



AUDIT OF THE NORTH ASIA AND PACIFIC BUREAU

ASIA PACIFIC BRANCH

FEBRUARY 2004

Audit Division (SIV)
OFFICE OF THE INSPECTOR GENERAL

DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE

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EXECUTIVE SUMMARY

The Asia Pacific Branch has taken on the concept of continual improvement, first introducing the e³ initiative (equilibrium, excellence and effectiveness) in the Branch and now supporting its implementation across the Department. To assist the Branch in its efforts, an audit was requested of the North Asia and Pacific Bureau (PND) to provide an objective assessment of its management and operations and, where possible, to offer constructive suggestions for improvement.

PND has progressive management and a core group of qualified and enthusiastic staff. Overall, morale is high. For the most part, staff members enjoy the work they do and appreciate the support provided by management and its commitment to effecting change. There is frequent interface and contact with the missions and most officers have visited their posts. Most of the challenges facing PND have been identified by management and staff through Branch retreats, e³ initiatives and regular dialogue. Many good ideas and best practices have been articulated. Action has been initiated to implement some of these. Much still has to be accomplished and it is realized that e³ implementation is only in its initial stage. Improving business processes takes time as evidenced by the time taken by the Trade Commissioner Service's New Approach to show results.

The audit raises issues and proposes courses of action along three main themes: strengthening the management framework; improving the way DFAIT and the Bureau acquire, retain and develop human resources; and revitalizing the Bureau's organizational structure. In essence the role of this Bureau (and perhaps all geographic bureaux) needs to be rethought and then an appropriate architecture developed to support this role.

PND would benefit from a strengthened management framework. The Bureau's priorities, its primary clients and their needs should be clarified. Amongst officers, there is a difference of opinion as to who the key clients are, what services the Bureau should provide to them and the priorities amongst these. As well, planning needs to be more strategic than reactive; goals and objectives more specific than generic; workplans more comprehensive, and results and client satisfaction need to be measured. As noted above, these issues have been identified in the context of work done in the Branch and Bureau under the e³ initiative and initial steps taken to deal with them. Now, a thorough and systematic approach in addressing them is needed to improve the effectiveness of the Bureau and its ability to demonstrate the value-added of its activities.

Systemic issues with the Department's management of human resources impact heavily on PND. A high turnover of personnel is costing the Bureau heavily in productivity, lost opportunities, corporate memory, training and employee well-being. Rotationality, a burdensome staffing process, position restrictions, and classification limitations, all contribute to this situation. Because of a shortage of Foreign Service

(FS) Officers and difficulty in attracting them to work in Geographics, many employees are hired on a short term basis. FS Officers view that the role of the Geographics is eroding as OGD partners and DFAIT functional bureaux take the lead on many of the files. Human resource issues need management's attention at both the corporate and branch levels.

PND's organizational structure and work processes are reflective of a reactive environment with focus on event planning and coordination. The structure itself limits the ability to redeploy resources to areas of high demand, although some reallocations have occurred. Lower level, immediate type work often takes precedence over higher valued work. PND needs to rethink its organizational configuration, management processes and employee competencies to make the Bureau more relevant to clients, more efficient in providing its services and more fulfilling and attractive for employees.

STATUS OF RECOMMENDATIONS

This report contains six recommendations, most of which are not easy to implement. Management's response to these recommendations indicate that one recommendation has been implemented and five are currently being evaluated and in the process of being implemented.

AUDIT SCOPE AND OBJECTIVES

Scope

An audit of the North Asia and Pacific Bureau (PND) was requested by the ADM, Asia Pacific Branch (MDM) and approved by the Audit and Evaluation Committee as part of DFAIT's Annual Audit Plan for 2002-2003. The audit covers all four divisions within the bureau. The audit did not cover the InfoBank project which is being piloted in PJP. Also excluded from this audit was a review of the LISO operations on A5 which services the branch. The audit was carried out during February and March 2003.

Objectives

The objectives of the audit were to:

- assess the management control framework and related systems, procedures and activities;
- evaluate the allocation of resources to determine their effective and efficient utilization;
- assess the integration and impact of e³ on bureau operations, the environment and staff;
- identify areas requiring improvement and formulate and examine options to address these; and,
- present findings and recommendations to management through briefings and a written audit report.

