernize its approach to service delivery. Along the way it discovered that both functions were facing very similar challenges.

In service delivery, it means integrating services among departments and among governments, building partnerships and strategic alliances and exploiting the potential of information technology to better meet the needs of citizens. In policy, it means taking a broader, more comprehensive approach to the public interest, ahead of the departmental interest; working co-operatively to develop more integrated policy responses; and cultivating more open, participatory and transparent policy development processes.

The Canadian model rejects the notion that “one size fits all.” It encourages experimentation and the emergence of a diversity of institutional models to put before decision makers. Portfolio management is a recent Canadian innovation. It recognizes that a minister is responsible to Parliament for a family of organizations, and it encourages greater flexibility within each organization and greater cohesion among the organizations reporting to a single minister.

The Canadian model does not accept that the policy and service delivery functions should be separated as a universal principle. Instead, it follows a more pragmatic route in which separating the policy and service delivery functions is contemplated whenever it can be demonstrated that it will bring about substantive gains in the quality of service to citizens.

The Canadian model recognizes the importance of a well-performing, professional, non-partisan public service. It recognizes that public servants have a key role to play in shaping policies and delivering services. The Canadian model recognizes that to build a modern and vibrant professional, non-partisan public service, it is necessary to commit as much time and energy to human resources management as to policy development or service delivery. It recognizes that to retain, motivate and attract a corps of talented and dedicated public servants requires profound change. The public service must be able to provide its people with the breadth of knowledge and experience necessary to advise and serve in a modern and global environment.

The Canadian model requires leadership from both elected and appointed officials. Political leadership has been essential to realign the role of government, to ensure balance and fairness and to stay the course over a number of years. Public service leadership has been relied upon to put bold and creative ideas before ministers, to marshal support for change and to ensure smooth implementation. Each group has played its role well and all have reason to be proud of the results they have accomplished together.

An important chapter was written in Canada over the last few years, but this is no reason for complacency. The results to date are no guarantee of progress in the future. They were accomplished in a unique period when there was a broad consensus on the need to realign the role of government and reduce expenditures to live within society's collective means. Can the conditions that made it possible to achieve so much progress so quickly be sustained over a longer period? Only time will tell.

Ministers and their officials have laid the basis on which they can now envisage an even more ambitious agenda. As we enter the new millennium, Canada is now well positioned to develop new relationships between government and citizens and to explore new ways to strengthen parliamentary democracy and its supporting public sector institutions.

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During the last decade, a lot was said about the impact of globalization in a market economy. Over the next decade, we can expect to hear a lot more about the importance of democratic and public sector institutions in a well-performing global society.

Public sector reform in Canada started with and is guided by the view that public sector institutions have an important role to play in the success of a nation. Canada has a contribution to make in this debate, and its impact could be felt well beyond its borders.

II

Putting the Public Interest First

Canadians can take pride in having built one of the best countries in the world in which to live.

The public service can take pride in its contribution to the high quality of life enjoyed by Canadians.

And the public service can also take pride in its own contribution to the creation of the high quality of life enjoyed by Canadians.

Taken together, the services provided — and the policies and programs delivered — by government contribute to the richness of Canadian life.

As we approach the 21st century, the challenge for government is to prepare Canadians to share the rewards of a global economy and to adapt to the profound effects of modern information technology. The public service must adjust in order to keep pace with the times and the changing needs of citizens.

In response to these emerging challenges, the Public Service of Canada has been pursuing for the past several years the dual goal of strengthening its policy capacity and modernizing its delivery of services. These efforts will continue over the years to come. Furthermore, the Public Service of Canada will strive to better engage the participation of citizens in the policy development process and to provide Canadians with access to government services according to their individual needs and circumstances.

Strengthening Our Policy Capacity

My annual reports of the past two years have highlighted the increasing complexity and crosscutting nature of policy issues. More than ever, policy work depends on having a broad base of knowledge and an understanding of interrelated events. This, in turn, requires a new approach to policy work, with greater emphasis on the mid-to-long term, greater co-ordination and collaboration across departments and levels of government, and a more open, participatory and transparent policy development process.

