

Privy Council Office

2006-2007

Report on Plans and Priorities

The Right Honourable Stephen Harper
Prime Minister of Canada

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SECTION I – OVERVIEW

Prime Minister's Message



On February 6, 2006, a new administration took over the reins of government, reflecting the desire for change expressed by Canadians from coast to coast. Canada's new Government, which I am proud to lead, established five key priorities for the First Session of the Thirty-Ninth Parliament of Canada. These priorities are:

- Restoring Canadians' faith in the federal government by introducing the most sweeping accountability measures in Canada's history;
- Putting money back in the pockets of hard-working Canadians by reducing the GST;
- Protecting families, communities and Canada's way of life by cracking down on guns, gangs and drugs;
- Giving parents choice in child care by providing direct financial support and new child care spaces; and
- Guaranteeing timely health care services for Canadians by creating a patient wait times guarantee.

It is a clear and focused agenda, one that will serve as the cornerstone of our efforts to keep Canada strong, united, independent and free.

To help us implement this agenda and to respond to issues as they arise, our Government relies on the competence, expertise and non-partisan advice it receives from the dedicated public servants who make up the Privy Council Office. The plans outlined in this report will, when fully implemented, greatly assist our Government in achieving its goals. I am pleased to present the 2006-2007 Report on Plans and Priorities for the Privy Council Office.

Management Representation Statement

I submit for tabling in Parliament, the 2006-2007 Report on Plans and Priorities for the Privy Council Office.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the department's approved Program Activity Architecture structure as reflected in its Management, Resources, Results Structure (MRRS);
- It presents consistent, comprehensive, balanced and accurate information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved planned spending numbers from the Treasury Board Secretariat.

Kevin G. Lynch
Clerk of the Privy Council and Secretary to the Cabinet

Summary Information

Reason for Existence — The mandate of the Privy Council Office (PCO) is to serve Canada and Canadians by providing the best non-partisan advice and support to the Prime Minister, ministers within the Prime Minister's portfolio and Cabinet. PCO supports the development of the Government's policy agenda; coordinates responses to issues facing the Government and the country; and supports the effective operation of Cabinet.

Financial Resources (thousands of dollars)

	2006-2007	2007-2008	2008-2009
Main Estimates	146,721	130,810	129,877
Planned Spending	129,296	111,201	111,266

Human Resources (full-time equivalents)

	2006-2007	2007-2008	2008-2009
Main Estimates	1,088	1,066	1,062
Planned	916	902	902

The Main Estimates represent the votes approved by Parliament in April 2006. Subsequent to this approval, PCO underwent a significant reorganization in order to refocus its efforts on core functions. The Planned Spending reflects the significant reductions in projected resource requirements resulting from this reorganization. For further details, see the Organizational Information section, page 24, and Table 1d, page 32.

Departmental Priorities

Strategic Outcome – Towards effective government policies and operations, the Privy Council Office ensures that decision making by the Prime Minister and Cabinet is well supported and the institutions of executive government are well supported and maintained.

Departmental Priorities, Program Activities, Expected Results and Planned Spending

Priorities	Type	Program Activity ¹	Expected Result	Planned Spending (thousands of dollars)		
				2006-2007	2007-2008	2008-2009
Support the Prime Minister in exercising his overall leadership responsibility	Ongoing	A.1	Cabinet decision making and legislative agenda are supported	32,143	30,253	30,277
		A.2	The Prime Minister and ministers receive information and sound advice in support of decision making			
Improve the management and accountability of government	Ongoing	A.2	The Prime Minister and ministers receive informed and sound advice in support of decision making	10,445	10,032	10,038
		A.4	The overall development of the Public Service is fostered			
Focus on key policy areas and strengthen medium-term policy planning	Ongoing	A.1	Cabinet decision making and legislative agenda are supported	61,297	51,727	51,759
		A.2	The Prime Minister and ministers receive informed and sound advice in support of decision making			
		A.3	Cabinet receives informed and sound advice on the development and implementation of the policy agenda The overall development of the Public Service is fostered			
Strengthen PCO's internal management practices	Ongoing	A.1-A.6	The Prime Minister's Office and the offices of the portfolio ministers receive appropriate financial and administrative support Commissions of inquiry receive appropriate support	12,647	6,424	6,428
All other PCO activities ²	-	-		12,764	12,765	12,764
Total PCO Planned Spending	-	-		129,296	111,201	111,266

¹ Program Activity Descriptions

A.1 Support for Cabinet decision making and legislative agenda

A.2 Advice to the Prime Minister and ministers on issues, policies, machinery and appointments

A.3 Provide Cabinet with sound advice on the development, coordination and implementation of the policy agenda

A.4 As its head, the Clerk leads the Public Service in effectively supporting Cabinet and serving Canadians

A.5 Provide the Prime Minister's Office and the offices of the portfolio ministers with financial and administrative support

A.6 Provide commissions of inquiry with appropriate administrative support

² PCO is reporting only on key departmental priorities in this RPP. Therefore, the category "All other PCO activities" includes the direct costs of all remaining functions related to the Prime Minister's Office and ministers' offices. These costs relate to salaries and wages (\$8.6 million), other operating expenditures (\$2.2 million), and employee benefit plans and other statutory items (\$1.9 million)

Departmental Plans and Priorities

Operating Environment

PCO's priorities depend in large part on the Government's agenda and are subject to a variety of internal and external influences. Significant ones are outlined below.

Changing government-wide priorities

A new government was elected on January 23, 2006. It was installed on February 6, 2006, and immediately introduced five key priorities: accountability, tax relief, security and public safety, child care, and health care. In order to move ahead on these focused priorities in a minority government situation, it committed to working with others to find shared goals and common ideas. PCO needs to ensure government-wide focus on these key priorities. To that extent, PCO announced changes to its organization to refocus the efforts of its secretariats on their core functions. These changes will reduce PCO's overall financial resources by about twenty percent and human resources by about eleven percent. (More information is provided on page 24.)

Public expectations for increased government accountability

The Canadian public demands increased accountability on the part of public officials. There are mounting expectations for faster delivery of more services for the same tax dollar, more efficient and effective use of public resources, greater transparency and ethical decision making. Resource allocations need to be better linked to government policy priorities. PCO is expected to provide a leadership role in improving the overall functioning of government, with excellence being the benchmark.

Effective organizations need clear mandates, the responsibility and resources to achieve these mandates, and the clear understanding of being held to account for results. The role of central agencies is to provide context, coherence, coordination and challenge. With the increased focus on accountability, it becomes critical that the central agencies concentrate on setting the broad policy framework to guide how policy is developed; the fiscal framework within which the government operates; the accountability regime which shapes how the government performs; and the human resources management framework anchored on public service values and ethics.