Work Carried Out

The work on this audit included:

- reviewing documentation including the branch business plan; past studies of geographic bureaux; P Branch's "I" drive comprising divisional plans, events, scheduling, job descriptions and organization charts; results of the last two branch retreats; the e³ website; and, the Asia-Pacific Web site;
- reviewing organizational configurations of the other DFAIT Geographics;
- interviewing the branch ADM, both branch directors general, PND directors and deputy directors, and all PND staff;

- interviewing the new Director General, Interdepartmental Partnerships;
- interviewing the Assistant Chief Trade Commissioner;
- interviewing a consultant employed by PSD to evaluate e³ initiative;
- examining overtime usage and leave records; and,
- meeting with students currently taking Chinese and Japanese language training.

DETAILED FINDINGS

INTRODUCTION

1.1 The North Asia and Pacific Bureau (PND) is one of two bureaux in the Asia-Pacific Branch (MDM), the other being the South and South-East Asia Bureau (PSD). PND is comprised of four divisions: the Japan Division (PJP); the China and Mongolia Division (PCM); the Korea and Oceania Division (PKE) and the e³ Operations and Asia Pacific Policy Division (PEP). PND is headed by a director general, an EX-03, and each division has its own EX-01 director. There are currently 44 FTEs in the bureau in addition to three supernumerary positions (FSDPs), a contractor and an intern.

1.2 The three divisions of PJP, PCM and PKE have the responsibility for advancing Canada's economic, trade, political, security, environmental and other interests in the North Asia and Pacific region. Japan, China, Mongolia, Korea, Australia, New Zealand and the South Pacific Islands are the countries under PND. There are 14 missions in the North Asia and Pacific region. PEP, the other division within the bureau, has a mandate that includes managing an initiative to introduce change management (e³) in the department, defining branch regional objectives, developing consistent and coherent policies and communicating Canada's priorities to the whole of the Asia and Pacific region. In addition, it manages and controls a grants and contributions program of \$1.98 million.

1.3 The key activities undertaken in the bureau include: planning, organizing and participating in outgoing and in-coming visits; managing and coordinating domestic outreach; recruiting participants for missions and trade fairs; preparing briefing books; serving as interlocutors between the missions and partner organizations and internal departmental functional bureaux; developing contacts; reviewing and inputting into bilateral and trade policy development; responding to requests for information from the missions; and, formulating and dispatching advice and instructions to the missions.

1.4 The bureau has the benefit of experienced officers at the director general, director and deputy director levels who make themselves available to staff to provide necessary operational direction, guidance and advice. Communications within the bureau are excellent with weekly divisional meetings of all staff, a weekly meeting of branch management that includes deputy directors, and a weekly bureau management meeting. The bureau and divisional meetings typically have management briefing on department and government-wide issues and staff briefing on their projects. The focus of these meetings is generally on the short term, centred on current activities and upcoming events. This allows management to make adjustments to priorities and ensure that key events and projects are on track. Staff find the working environment to be supportive and cooperative. Events such as branch retreats and various e³ initiatives re-enforce this, allowing staff to put forward suggestions and ideas in a receptive forum.

FINDINGS

2.0.1 The findings resulting from this audit have been organized under three main headings: Management Framework, Human Resources, and Organizational Structure. These issues are all closely interrelated with similar impacts and therefore need to be considered collectively.

2.1 Management Framework

2.1.1 The Asia-Pacific Branch Business Plan outlines and describes branch operations under the headings Priorities, Results, Benefits and Challenges, Risks and Rationale as well as other key elements that impact and enhance management's efforts. These other key elements include communications, performance monitoring, key partners and stakeholders, human resource management, training, information management and reallocation/re-alignment. The branch business plan includes all missions, the PND and PSD Bureaux, and PAM. The plan is a thorough and comprehensive document that, in addition to the above further details, outcomes by departmental priority and links these to clients, expected outputs, the activities to achieve these outputs, and required resources.

2.1.2 The structure and comprehensiveness of the branch plan has not fully transcended to the bureau and divisional level. Performance Management Agreements for the DG and directors are in place but some were late in being finalized. Priorities and objective statements do exist for some of the divisions and sections within divisions. More comprehensive workplans are needed that identify and link the specific results, activities, outcomes and resources of each division to the branch plan. Furthermore, individual staff members are not directly linked to a workplan and have received only informal communications, usually oral, regarding their specific goals and objectives. Staff has also noted that job descriptions either do not exist or are outdated.