The process of strengthening the government's policy capacity and developing a strong policy community across government began in 1995 with the work of the Task Force on Strengthening the Policy Capacity of the Government of Canada. It was followed in 1996 by the Task Force on the Management of Horizontal Policy Issues. That same year, the Policy Research Committee, involving more than 30 federal departments and agencies, was launched by the Privy Council Office. It was challenged to anticipate the policy issues of greatest importance for Canada into the year 2005.

The committee established four research networks around the issues of growth, human development, social cohesion and global challenges and opportunities. The committee is also looking at adjustment and transition issues as Canada moves to a knowledge-based economy and society. Already, the Policy Research Committee's findings have begun to enrich the quality of policy advice in various departments and, most recently, have influenced the priorities reflected in the Speech from the Throne of 1997.

The Policy Research Committee has provided policy researchers and developers with a sense of community as they work closer together and learn from one another. For example, in November 1997, more than 300 public servants working in the fields of policy development, analysis and research in all departments of government, attended a conference where they discussed strategic policy issues, built personal contacts and exchanged views. A first for the Public Service of Canada.

The Policy Research Committee has provided policy researchers and developers with a sense of community.

The process of discussion is now expanding to invite the contribution of regional development agencies and of federal regional councils in order to enhance policy responsiveness to regional issues.

The Policy Research Committee has also opened itself to the broad external policy community and continues to explore new forms of partnership. In November 1997, 40 external research organizations met to provide networking opportunities for policy researchers and to explore opportunities for collaboration. Plans are under way to hold a conference, the National Policy Research Conference, in the autumn of 1998. A first for Canada.

At the international level, the Policy Research Committee is collaborating with the Organisation for Economic Co-operation and Development (OECD) to gain a better understanding of current OECD strategic priorities, to share Canada's perspective on the policy environment and to share information on emerging domestic and international issues. Plans are also under way for the production of a bulletin which will highlight key research results from the federal government, from Canadians and from

international sources. As well, an Internet site is being established to link policy makers and researchers across Canada and abroad.

This is progress, for which we owe thanks to departments and their policy teams. We must also acknowledge the exceptional leadership of the co-chairs of the Policy Research Committee, as well as the contribution of the Steering Committee of Assistant Deputy Ministers and the committee's Secretariat.

Along the way, important lessons have been learned.

- Sound policy development requires taking a broader, more comprehensive approach to the definition of the public interest.
- The complexity of public policy issues, coupled with involving citizens in the policy development process, heightens the need for a medium- to long-term investment in the policy research and development process.
- The interdependence of policy issues requires intense interorganizational co-operation and collaboration across government departments and agencies, across levels of government, with external researchers, and with other sectors of society.
- The best policy analysts are those who have acquired, through the years, a diversity of knowledge and experience; who work well together and value teamwork; and who can lead or follow the lead of others, depending on the needs or the issue at hand.

Over the coming years, the Public Service of Canada will maintain its commitment to strengthening its policy capacity.

- We will continue to encourage teamwork.
- We will continue our efforts to build a strong policy community.

- We will continue to reach out and to build strategic alliances domestically and abroad.

At the same time, departments and their policy teams will be called

Departments and their policy teams will be called upon to help the Government of Canada explore the potential of citizen engagement.

upon to help the Government of Canada explore the potential of citizen engagement in a parliamentary democracy. Citizens wish to relate to their democratic and public sector institutions in new and different ways.

They are no longer satisfied to participate only in an election every four or five years. Citizens want to have a say in the policies that will affect them most. They want to be partners in shaping Canada's future.

Over the years, the Government of Canada has explored and gained experience in various ways of involving citizens. These ways ranged from increased transparency through the provision of information, to greater accountability through the reporting of results, to consultation on major policy issues. Citizen engagement is a two-way learning process between citizens and their democratic and public sector institutions, involving them in trade-offs and a search for common ground.

Modernizing the Delivery of Services to Canadians

The delivery of programs and services is where government policy development becomes a reality for Canadians.

Over the last four years, we have made many efforts to modernize the relationship between government and citizens. In the process, departments have benefited from the contribution in 1996 of the Task Force on Service Delivery Models and the Task Force on

Values and Ethics. In particular, the reforms reaffirmed the importance of the role of citizens well beyond their role as customers and clients. Citizens have a rich and profound relationship to their governments as equal bearers of rights and duties in a democratic setting. This relationship bears no resemblance to that which exists between consumers and enterprises in the private sector.