Complexity of issues

Although the priorities of the Government are clear and focused, the business of government in a modern society is inevitably complex. There is increased interdependence among governments and a convergence of sectors which are changing relationships and policy design. Decision makers are faced with challenges and opportunities that are influenced by varying pressures, international circumstances, budget limits and changing expectations. In addition, the Government faces a minority situation in both the House of Commons and the Senate. To deal with this level of complexity, PCO must support integration within the federal government community and encourage teamwork within and across departments and agencies. As well, strong and effective networks involving the federal government, other levels of government and other stakeholders are key success factors. PCO must also ensure that it is able to attract and engage people with a high level of policy expertise and analytical capability.

Societal and demographic changes

Societal and demographic changes are reshaping the face of Canada and its federal public service. In 2003, 4.1 million Canadians were 65 years of age and older. Their numbers are expected to reach 6.4 million in 2020—nearly one in five Canadians. According to 2001 Census data, the median age of the labour force was 39 in 2001, up from 37 in 1991. The 2001 Census data also show that immigrants who landed in Canada during the 1990s and who were in the labour force in 2001 represented almost 70 percent of the total growth of the labour force over the decade.

With the baby boomers aging and fewer young people entering the working age population, the potential exists for shortages in certain occupations. At the federal level, for example, a large number of employees in the executive cadre category will be retiring within 10 years and, without proper human resources planning, this may create a vacuum.

Good public policy is helped by a diversity of views—linguistically, geographically and culturally—and by sufficient knowledge of the demographic changes that are occurring in Canadian society. For the renewal of the public service, PCO needs to continue to support diversity in the workforce and take into consideration the impact of the changing demographic—including the aging population in Canadian society.

Accelerating technological shifts

With technological shifts and advances comes the availability of new tools that not only increase the expectations of Canadians for information and services but also help the Public Service to deliver on the Government's commitments and to be held accountable through a number of control and reporting mechanisms. These changes will require a public service that is flexible, agile, innovative and focused on excellence.

During this fiscal year, support will focus on priorities articulated by the Government in its Speech From the Throne. These include the five priorities highlighted for action which are as follows:

- Restoring Canadians' faith in the federal government by introducing the most sweeping accountability measures in Canada's history;
- Putting money back in the pockets of hard-working Canadians by reducing the GST;
- Protecting families, communities and Canada's way of life by cracking down on guns, gangs and drugs;
- Giving parents choice in child care by providing direct financial support and new child care spaces; and
- Guaranteeing timely health care services for Canadians by creating a patient wait times guarantee.

Ongoing support will be directed to key enablers of the government's agenda as outlined in the Speech From the Throne. This will entail:

- Working to help our federation keep pace with the evolving needs of Canadian society, including ensuring all governments have access to the resources they need;
- Involving parliamentarians and citizens in examining the challenges facing Canada's electoral system and democratic institutions; and
- Defending Canada's sovereignty and the security of its citizens.

Support will also be given to other key Speech From the Throne commitments:

- Taking measures to achieve tangible improvements in Canada's environment;
- Building a stronger economy, including action to secure a prosperous future for those in natural resource and agriculture industries; and
- Improving opportunity for all Canadians including Aboriginal peoples and new immigrants.

Priorities for PCO

The Government priorities will be supported by the following PCO priorities:

- Support the Prime Minister in exercising his overall leadership responsibility
- Improve the management and accountability of government
- Focus on key policy areas and strengthen medium-term policy planning
- Strengthen PCO's internal management processes

PCO's strategic outcomes and program activities (outlined in detail in Section II) are aligned with all Government of Canada outcomes: economic, social and international. PCO provides support to government departments and agencies, and contributes to strengthening and modernizing public sector management.

Priority: Support the Prime Minister in exercising his overall leadership responsibility

PCO will better concentrate its resources in support of the Prime Minister's overall responsibility to provide leadership by creating and sustaining the unity of the Ministry required to maintain the confidence of Parliament.

Plans:

- **Reorganize PCO** to place a stronger emphasis on the traditional responsibilities of providing context, coherence, coordination and challenge to policy development and ensure greater clarity of the respective roles of PCO and relevant departments and agencies.

- The reorganization will result in a smaller organization that more effectively supports the Prime Minister and ministers in his portfolio. The changes will be completed by September 2006. They include reassigning secretariats and teams that existed in PCO to advance work on Aboriginal affairs, smart borders, official languages, smart regulation, policy research, science, regulatory affairs, regional communications and diversity to those departments and agencies with clear mandates to deliver in these areas. The number of PCO secretariats will be reduced, refocusing their efforts on their core functions and reducing PCO's overall size by about fifteen percent. In addition, the Democratic Renewal Secretariat has been merged into the Legislation and House Planning Secretariat, and Media Services have been transferred from the Corporate Services Branch to the Plans and Consultations Secretariat.

Planned Reduction in Resources Resulting from Focus on Core Functions

	Actual 2005-2006	Planned 2006-2007	Planned 2007-2008
Financial Resources (thousands of dollars)	162,318	129,296	111,201
Human Resources (full-time equivalents)	1,032	916	902

- Support the Prime Minister in exercising his prerogative responsibilities by providing advice on:
 - the appointment of principal public office holders and their mandates;
 - the broad organization of government;
 - the organization of Cabinet;
 - the establishment of rules for the Cabinet decision-making process; and
 - the dissolution and convocation of Parliament.
- Fulfill the Cabinet secretariat role by:
 - being the guardian of the Cabinet decision-making process
 - exercising a challenge function in respect of policy proposals being brought forward by departments; and
 - carrying out a coordination function by providing Cabinet and its committees with the support required to prepare for and conduct meetings.

- Revise PCO organizational structure and processes to provide *support for the revised Cabinet committee structure and deputy minister- level committees.*

Priority: Improve management and accountability of government

PCO will continue to play a central role in assisting the Prime Minister and Cabinet in enhancing the overall management, transparency and accountability of government while ensuring that the objectives of improved efficiency and efficacy are met. Additionally, it will concentrate its efforts to support the Government in meeting its commitment to introduce and implement the Federal Accountability Act and other key measures aimed at ensuring integrity, accountability, responsibility and excellence in public administration, while developing strategies to enhance the effectiveness of the overall Cabinet decision-making process.

Plans:

- Support the *renewal of the Public Service* through improved approaches to recruitment, development and management. *Focus on leadership*, including teamwork, mentoring, training, development and celebrating excellence. Strategies employed to *recruit the next generation of public servants* will include factors related to diversity—culture, language and place of origin.

- Continue to strengthen the public service’s culture of teamwork and promote leadership while making excellence the benchmark.
- Support the design and implementation of the Government’s integrity, management and accountability initiatives, including the introduction of the Federal Accountability Act.
- Refine the Governor-in-Council appointment process by streamlining and modernizing the appointment system and facilitating the review process of key appointments before parliamentary committees.