2.1.3 Each division is largely driven by a responsive workload. Staff is assigned areas of responsibility such as trade sectors, policy issues and, in some cases, a specific mission. Staff responds to demands and on-going requirements as dictated by these files from clients and management. Events become the focal point for a large part of each officer's work. Management within this environment becomes focussed on calendars and schedules, liaison and troubleshooting. Management's workload is an amplification of officer workload with the more important issues, events and liaison requirements funnelled upwards. In this situation, the short term becomes primary with little attention given to medium and long term issues.

2.1.4 There are several impacts of this operational environment. Strategic priorities are subsumed by on-going daily demands and staff competencies remain centred around organizing, scheduling and liaising rather than those of higher value such as long-term planning, policy analysis, strategy formulation, and partnering. At risk is the compliance to business plan objectives and achievement of related results.

2.1.5 Another important element of a management framework is measuring results and obtaining client feedback. This is identified in the branch plan. However, there is no concerted formal initiative either at the bureau or divisional level to measure results or consult with clients. Such initiatives are vital to determine the effectiveness of activities being carried out and to assist planning efforts for the future.

2.1.6 The branch plan identifies training and learning as an important functional element. Again, this has not been consistently formalized at the bureau and divisional level. Training is reactive and ad hoc, dependent on individuals to identify needs and opportunities for themselves. There is no strategic development plan that pertains to the organization as a whole, integrating each employee's needs in line with the bureau's objectives. Staff expressed a need for specific training related to geographic subject matter. With the staffing issues plaguing the bureau, as well as the department as a whole, the issue of training takes on even more relevance.

2.1.7 Greater efforts are required to communicate more with language students, integrating them more into operations and informing them of bureau developments, particularly as it relates to their future assignments. Feedback regarding the language curriculum in terms of the quality of teachers and course methodology should be sought from the students and provided to CFSI in an effort to make these courses as effective as possible.

2.1.8 Closely related to training is the issue of employee appraisals. The practice of providing employees with an annual appraisal on their performance, as required by the department, is inconsistently applied for support and non-rotational staff across the bureau. Without formal feedback, both positive and negative, to employees, opportunities are lost to refocus efforts more productively and to identify appropriate professional development and training.

2.2 Human Resources

2.2.1 A significant challenge facing the department, is the management of its human resources and, more particularly, the shortage of foreign service (FS) officers. This impacts on PND in that geographic bureaux, as a whole, are finding it difficult to attract FS officers, especially to positions below the divisional deputy director level. Most officers returning to Headquarters after having served abroad want to assume a position which will expose them to some managerial responsibility. However, with the limited number of deputy director position openings available, this expectation cannot always be met. In consequence, work is sought elsewhere in the department where opportunities may be considered more attractive and work more appealing. The result is that PND management, and other geographic bureaux, in an effort to staff positions below the FS-02 deputy director level, are forced to rely on stop-gap measures (term, seconded and contractual employees) which, in themselves, are only short-term solutions to the problem.

2.2.2 Departmental senior management's full attention, led by the ADM Human Resources, is required if answers are to be found to deal with the staffing issues plaguing the geographics. The new classification process proposed for foreign service officers involving a four-level structure may help in addressing this issue. Consideration is also being given to introducing lateral entry into the FS stream for experienced personnel rather than limiting recruitment through only the FSDP entry level. This, however, is an issue that will require sensitive negotiations with the union. DFAIT is also looking beyond FS restructuring to address issues that bear on the broader human resources framework the department will need in years to come. A DFAIT workforce study has been launched to address a wide range of issues. Success is difficult to predict because of the collective bargaining that is involved.

2.2.3 Staffing in PND consumes a large part of management's time and is often a frustrating and difficult experience. Because of the difficulty in attracting FS officers to PND, management will revert to other means to fill these positions. This is manifested by the numerous positions in PND that are currently filled either by secondment, term or contracted employee. An illustration of what the bureau is required to cope with is as follows:

- Of the 43 officer positions in the bureau, 20 are filled by individuals who are not at the substantive level of the position and two other positions are currently vacant;
- the average experience amongst officers in PND is only 19.0 months but 15.6 months if two longstanding employees, one with 10 years experience, are removed from the equation. Moreover, with the rotational officers assigned to the bureau for two years, the initial months are spent learning the job and the last few months are spent focussing on their new assignment; and,
- potentially in the summer of 2003, 31 of the 41 officers could be leaving the bureau. In PCM, for example, eight of eleven officers will be departing, including the director and a deputy. In PJP, both deputy directors will be departing, while in PKE, the director, deputy and three officers will be moving on. In summary, the three divisions having a geographic focus will see two of their three directors and four of their seven deputy directors being replaced. The bureau indicated that the deputies will all be replaced by individuals working in the Asia Pacific Region.