We have learned that focusing on citizens' needs often leads, over time, to

- Integrated service delivery among departments and agencies, to better serve citizens
- Integrated service delivery among governments, as they share the responsibility of serving citizens
- Strategic alliances and partnerships with private-sector, volunteer and non-profit organizations (everyone can contribute to the collective interest)
- The exploitation of the potential of information technology as a means for government to reach out and for Canadians to access government on their terms

Today, significant examples of progress along the lines just described can be found in every department. For example,

- The Canadian Food Inspection Agency, which began operation in April 1997, is an example of seamless integration among service providers within the Government of Canada. It consolidates all federally mandated food inspection and quarantine services previously provided by Agriculture and Agri-Food Canada, Health Canada, Industry Canada and Fisheries and Oceans Canada.

- The Aboriginal Single Window Initiative in Winnipeg is an example of integrating service delivery by three levels of government. The federal government (led by Human Resources Development Canada), the province of Manitoba, and the city of Winnipeg provide Aboriginal peoples with improved access to, and information on, services and programs offered by three levels of government.
- The work of the Research and Development Centre of Agriculture and Agri-Food Canada in Saint-Hyacinthe, Quebec, is an example of partnership. It has a collaborative research program with the private sector, universities and other research centres; its Food Industry Pavilion shares and transfers knowledge and information related to the agri-food industry; and it is participating in the development of the Agri-Food Scientific Park of Saint-Hyacinthe.
- Industry Canada's Strategis information system provides a rich source of data on new markets, new partnerships, new technologies and processes — with the goal of enhancing business competitiveness. In the past year, this Web site received more than 1.4 million visits, with over 12 million documents retrieved.

Over the coming years, the Public Service of Canada will continue

The Public Service of Canada will continue to modernize its service delivery function.

to modernize its service delivery function. We will continue our efforts to focus service delivery around citizens' needs and on improving citizens' access to government. Much

progress has been made, but much more remains to be done.

- Within the Public Service of Canada, progress is needed to project a common image, for departments to share and operate a common infrastructure, for the Government of Canada to provide a single window centered on citizens' needs.
- At the intergovernmental level, the most important breakthrough would be the coming together of municipal, territorial, provincial and federal governments — mindful of their respective responsibilities but united in their efforts to serve Canadians. A single window for all governments can be a reality in Canada.
- Today, information technology is giving us the means to put the institutional knowledge that is currently in the hands of three levels of government at the service of Canadians and their communities. It could profoundly alter the relationship between governments and citizens.

The technological challenge presented by the approach of the year 2000 highlights the interdependence of governments with other sectors of society and with other nations. It provides an example of the extent to which collaboration across all boundaries is critical in order to provide an effective response — in this case, ensuring the preparedness of Canada's information systems for the year 2000.

The Relationship Between Government and Citizens

The challenge will be to explore ways to give citizens a greater

The challenge will be to explore ways to give citizens a greater voice in developing government policy and more access to government services on their terms and according to their needs.

voice in developing government policy and more access to government services on their terms and according to their needs. At first, democracy meant coming together in the village square to exchange information, to debate and to make

decisions of collective interest. As society became more complex and distance imposed limitations, representative democracy emerged as the most viable model to ensure a link and proper oversight by citizens of their political institutions.

On the verge of the 21st century, information technology is giving Canadians an opportunity to build new, more direct relations with their democratic and public sector institutions. Taken together, these reforms could give a fuller, richer meaning to the relationship between government and citizens.

III

Putting People First

People are at the heart of successful public sector reform. Looking

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outside, reform requires a focus on citizens and their elected representatives. Looking inside, reform means focusing on public servants, the men and women whose professional life is committed

to serving the public interest today and the men and women who will be called upon to do so in the future.

Public servants are committed to serving the public interest and want to put their talents and their skills at the service of a worthy cause. Their talents are in demand outside the public service and can be put to use in any number of organizations. For them to join and maintain their commitment to a career in the public service means we must provide a suitable working environment and working conditions.