Priority: Focus on key policy areas and strengthen medium-term policy planning

PCO will provide advice and support the development and implementation of the Government’s focused agenda in the fields of social, economic and international policy, as set out in the Speech from the Throne that opened the Thirty-Ninth Parliament. It will also identify emerging issues to inform Cabinet’s deliberations and, through long-term strategic thinking, provide advice for the Government’s forward-looking agenda.

Plans:

- ***Ensure greater cross-departmental coordination and coherence in the execution of the Government's policy agenda*** through a variety of machinery mechanisms as well as renewal of deputy ministers (DM) committees that will strengthen decision making and integration on both policy and management issues; make more effective horizontal use of deputy ministers; provide a clearer role for associate deputy ministers; and strengthen the DM community.

- Support the Government of Canada's initiative to lower taxes for working Canadians, starting by reducing the GST.
 - Contribute to the Government of Canada's efforts to establish a better balance in fiscal arrangements by ensuring all governments have access to the resources they need to meet their responsibilities.
- Contribute to the development and implementation of domestic and international initiatives to protect Canada and Canadians and others taking into consideration that Canadian values including diversity, inclusiveness and representativeness, in particular by:
 - strengthening Canada's national security system to protect the security of Canada and Canadians at home and abroad and contribute to international security; and
 - advancing Canada's interests in North America, particularly through the implementation of the Security and Prosperity Partnership of North America to enhance collaboration with the United States and Mexico on prosperity, security and quality of life.
- Contribute to the Government of Canada's efforts to:
 - forge, in partnership with the provinces and territories, a stronger federation, including ensuring that Canadians have access to timely, quality health care services regardless of their ability to pay and developing a patient wait times guarantee; and protect Canadian families and communities by strengthening the justice system; and
 - support parents' child care choices through direct assistance and by creating more daycare spaces.

Priority: Strengthen PCO's internal management practices

PCO is committed to strengthening its internal management practices, consistent with the standards of management outlined in the Management Accountability Framework to ensure excellence in management. PCO will continue its efforts to better integrate human resources planning so that it will cover all aspects of human resources management, especially in the areas of workforce renewal and diversity.

Plans:

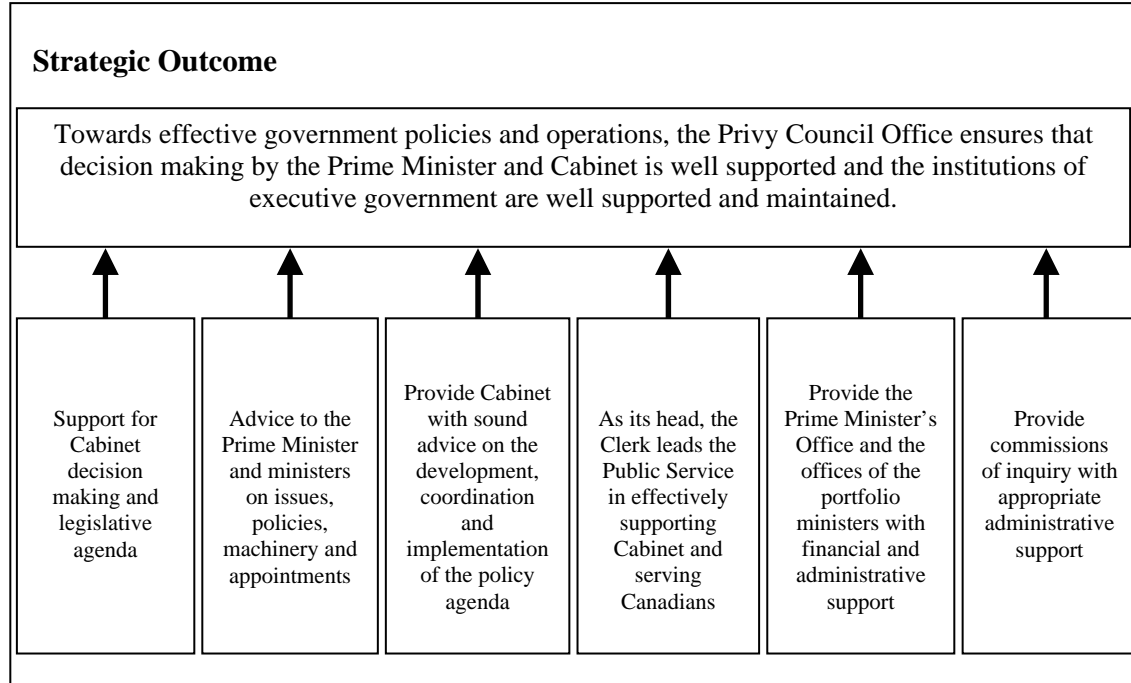
- ***Strengthen performance measurement and reporting*** by developing a performance measurement strategy for program and corporate services activities to reflect the revised Program Activity Architecture (PAA).

- Strengthen internal audit and evaluation functions by establishing an appropriate and effective audit and evaluation infrastructure.
- Implement the *Public Service Modernization Act* by:
 - putting in place a governance structure to oversee the human resources management system at PCO and to implement the Act;
 - providing training to managers who are to assume new responsibilities, including those having to do with staffing; and
 - carrying on with efforts aimed at instituting an integrated human resources planning framework.
- Strengthen PCO's capacity to respond to statutory obligations under the *Access to Information and Privacy Act*.

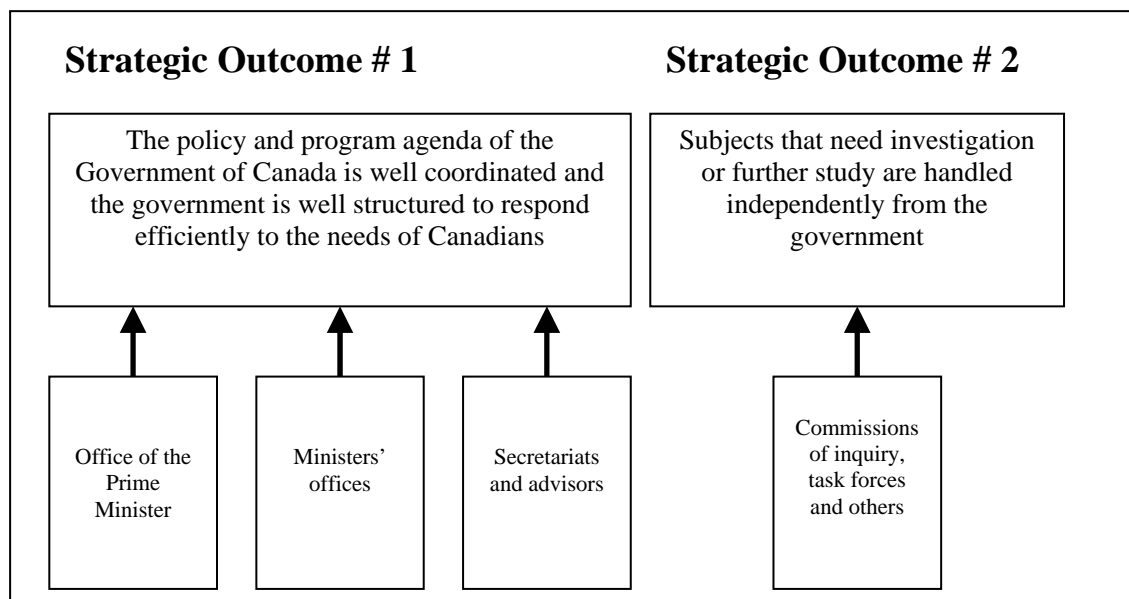
**SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY
STRATEGIC OUTCOME**