2.2.4 The overall impact of this type of staffing on bureau operations is material:

- directors are frustrated in that they spend significant portions of their time, out of necessity, dealing with staffing issues instead of attending to higher valued work and managing the division;

- staff's relative inexperience is putting significant added pressure on the directors and deputies to ensure divisional objectives are being achieved. Staff often does not have the full set of competencies that are required to perform the work. This results in management having to pick up the slack and working large amounts of overtime;
- many of the incumbents serving in short term positions are concerned about job security which creates much anxiety amongst staff. They indicated that this situation affects their morale in that they often don't know until the last minute of their term whether or not they are going to be retained. They claim this affects their focus and productivity;
- the high turnover of staff is a primary cause for the lack of corporate memory in the bureau. The situation is exacerbated in that handover notes from previous incumbents are seldom available and, if provided, are of poor quality. This impinges on the quality of service and the effectiveness of the employee to deliver because of the steep learning curve (learning files, cultivating a network of contacts, building credibility) that is encountered in the initial period on the job. There is also added pressure on the deputies to mentor and support these officers; and,
- employees hired on short term status do not always feel part of the team. They often feel uncomfortable and are hesitant to be pro-active in offering solutions to addressing work concerns. The introduction of a branch orientation for new employees would help address this issue.

2.3 Organizational Structure

2.3.1 To mitigate some of the issues, it is important to re-think and re-shape how the bureau operates and organizes itself. Every organization, product and way of doing business is said to have a life cycle. In the past seven years, for example, only 40 percent of the Fortune 500 organizations still exist in their previous recognizable form.

2.3.2 The current country desk approach, combined with an operational environment, functioning on a reactive basis and attending to immediate logistical requirements, has diminished PND's strategic capability. There is little focus provided on a regional perspective and/or a longer term focus. Officers are compartmentalized, limited to their files and geographic areas where individuals hang on to what they have. Directors, in large part, are a reflection of this issue-based reactive mode, acting as a funnel for the higher level issues across their division, in a sense being an overall desk officer. Events, missions and meetings take precedence over trade issues, strategic perspective and management responsibilities.

2.3.3 The manner in which the organization is configured limits the ability of the bureau to react to changing demands and ensure workload is distributed evenly. It is evident that some divisions are busier than others and that, within divisions, workloads vary. This results from the normal fluctuation in activity brought on by emerging issues, crises and timing of planned logistical events. For example, resources remain static in PCM and PJP despite increasing trade with China and decreasing trade with Japan. Similarly, within PKE, the New Zealand desk officer is under-utilized while the current crisis in Korea is overtaxing that section. There is little flexibility for resources to be deployed to areas requiring assistance as work demands ebb and flow across divisions. Even within divisions, there is little capacity for back-up. Knowledge and familiarity with files and country expertise tend to be vertical with deputy directors and directors filling in and providing back-up to officers (again, in part due to staffing issues).

2.3.4 Workload content impacts the bureau's strategic and proactive capability by limiting both the amount of time officers can devote to these activities and the development of related competencies. Much of the work involves responding to low level enquiries and requests and coordinating, liaising and providing logistical support for events, missions and meetings. This type of support work tends to dominate job packages to the detriment of more proactive, strategic activities. In turn, staff become adept at these activities preferring what they are used to and capable of, rather than higher level policy, research, outreach and networking type activities that are receiving little attention.

2.3.5 The trade function in the bureau, in addition to the above constraints, is further impacted by several factors. While the respective trade sections work as part of extended virtual teams with their colleagues in missions in the region, with outreach activities falling mainly to the missions which have the bulk of the resources, not all staff have had New Approach training and therefore have had to learn the methodology on the job. Knowledge amongst staff regarding the tools offered by HORIZONS is low as is the use of WIN. Contact management is individually based and domestic outcalls are not planned and organized on a collective approach but rather left to the discretion of individual officers, with no formal reporting or entry in WIN. Officers from missions, however, do return for outreach activities. The trade policy function has not been consistently resourced in the bureau, thereby limiting the bureau's capability to respond to trade policy issues and ensure that trade operations within the bureau are kept informed and up to date.