While those who choose a career in the public service expect to receive fair and reasonable pay for the work they do, their attachment depends on a number of less tangible factors. These include

- Pride in the role of the public sector in society

- Opportunities to serve Canadians and to make an important contribution to Canada

- Respect for the institution and for their professional contribution
- Room to contribute to their full potential — to learn and to be challenged

To ensure that Canada can continue to rely on one of the best public services in the world requires

- Trust between Canadians and their public sector institutions
- Vision on the part of parliamentarians about the role of the public sector in society
- Respect between elected officials and public servants and a solid understanding of each others' contribution and role
- Partnership between the public sector, the private sector, the not-for-profit sectors and voluntary organizations

La Relève

In my annual report a year ago, I signalled that a “quiet crisis” had arisen in the Public Service of Canada. It was becoming difficult to retain, motivate and attract people essential to the work of the public service. This was the result of years of downsizing and pay freezes, criticism, insufficient recruitment, and the premature departure of experienced public servants. It was a quiet crisis because few people were willing to talk about it and even fewer were doing something about it.

A year later, while the symptoms remain, the crisis is quiet no more. Under the auspices of *La Relève*, it is now being openly addressed. Public servants are taking action and they are responding with an ambitious program of reforms. After 12 months it is fair to say that the circle of people committed to making a

difference and to putting forward reforms is expanding in every department and at every level.

In last year's report, *La Relève* was described as

- “A challenge to build a modern and vibrant institution able to use fully the talents of its people
- A commitment by each and every public servant to do everything in their power to provide for a modern and vibrant organization now and in the future
- A duty, as the guardians of the institution, to pass on to our successors an organization of qualified and committed staff ready to face the challenges of their time”

Finally, *La Relève* invited public servants to show a bias for action.

The numerous initiatives put forward by departments, functional communities (such as the policy, communications, and science and technology communities), and regional councils to meet this challenge were summarized in the October 1997 document “*La Relève: A*

La Relève has given rise to an unprecedented focus on people issues in the Public Service of Canada.

Commitment to Action”. Today, a first progress report is tabled as two companion documents to this report. These documents demonstrate that *La Relève* has given rise to an unprecedented focus on people issues in the Public Service of Canada. Over the coming years, departments and agencies will provide further progress reports to Parliament through their annual business plans.

Looking Forward

The challenges ahead are many and progress will take time. But if the changes and the progress that we have seen over the last 12 months are maintained over the coming years, much more can be done to build a vibrant and creative institution relevant to the needs of Canadians — an institution capable of attracting and retaining the talent it requires and providing its public servants with rewarding and stimulating careers.

Among the goals we must all strive to achieve are

1. A borderless institution

As issues become more global and more complex, and as citizens and the collective interest become the focus of policy development and service delivery, the work done by public sector employees is changing. The issues require

- The expertise and simultaneous attention of several departments or agencies
- Public servants who can bring to bear a diversity of knowledge and experience

To respond to this challenge, the Public Service of Canada must become a borderless institution.

The Public Service of Canada is committed to reducing the barriers to the flow of ideas.

This does not mean it has organizations without structure, without legislative frameworks or without accountability. Rather, it is an institution committed to reducing the barriers to the flow of ideas and information within and among

public sector organizations. Some of the barriers are physical, others are built into our information systems, but most are cultural. The cultural barriers are the most difficult to overcome.

A borderless institution

- Focuses on the big picture and has a culture oriented to attaining collective goals, not just individual objectives
- Enhances the exchange of ideas and information among organizations within and outside the institution
- Supports and encourages teamwork and co-operation among organizations
- Encourages the mobility of its people within and outside the public service, in order to broaden their experience and expertise and prepare them for the future

2. A learning organization

Most of the *La Relève* plans submitted by departments, functional groups and regional councils

The Public Service of Canada requires a transformation in its people, its culture and its leadership.

have demonstrated a commitment to training and development. Assignment programs, mentoring and coaching initiatives and training and development activities are being put in place. This gives us the base to move to a more

difficult challenge. The Public Service of Canada must become a continuous learning organization. It is still far from that goal — it requires a transformation in its people, its culture and its leadership.