Program Activity Architecture (PAA) Crosswalk

NEW PAA STRUCTURE



PREVIOUS PAA STRUCTURE



The Privy Council Office modified its PAA to better reflect its program activities across the organization. The revised PAA was approved by TB ministers on August 30, 2005.

Strategic Outcome

Towards effective government policies and operations, the Privy Council Office ensures that decision making by the Prime Minister and Cabinet is well supported and the institutions of executive government are well supported and maintained.

PCO plans to revise its PAA to reflect its reorganization to focus on its core functions. At the same time, PCO will develop a performance measurement strategy that will be linked to the new PAA and address PCO's operating environment.

Analysis of Program Activities

A.1 Support for Cabinet decision making and the legislative agenda

Description

PCO is the guardian of the Cabinet decision making process and carries out a coordination function, providing Cabinet and its committees with the support required to prepare for and conduct meetings.

PCO provides stakeholder consultations, research and advice to facilitate decision making and legislation. PCO also provides advice and support on the management of the Government's legislative and parliamentary agenda to the Prime Minister, the Leader of the Government in the House of Commons and Minister for Democratic Reform, and the Leader of the Government in the Senate.

Expected Result	Priorities Supported	Performance Indicators
Cabinet decision making and legislative agenda are supported	<ul style="list-style-type: none"> • Support the Prime Minister in exercising his overall leadership responsibility 	<ul style="list-style-type: none"> • Report in the Departmental Performance Report (DPR) on the consultation, coordination and integration mechanisms managed by PCO in support of Cabinet decision making and the development of legislation • Report in the DPR legislative achievements in relation to the legislative agenda • Report in the DPR on changes made to Cabinet decision-making structures

Financial Resources (thousands of dollars)

	2006-2007	2007-2008	2008-2009
Main Estimates	5,514	5,373	5,373
Planned Spending	5,775	5,659	5,661

Human Resources (full-time equivalents)

	2006-2007	2007-2008	2008-2009
Main Estimates	48	47	47
Planned	48	47	47

A.2 Advice to the Prime Minister and ministers on issues, policies, machinery and appointments**Description**

PCO serves as the department for the Prime Minister and also supports ministers in the Prime Minister's portfolio. It consults with key stakeholders, coordinates advice across government departments and agencies, and provides strategic policy, expenditure and communications advice on social, economic, environment, security and intelligence, global and defence, and intergovernmental relations.

PCO also provides advice to the Prime Minister in respect of the exercise of prerogative matters, including those related to machinery of government, legislation, and appointments of senior personnel.

Expected Result	Priorities Supported	Performance Indicators
The Prime Minister and ministers receive informed and sound advice in support of decision making	<ul style="list-style-type: none"> • Support the Prime Minister in exercising his overall leadership responsibility • Focus on key policy areas and strengthen medium-term policy planning • Improve the management and accountability of government 	<ul style="list-style-type: none"> • Report in the DPR on the consultation, coordination and integration mechanisms managed by PCO in support of Cabinet decision making • Report in the DPR on issues managed by the Prime Minister and Cabinet with PCO support

Financial Resources (thousands of dollars)

	2006-2007	2007-2008	2008-2009
Main Estimates	70,458	62,315	61,382
Planned Spending	59,598	53,883	53,911

Human Resources (full-time equivalents)

	2006-2007	2007-2008	2008-2009
Main Estimates	489	474	470
Planned	433	429	429

A.3 Provide Cabinet with sound advice on the development, coordination and implementation of the policy agenda**Description**

PCO staff consult with stakeholders, research issues and prepare briefing material on the Government's policy agenda. PCO staff provide guidance to departments and agencies on the Government's policy agenda; advice to Cabinet and the Prime Minister on the development and coordination of the Government's policy agenda and the Speech from the Throne; support for democratic reform and the management of the parliamentary and legislative agenda; and assistance for the development of forward-looking, coherent and integrated medium-term policy advice. PCO also exercises a challenge function in respect of policy proposals being brought forward by departments.

Expected Result	Priorities Supported	Performance Indicators
Cabinet receives informed and sound advice on the development and implementation of the policy agenda	<ul style="list-style-type: none"> Focus on key policy areas and strengthen medium-term policy planning 	<ul style="list-style-type: none"> Report in the DPR on the consultation, coordination and integration mechanisms managed by PCO in support of policy development Report in the DPR on policy achievements and activities

Financial Resources (thousands of dollars)

	2006-2007	2007-2008	2008-2009
Main Estimates	29,756	24,027	24,027
Planned Spending	24,968	17,476	17,487

Human Resources (full-time equivalents)

	2006-2007	2007-2008	2008-2009
Main Estimates	223	221	221
Planned	157	155	155

A.4 As its head, the Clerk leads the Public Service in effectively supporting Cabinet and serving Canadians

Description

PCO staff consult stakeholders, research issues, and work with responsible agencies to provide advice on the development and implementation of the overall management agenda for the Public Service and its human resources management policies and programs.

The Clerk established the following five focus areas to be used in building the future of the federal Public Service: clarity around roles, responsibilities and accountabilities; teamwork; the quest for excellence; leadership and a commitment to renewal of the Public Service; and capacity to think and plan for Canada's future. PCO staff promote and work with all departments and agencies to ensure that these five areas are implemented successfully across government.

Expected Result	Priorities Supported	Performance Indicators
The overall development of the Public Service is fostered	<ul style="list-style-type: none"> Improve the management and accountability of government 	<ul style="list-style-type: none"> Report in the DPR on the consultation, coordination and integration mechanisms managed by PCO to provide advice on Public Service human resources management Annual Report to the Prime Minister on the Public Service of Canada Report in the DPR on achievements and activities

Financial Resources (thousands of dollars)

	2006-2007	2007-2008	2008-2009
Main Estimates	7,231	6,996	6,996
Planned Spending	7,914	7,370	7,374

Human Resources (full-time equivalents)

	2006-2007	2007-2008	2008-2009
Main Estimates	55	55	55
Planned	55	55	55

A.5 Provide the Prime Minister's Office and the offices of the portfolio ministers with financial and administrative support

Description

PCO staff provide financial and administrative support to the PMO and to the offices of portfolio ministers.