2.3.6 Many of the issues facing PND have been clearly identified by staff in the last two recent branch retreats. Introducing change, however, has been difficult because of the heavy workload in which branch management is involved and an operational environment in which the urgent takes precedence over the important. The organizational changes being proposed will help in part to address the human resources dilemma and, at the same time, assist in achieving the e³ "Working Smarter" initiative being promoted department-wide. This initiative acknowledges that "not changing

means diminishing the branch's effectiveness over time, pushing the attrition rate higher and experiencing more difficulty in recruiting young knowledge workers".

2.3.7 The PND re-organization proposed in this report will see dramatic changes to the way PND is currently aligned. The more salient changes include:

- limiting PND to two divisions, one covering general relations, the other trade with a pool of officers available for deployment as required.
- moving away from a country-desk approach for trade to one which is regional and sectoral in orientation;
- elevating the importance placed on trade policy issues in the bureau by assigning it to a deputy director to manage;
- establishing a separate division which reports directly to the ADM and which deals on a branch level with policy and operational support issues;
- introducing an operational support unit (in the division reporting to the ADM) to provide logistical support and assistance to branch officers in both PND and PSD to allow these officers to concentrate on work of higher added-value; and,
- introducing non-rotational officers into the current mix of officers to bring more stability to the organization, better continuity, and address the issue of corporate memory which is said to be missing in the organization. At the same time, it is recognized that the introduction of non-rotational employees to the organization will, in itself, introduce its own set of problems. This will have to be carefully managed.

2.3.8 There are pros and cons to this proposed re-organization. Notwithstanding, we believe the advantages outweigh the disadvantages. The re-organization would allow for:

- broader regional coverage;
- flexibility to deploy resources to areas of high demand (e.g. decreasing trade with Japan);
- better back-up capability;
- a more integrated and consistent approach to serving clients (away from silo approach) aligned in the same manner as the IBD and GR programs within missions.
- greater teamwork through a matrix management arrangement;
- greater sectoral and regional expertise;
- greater organizational stability;

- officers to be engaged in more challenging and higher level work with addition of the Operations Support Unit;
- clients to have broader access to regional opportunities;
- improved continuity and corporate memory;
- greater ability to attract officers given the more challenging job content;
- more capability to develop pro-active strategies and initiatives; and,
- better environment for staff to acquire training and professional development