The challenge of becoming a learning organization requires that we go beyond the provision of training and development. A learning organization

- Recognizes that it is not perfect — it will make mistakes, but it is able through self-correcting measures to avoid repeating them
- Is able to generate new ideas and to acquire new and useful ideas generated elsewhere
- Disseminates knowledge and insight to multiply and expand their potential applications
- Modifies its behaviour to reflect new knowledge and insight

3. Effective leadership

Building an open, borderless, learning organization requires everyone to change — managers, supervisors, and employees. And it needs leadership.

A growing number of public servants are “knowledge workers.” This means that they own the most important resource of the organization — their know-how and their ability to innovate. This has implications for all public servants.

First, it changes the traditional concept of employee. In the past, employees worked in a relatively predictable environment and were generally clear about what was expected of them. A learning and knowledge-based organization is much more fluid and unpredictable. Employees are expected to look for solutions, contribute ideas, share information with others, innovate and make a contribution. They are also expected to share with their home organization a responsibility for keeping their skills, knowledge and expertise current and for contributing to the development of others.

Second, it challenges the traditional concept of management. All managers exercise power and authority. They set priorities, organize work and are accountable for results. This will continue to be the case. However, in a learning organization, the way in which managers achieve results and get the best from everyone is very different.

With all the power and authority in the world, one cannot “command and control” creativity and innovation. One cannot “order” new results to emerge. A new approach to management is called for. This approach requires a climate of trust, encourages collaboration and favours inclusiveness. It recognizes the importance of sharing power in exchange for having everyone gain a greater sense of collective responsibility. This management model is much more complex than the one we inherited from the industrial era.

As we change to a learning and knowledge-based organization, the

*The Public Service of
Canada needs champions
and leaders.*

Public Service of Canada needs champions and leaders. A leader is the person who guides the efforts of a group toward a result beyond its current reach. Leaders are not necessarily managers — they

can come from anywhere in the organization. And no leaders lead all the time. They know how to follow the lead of others and rely on the strength of others. Human qualities — not position or title — make a leader. The signs of outstanding leadership are found among the followers, for without them there would be no leaders.

Effective leaders

- Have a sense of direction. They are confident in their beliefs and values and have a clear sense of purpose.
- Are the servants of their followers. They liberate the energy and talent of others, allow their ideas to flow, and help them reach and extend their potential.
- Free the potential of others. They understand that leadership is required at all levels and in all workplaces, and they allow others to discover their own leadership potential.

- Foster inclusiveness. By being flexible and open-minded, they encourage others to join in and to be part of a collective effort. They listen and foster two-way communication.
- Value and support people. People want to make a difference, to be proud of their results and to be recognized for what they do. Leaders help to create an environment which satisfies these needs, builds on diversity and allows people to contribute to their fullest. Leaders recognize other people's contribution to common goals.

The Public Service of Canada has always had great leaders throughout its ranks. Some of them were managers, and their leadership qualities magnified the impact of their work. Many more were professional, technical, operational, administrative or support staff. Their leadership qualities allowed them to bring about results that most of their colleagues initially believed were beyond their reach.

To become a continuous learning organization requires that we understand the importance of leadership at all levels in the organization and that we learn to detect, support and develop people who have leadership qualities. Many of the initiatives in the *La Relève* action plans aim to do just that.

Conclusion

As we come close to the end of the 20th century, there is growing recognition that a well-performing public sector is a national institution that makes a significant contribution to the performance of a nation and the well-being of citizens.

- International agencies, such as the World Bank, the Organisation for Economic Co-operation and Development, and the International Monetary Fund, are placing increasing emphasis on the importance of good governance and sound public administration as essential preconditions for stable economic growth.
- Business leaders, academics and others have also begun to recognize the importance of good governance and sound public administration to a nation's international competitive position.

To grow and prosper, countries need a strong private sector to support a market economy, a strong voluntary and not-for-profit sector to support communities, and a strong public sector to support democracy. All are complementary and inextricably linked.

For the Public Service of Canada to play an effective role in Canada's future, we need an openness to re-examine the way we work and a willingness to act on the conclusions we draw in the search for innovative ways to serve citizens and their elected representatives. Continued effort and sustained attention to the challenges set out in this report should help ensure that the Public Service of Canada will maintain its ability to attract the talent it requires, to motivate and reward its employees, and to retain the knowledge, know-how and expertise needed to make an important contribution to Canada's future.