Expected Result	Priorities Supported	Performance Indicators
The Prime Minister's Office and the offices of the portfolio ministers receive appropriate financial and administrative support	<ul style="list-style-type: none"> Strengthen PCO's internal management practices 	<ul style="list-style-type: none"> Report in the DPR on the results of the client survey

Financial Resources (thousands of dollars)

	2006-2007	2007-2008	2008-2009
Main Estimates	33,273	32,098	32,098
Planned Spending	27,757	26,813	26,833

Human Resources (full-time equivalents)

	2006-2007	2007-2008	2008-2009
Main Estimates	271	269	269
Planned	218	216	216

A.6 Provide commissions of inquiry with appropriate administrative support

Description

PCO staff provide the required services to commissions of inquiry (from initial start-up to conclusion).

Expected Result	Priorities Supported	Performance Indicators
Commissions of inquiry receive appropriate support	<ul style="list-style-type: none"> Strengthen PCO's internal management practices 	<ul style="list-style-type: none"> Report in the DPR on the results of the client feedback

Financial Resources (thousands of dollars)

	2006-2007	2007-2008	2008-2009
Main Estimates	488	0	0
Planned Spending	3,284	0	0

Human Resources (full-time equivalents)

	2006-2007	2007-2008	2008-2009
Main Estimates	2	0	0
Planned	5	0	0

All resources are related to the Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar. Additional funds (\$2.5 million) will be required to cover expenses for the remainder of the fiscal year and these were sought through a Treasury Board Submission.

A new commission of inquiry, the Investigation of the Bombing of Air India Flight 182, has been created and funding for it will be sought through a Treasury Board Submission and Supplementary Estimates. Estimated resource requirements are not known at this time.

SECTION III – SUPPLEMENTARY INFORMATION

Organizational Information

The Privy Council Office reports directly to the Prime Minister and is headed by the Clerk of the Privy Council and Secretary to the Cabinet.

The Prime Minister's overall responsibility is to provide leadership to create and sustain the unity of the Ministry required to maintain the confidence of Parliament. The Prime Minister demonstrates this leadership in two distinct ways:

- through the exercise of unique authorities as head of government; and
- through the management and coordination of the Government's agenda, as Chair of Cabinet

The core functions of the Clerk of the Privy Council and Secretary to the Cabinet and those of the entire PCO flow directly from these responsibilities. The strength of PCO is in large measure determined by its ability to concentrate its resources on supporting exclusively these two central responsibilities, in addition to helping the Clerk of the Privy Council and Secretary to the Cabinet fulfill his role as head of the Public Service.

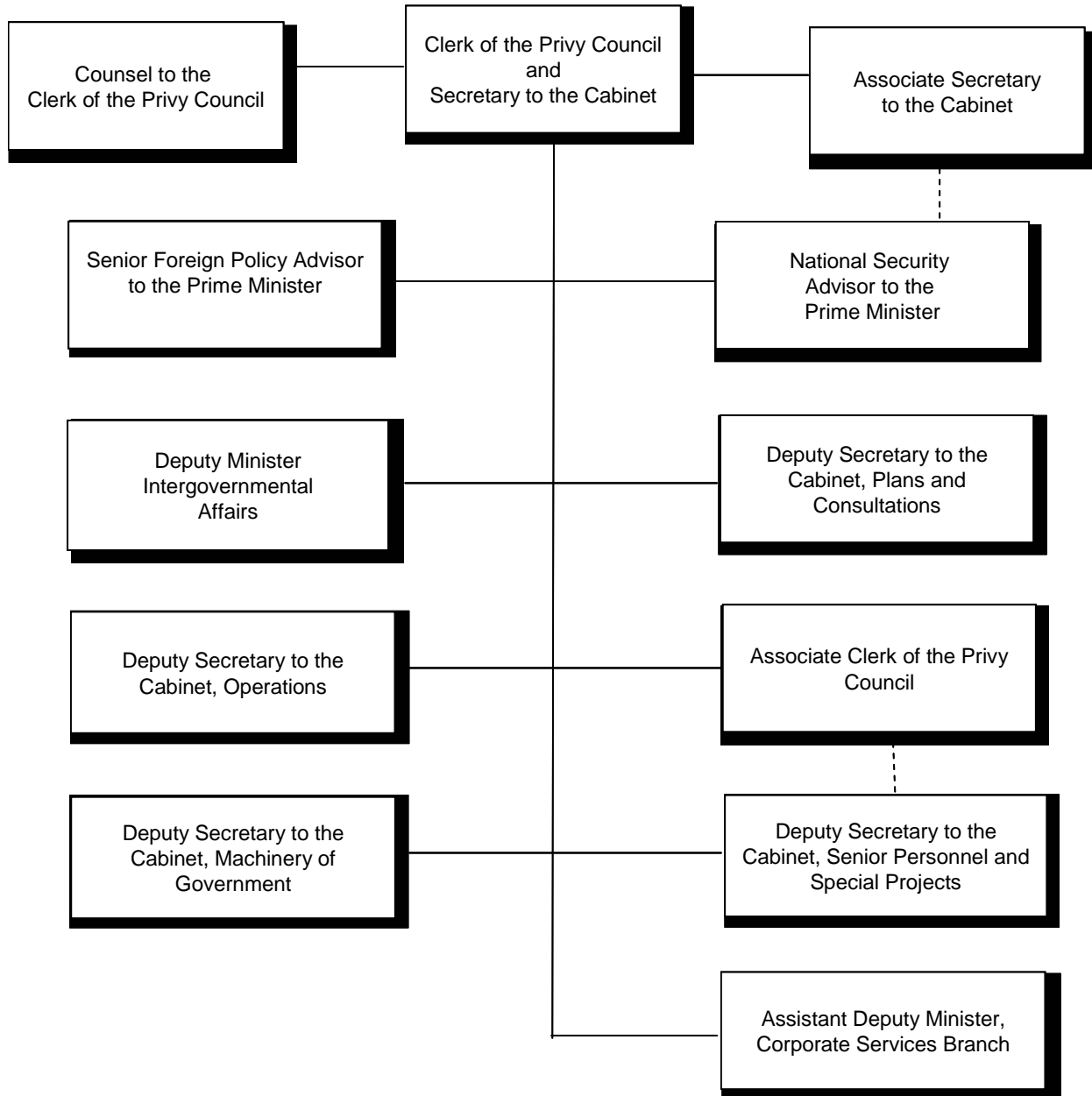
During the first half of 2006-2007, PCO was reorganized and downsized in order to place a stronger emphasis on the traditional responsibilities of providing context, coherence, coordination and challenge to policy development and to ensure greater clarity for the respective roles of PCO and relevant departments and agencies. The reorganization will result in a smaller organization that supports more effectively the Prime Minister and ministers in his portfolio. These changes will be completed by September 2006. They include reassigning secretariats and teams that existed in PCO to advance work on Aboriginal affairs, smart borders, official languages, smart regulation, policy research, science, regulatory affairs, regional communications and diversity to those departments and agencies with clear mandates to deliver in these areas. The number of PCO secretariats will be reduced, refocusing their efforts on their core functions and reducing PCO's overall financial resources by about twenty percent and human resources by about eleven percent. In addition, the Democratic Renewal Secretariat has been merged into the Legislation and House Planning Secretariat.