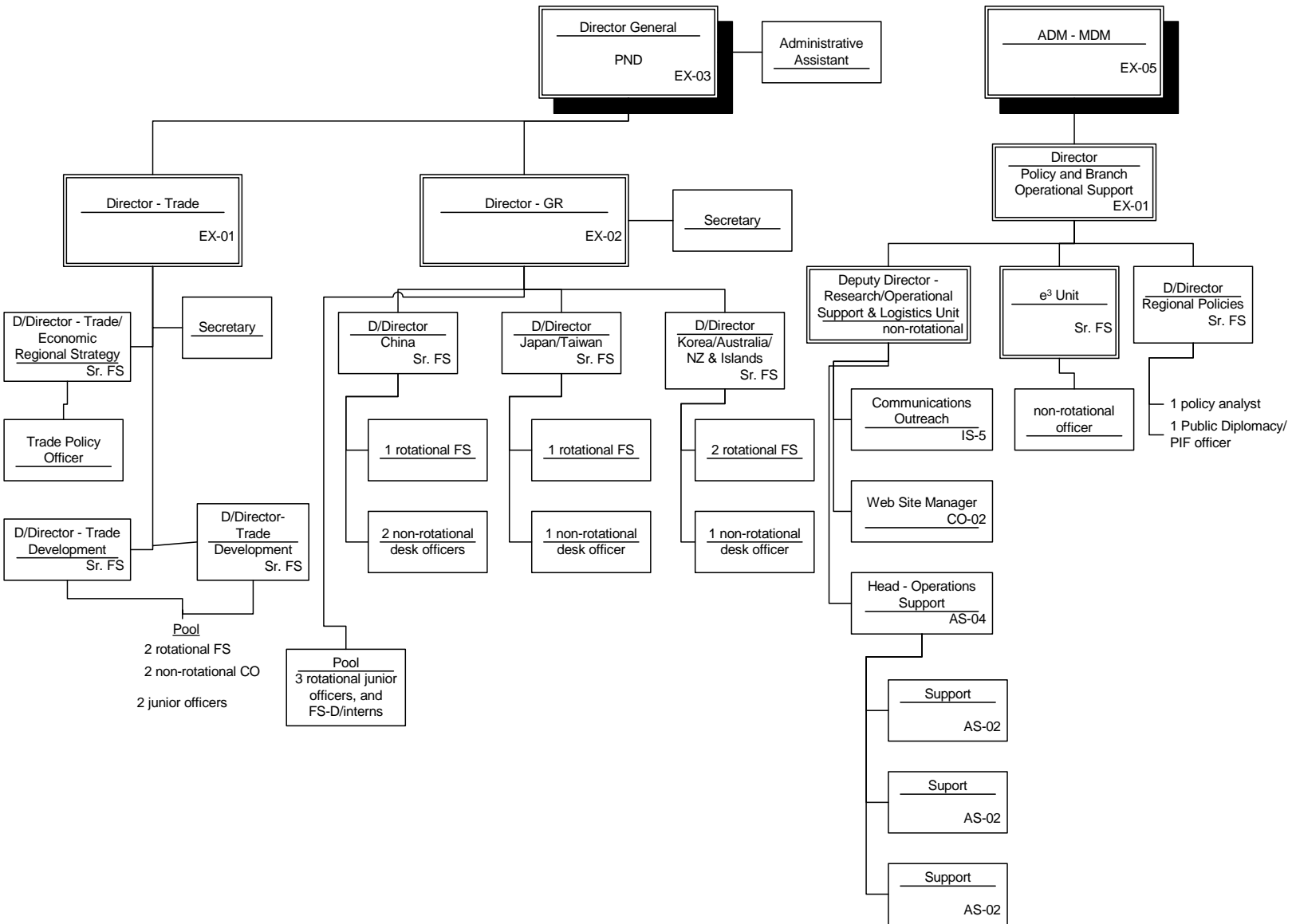
2.3.9 Offsetting these advantages are the following:

- no one focus on a country;
- missions will have to deal with two directorates instead of one;
- potential duplication and coordination issues;
- staff likely to be exposed only to issues relating to their own program; and,
- loss of country specific market and institutional expertise.

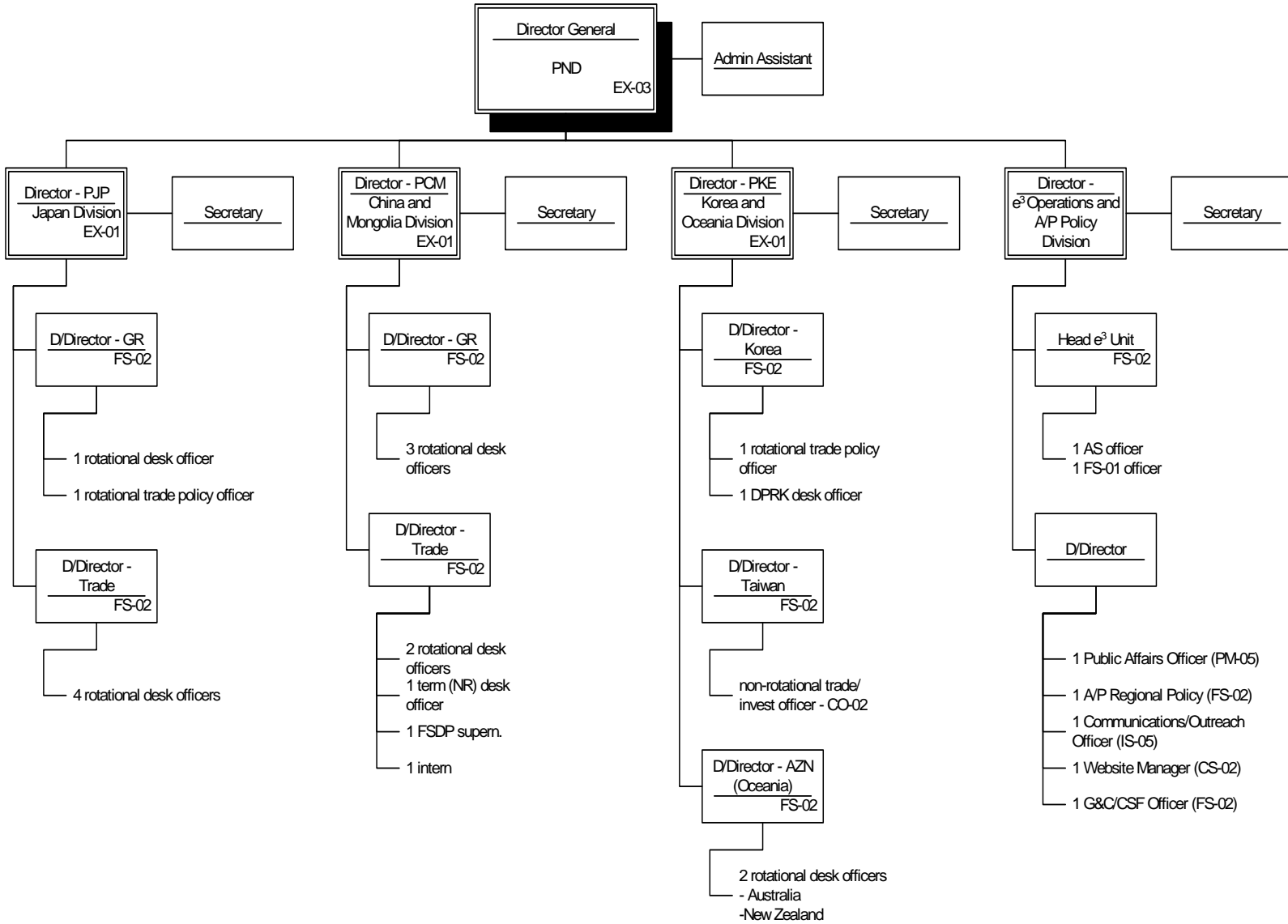
2.3.10 Two organization charts are presented on the following two pages. The first depicts a proposed organization to address issues raised. The second reflects the current organization.