Planned Reduction in Resources Resulting from Focus on Core Functions

	Actual 2005-2006	Planned 2006-2007	Planned 2007-2008
Financial Resources (thousands of dollars)	162,318	129,296	111,201
Human Resources (full-time equivalents)	1,032	916	902

The PCO organization chart is shown below. Further information on the roles and functions of PCO are available on the PCO website at www.pco-bcp.gc.ca

PCO Organization Chart



TABLES

Table 1 - Departmental Planned Spending and Full-Time Equivalents

(thousands of dollars)	Forecast Spending 2005-2006	Planned Spending 2006-2007 ³	Planned Spending 2007-2008 ³	Planned Spending 2008-2009 ³
Support for Cabinet decision making and the legislative agenda	5,219	5,514	5,373	5,373
Advice to the Prime Minister and ministers on issues, policies, machinery and appointments	64,632	70,458	62,315	61,382
Provide Cabinet with sound advice on the development, coordination and implementation of the policy agenda	31,453	29,756	24,027	24,027
As its head, the Clerk leads the Public Service in effectively supporting Cabinet and serving Canadians	7,931	7,231	6,996	6,996
Provide the Prime Minister's Office and the offices of the portfolio ministers with financial and administrative support	32,053	33,273	32,098	32,098
Provide commissions of inquiry with appropriate administrative support	-	488	-	-
Total Main Estimates	141,288	146,721	130,810	129,877
<i>Adjustments:</i>				
Governor General Special Warrants ⁴	34,101	-	-	-
Procurement Savings - PWGSC	-	(780)	-	-
Transfers from TBS:				
Collective bargaining	-	662	663	663
Other Adjustments:				
Transfers to other departments (see Table 1d) ⁵	-	(14,572)	(14,742)	(13,744)
Adjustments to ministers' offices budgets ⁶	-	(5,663)	(5,663)	(5,663)
Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar	-	2,796	-	-
Adjustments to Statutory Items ⁷	(940)	132	133	133
Items not yet reflected in the Main Estimates ⁸	126	-	-	-
<i>Total Adjustments</i>	33,287	(17,425)	(19,609)	(18,611)
Total Planned Spending	174,575	129,296	111,201	111,266
Total Planned Spending	174,575	129,296	111,201	111,266
Less: Non-Respendable revenue	690	595	595	595
Plus: Cost of services received without charge (see Table 4)	22,389	20,828	18,077	18,117
Net Cost of Department	196,274	149,530	128,683	128,788
Full-Time Equivalents	1,032	916	902	902

³ *Planned Spending does not include costs related to the Commission of Inquiry into the Investigation of the Bombing of Air India Flight 182 created by Order in Council # 2006-0295 effective May 1, 2006. The terms and conditions of the contribution program were approved June 22, 2006. Funding for the contribution program and the operation of the Commission will be sought in the fall of 2006.*

⁴ *See Table 1a) for details pertaining to Governor General Special Warrants.*

⁵ *Resources for 2006-07 will be transferred through the 2006-07 Supplementary Estimates. Future year resources will be transferred through the 2007-08 Annual Reference Level Update.*

⁶ *As per the TBS Guidelines for Ministers' Offices, the ministers' offices budgets have been reduced to reflect the new ministers' responsibilities and the dissolution of the Deputy Leader of the Government in the House of Commons.*

⁷ *Adjustments to Statutory Items represent the Employee Benefit Plan amounts related to items in the Governor General Special Warrant, collective bargaining and year-end adjustments.*

⁸ *This item represents an adjustment for strengthening the Government of Canada's presence in the regions.*

Table 1a) - Detailed 2005-2006 Governor General Special Warrants

(thousands of dollars)

Explanation of Requirements	Amount
Commission of Inquiry into the Sponsorship Program and Advertising Activities (Gomery Commission)	14,324
Funding in support of activities associated with the Commission of Inquiry into the Sponsorship Program and Advertising Activities (Gomery Commission)	2,641
Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar	8,999
Funding in support of activities associated with the Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar	653
Funding related to the reform and modernization of Canada's regulatory system	2,299
Public security and anti-terrorism (PSAT initiatives)	1,863
Collective bargaining agreements	1,129
Funding to support employment equity projects to increase the representation in the federal public service of designated groups, in particular visible minorities, Aboriginal people and persons with disabilities	534
Operating Budget carry forward	1,353
Incremental funding for ministers' budgets	306
Total Governor General Special Warrants	34,101

Table 1b) - Departmental Planned Spending – Details for the Program Activity: Provide commissions of inquiry with appropriate administrative support

(thousands of dollars)	Forecast Spending 2005-2006	Planned Spending 2006-2007	Planned Spending 2007-2008	Planned Spending 2008-2009
Commission of Inquiry into the Sponsorship Program and Advertising Activities				
Main Estimates	-	-	-	-
Adjustments	14,324	-	-	-
Planned Spending	14,324	-	-	-
Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar				
Main Estimates	-	488	-	-
Adjustments	8,999	2,796	-	-
Planned Spending	8,999	3,284	-	-
Total Commissions of Inquiry				
Main Estimates	-	488	-	-
Adjustments	23,323	2,796	-	-
Planned Spending	23,323	3,284	-	-

Table 1c) - Departmental Planned Spending - Explanations of Major Net Spending Variations

From \$174.6 million in 2005-2006 to \$129.3 million in 2006-2007

An increase of:

- \$3.0 million related to compensation for collective bargaining
- \$0.9 million related to enhance Canada's capacity to collect intelligence
- \$0.7 million related to citizens' consultation on democratic renewal
- \$0.5 million related to funding for Smart Regulation implementation
- \$0.3 million related to Ministers' Budget Increase
- \$0.2 million for statutory adjustments related to the employee benefit plan

Offset by a decrease of:

- \$17.0 million related to the termination of funding for the Commission of Inquiry into the Sponsorship Program and Advertising Activities
- \$14.6 million for transfers of activities to other departments (see Table 1)
- \$6.4 million related to reduction of funding to certain activities of the Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar
- \$5.7 million related to the ministers' offices budgets to reflect the new ministers' responsibilities as per the new Treasury Board Secretariat Guidelines for Ministers' Offices
- \$4.2 million related to reductions approved by the Expenditure Review Committee
- \$2.5 million related to the sunset of funds for the operations of the Action Plan for Official Languages
- \$0.5 million related to funding to support employment equity projects to increase representation in the federal public service

From \$129.3 million in 2006-2007 to \$111.2 million in 2007-2008

An increase of:

- \$0.8 million related to Procurement Savings – PWGSC. Reductions were approved for 2006-07 only.

Offset by a decrease of:

- \$10.1 million related to the sunset of funds in support of ongoing activities pertaining to the Intergovernmental Affairs Branch and Media Services. PCO is currently pursuing a permanent source of funds for 2007-08 and future years in order to support ongoing activities pertaining to the Intergovernmental Affairs Branch, Media Centre, and Corporate Services Branch.
- \$3.3 million related to the termination of funding for the Commission of Inquiry into the Actions of Canadian Officials in Relation to Maher Arar
- \$2.8 million related to Smart Regulation implementation. Funding was only approved for 2006-07. The Smart Regulation Division was transferred to the Treasury Board Secretariat effective July 1, 2006. Funding for future years will have to be sought by TBS
- \$2.0 million related to reductions approved by the Expenditure Review Committee
- \$0.7 million related to the termination of funding for citizens' consultation on democratic renewal

Table 1d) - Transfers to Other Departments as a Result of PCO Reorganization

(thousands of dollars)	Planned Spending 2006-2007		Planned Spending 2007-2008		Planned Spending 2008-2009	
	(\$)	FTE(s)	(\$)	FTE(s)	(\$)	FTE(s)
	Transfer to Canadian Heritage (PCH) ⁹	(1,931)	(12)	(1,931)	(12)	(933)
Transfer to Treasury Board Secretariat (TBS) ¹⁰	(6,111)	(59)	(5,294)	(48)	(5,294)	(48)
Transfer to Human Resources and Social Development Canada (HRSDC) ¹¹	(3,636)	(33)	(4,363)	(33)	(4,363)	(33)
Transfer to Indian and Northern Affairs Canada (INAC) ¹²	(1,600)	(11)	(1,600)	(11)	(1,600)	(11)
Transfer to Public Safety and Emergency Preparedness Canada (PSEPC) ¹³	(567)	(5)	(680)	(5)	(680)	(5)
Transfer to Industry Canada (IC) ¹⁴	(530)	(2)	(578)	(2)	(578)	(2)
Transfer to Public Service Human Resources Management Agency of Canada (PSHRMAC) ¹⁵	(197)	0	(296)	0	(296)	0
TOTAL	(14,572)	(122)	(14,742)	(111)	(13,744)	(107)

⁹ The Official Languages Secretariat was transferred to Canadian Heritage effective February 6, 2006.

¹⁰ The Regulatory Affairs Secretariat, Smart Regulation and the Regional Offices in the Communications and Consultation Secretariat were transferred to TBS effective July 1, 2006. Funding for Smart Regulation was only approved for 2006-07. As a result, the overall amount to be transferred in 2007-08 and future years will be less than the amount in 2006-07.

¹¹ The Policy Research Initiative was transferred to HRSDC effective June 1, 2006.

¹² The Aboriginal Affairs Secretariat was transferred to INAC effective April 1, 2006.

¹³ The Border Task Force was transferred to PSEPC effective June 1, 2006.

¹⁴ The National Science Advisor was transferred to IC effective May 8, 2006.

¹⁵ The Senior Advisor Responsible for Diversity and Special Projects was transferred to PSHRMAC effective August 1, 2006.

Table 2 - Resources by Program Activity

(thousands of dollars)	2006-2007			
	Budgetary			
Program Activity	Operating	Total Main Estimates	Adjustments (Planned Spending not in Main Estimates)	Total Planned Spending
Support for Cabinet decision making and the legislative agenda	5,514	5,514	261	5,775
Advice to the Prime Minister and ministers on issues, policies, machinery and appointments	70,458	70,458	-10,860	59,598
Provide Cabinet with sound advice on the development, coordination and implementation of the policy agenda	29,756	29,756	-4,788	24,968
As its head, the Clerk leads the Public Service in effectively supporting Cabinet and serving Canadians	7,231	7,231	683	7,914
Provide the Prime Minister's Office and the offices of the portfolio ministers with financial and administrative support	33,273	33,273	-5,517	27,757
Provide commissions of inquiry with appropriate administrative support	488	488	2,796	3,284
Total	146,721	146,721	-17,425	129,296

Table 3 - Voted and Statutory Items

(thousands of dollars)		2006-2007	2005-2006
Vote or		Main	Main
Statutory Item	Truncated Vote or Statutory Wording	Estimates	Estimates
1	Program expenditures	130,714	125,413
(S)	Prime Minister's salary and motor car allowance	150	143
(S)	President of the Queen's Privy Council for Canada, salary and motor car allowance	73	70
(S)	Leader of the Government in the Senate, salary and motor car allowance	73	70
(S)	Ministers without Portfolio or Ministers of State, motor car allowance	16	28
(S)	Contributions to employee benefit plans	15,695	15,564
Total Department		146,721	141,288

Table 4 - Services Received Without Charge

(thousands of dollars)	2006-2007
Accommodation provided by Public Works and Government Services Canada (PWGSC)	12,441
Contributions covering employees' share of employees' insurance premiums and expenditures paid by TBS	6,195
Workers compensation coverage provided by Human Resources and Social Development Canada (HRSDC)	10
Salary and associated expenditures of legal services provided by Justice Canada	2,182
Total 2006-2007 Services Received Without Charge	20,828

Table 5 - Sources of Respendable and Non-Respendable Revenue

Non-Respendable Revenue				
	Forecast Revenue 2005-2006	Planned Revenue 2006-2007	Planned Revenue 2007-2008	Planned Revenue 2008-2009
(thousands of dollars)				
Support for Cabinet decision making and the legislative agenda				
Refunds of previous year's expenditures	4	4	4	4
Adjustments to prior year's payables	9	9	9	9
Proceeds from the disposal of surplus Crown assets	1	1	1	1
	14	14	14	14
Advice to the Prime Minister and ministers on issues, policies, machinery and appointments				
Refunds of previous year's expenditures	54	54	54	54
Adjustments to prior year's payables	88	88	88	88
Proceeds from the disposal of surplus Crown assets	15	15	15	15
Sale of statutory instruments pursuant to the <i>Statutory Instruments Act</i>	1	1	1	1
Policy Research Initiative (PRI) Conference Revenues Revenues pursuant to the <i>Access to Information and Privacy Act</i>	1	1	1	1
	159	159	159	159
Provide Cabinet with sound advice on the development, coordination and implementation of the policy agenda				
Refunds of previous year's expenditures	36	36	36	36
Adjustments to prior year's payables	25	25	25	25
Proceeds from the disposal of surplus Crown assets	6	6	6	6
Sundries	1	1	1	1
	68	68	68	68
As its head, the Clerk leads the Public Service in effectively supporting Cabinet and serving Canadians				
Refunds of previous year's expenditures	6	6	6	6
Adjustments to prior year's payables	3	3	3	3
Proceeds from the disposal of surplus Crown assets	2	2	2	2
Proceeds from sales	5	5	5	5
	16	16	16	16
Provide the Prime Minister's Office and the offices of the portfolio ministers with financial and administrative support				
Refunds of previous year's expenditures	43	43	43	43
Adjustments to prior year's payables	34	34	34	34
Proceeds from the disposal of surplus Crown assets	10	10	10	10
Proceeds from sales	1	1	1	1
	88	88	88	88
Provide commissions of inquiry with appropriate administrative support				
Refunds of previous year's expenditures	4	-	-	-
Adjustments to prior year's payables	341	250	250	250
	345	250	250	250
Total Non-Respendable Revenue	690	595	595	595
Total Respendable and Non-Respendable Revenue	690	595	595	595

Table 6 - Resource Requirements by Branch

	Planned Spending 2006-2007 ¹⁶						
(thousands of dollars)	Support for Cabinet decision making and the legislative agenda	Advice to the Prime Minister and ministers on issues, policies, machinery and appointments	Provide Cabinet with sound advice on the development, coordination and implementation of the policy agenda	As its head, the Clerk leads the Public Service in effectively supporting Cabinet and serving Canadians	Provide the Prime Minister's Office and the offices of the portfolio ministers with financial and administrative support	Provide commissions of inquiry with appropriate administrative support	Total Planned Spending
Office of the Prime Minister	-	-	-	-	17,535	-	17,535
Ministers' Offices							
President of the Queen's Privy Council for Canada	-	-	-	-	3,123	-	3,123
Leader of the Government in the Senate	-	-	-	-	1,952	-	1,952
Leader of the Government in the House of Commons	-	-	-	-	4,953	-	4,953
LGHC Salary and Motor Car Allowance	-	-	-	-	194	-	194
Deputy Leader of the Government in the House of Commons	-	-	-	-	-	-	-
Sub-total Ministers' Offices	-	-	-	-	10,222	-	10,222
Secretariats and Advisors							
Clerk and Secretary to the Cabinet	-	-	-	3,291	-	-	3,291
Associate Secretary to the Cabinet	-	984	-	-	-	-	984
Operations	1,825	13,970	-	-	-	-	15,795
Plans and Consultation	-	1,356	19,798	-	-	-	21,154
Counsel to the Clerk of the Privy Council	-	4,715	-	-	-	-	4,715
Senior Personnel and Special Projects	-	-	-	4,623	-	-	4,623
National Security Advisor	-	20,157	-	-	-	-	20,157
Machinery of Government	3,950	4,983	-	-	-	-	8,933
Senior Foreign Policy Advisor	-	4,630	-	-	-	-	4,630
National Science Advisor ¹⁷	-	535	-	-	-	-	535
Intergovernmental Affairs	-	8,268	5,170	-	-	-	13,438
Sub-total Secretariats and Advisors	5,775	59,598	24,968	7,914	-	-	98,255
Commissions of Inquiry	-	-	-	-	-	3,284	3,284
TOTAL	5,775	59,598	24,968	7,914	27,757	3,284	129,296

¹⁶ Budgets for Corporate Services in the amount of \$48,672K which were presented separately in prior years have now been distributed between Program Activities and Branches.

¹⁷ The National Science Advisor was transferred to Industry Canada effective May, 2006.

Table 7 - Crosswalk for the Program Activity Architecture for the 2005-2006 Main Estimates

(thousands of dollars)

	2006-2007 PAA Structure ¹⁸						Total Main Estimates
	Support for Cabinet decision making and the legislative agenda	Advice to the Prime Minister and ministers on issues, policies, machinery and appointments	Provide Cabinet with sound advice on the development, coordination and implementation of the policy agenda	As its head, the Clerk leads the Public Service in effectively supporting Cabinet and serving Canadians	Provide the Prime Minister's Office and the offices of the portfolio ministers with financial and administrative support	Provide commissions of inquiry with appropriate administrative support	
2005-2006 PAA Structure							
Office of the Prime Minister	-	-	-	-	17,365	-	17,365
Ministers' Offices	-	-	-	-	14,688	-	14,688
Secretariats and Advisors	5,219	64,632	31,453	7,931	-	-	109,235
Commissions of Inquiry, Task Forces and Others	-	-	-	-	-	-	-
Total Main Estimates for 2005-2006	5,219	64,632	31,453	7,931	32,053	-	141,288

¹⁸ Budgets for Corporate Services in the amount of \$48,672K which were presented separately in prior years have now been distributed between Program Activities and Branches.

Table 8 - Crosswalk for the Program Activity Architecture for the 2006-2007 Main Estimates

(thousands of dollars)

	2006-2007 PAA Structure¹⁹							Total Main Estimates
	Support for Cabinet decision making and the legislative agenda	Advice to the Prime Minister and ministers on issues, policies, machinery and appointments	Provide Cabinet with sound advice on the development, coordination and implementation of the policy agenda	As its head, the Clerk leads the Public Service in effectively supporting Cabinet and serving Canadians	Provide the Prime Minister's Office and the offices of the portfolio ministers with financial and administrative support	Provide commissions of inquiry with appropriate administrative support		
2005-2006 PAA Structure								
Office of the Prime Minister	-	-	-	-	14,643	-	-	14,643
Minister's Offices	-	-	-	-	18,630	-	-	18,630
Secretariats and Advisors	5,514	70,458	29,756	7,231	-	-	-	112,959
Commissions of Inquiry, Task Forces and Others	-	-	-	-	-	488	-	488
Total Main Estimates for 2006-2007	5,514	70,458	29,756	7,231	33,273	488	-	146,721

¹⁹ Budgets for Corporate Services in the amount of \$48,672K which were presented separately in prior years have now been distributed between Program Activities and Branches.

Table 9 – Internal Audits and Evaluations

Internal Audits and Evaluations
<p>PCO will complete and report on the following audits, which started in 2005-2006:</p> <ul style="list-style-type: none">• Audit of information technology security at the Privy Council Office• Examination of the management framework of commissions of inquiry's contribution programs• Internal audit of the procurement and contracting services of the Privy Council Office <p>PCO will develop a risk-based audit and evaluation plan for 2006-2007 and report on it, as appropriate.</p>