2.3.11 In implementing this configuration, careful consideration should be given to the physical layout of the bureau to promote greater synergy, teamwork and communications. The current office arrangements are fragmented dividing divisions and distancing staff from each other.

PROPOSED REORGANIZATION NORTH ASIA AND PACIFIC BUREAU (PND)



CURRENT ORGANIZATION NORTH ASIA AND PACIFIC BUREAU (PND)



2.4 e³ Initiative

2.4.1 The Asia Pacific Branch should be applauded for its e³ (equilibrium, effectiveness and excellence) initiative to bring about new ways of thinking about work so that workload and accompanying stress can be lessened and staff can benefit from a better work-life balance. e³ is a process of reform that encourages employees to make suggestions, improvements and introduce best practices to day-to-day operations. The initiative was launched in the summer of 2001, led by the ADM Asia Pacific, because of a recognition that there was a serious imbalance between the vast and growing range of challenges the branch was facing and the resources that were available to meet these challenges.

2.4.2 A think-tank, referred to as the Ginger Group, was established involving several people from across the department. Sub-committees followed which were tasked with addressing many of the issues that were emerging. An e³ unit was formed at the suggestion of this group and was positioned in the PEP division. The unit was mandated to help solve problems related to priority setting, to identify core clients and services, to act as a secretariat to the Ginger Group and, together with the PEP Division, to communicate the e³ message.

2.4.3 In the short time since e³ was conceptualized, much has been accomplished. Many tools have been developed to help people work smarter: viz, e³ guides for messages, reports, tasking, conducting meetings, hosting visits and handover notes; survival kits for new employees; templates for briefing books; and an e³ Web site where all these tools can be found. Plan 4-5-6 was introduced to bring a sense of equilibrium to the workplace, meaning there are to be no meetings after 4:00 PM, no memos to the Ministers' offices after 5:00 PM and all employees are to depart the building by 6:00 PM. A new DG has recently been recruited from outside the department and a DG-level implementation team has been created to be responsible for many of the operational issues related to implementing e³ department wide; as well, a policy framework to ensure its implementation has been approved.

2.4.4 Reaction to the e³ initiative by PND staff has been mixed. Many feel an initiative of this kind is long overdue and are extremely enthused; some question the need for it in the first place and others, wishing it success, have doubts it will succeed. Many employees indicated that adherence to the 4/5/6 principle is difficult and in some cases impossible. Others still feel guilty leaving before 6:00 PM. Some feel that in the course of dealing with the department's most valued asset - the employees themselves - the e³ initiative has been forgotten. Those in short term positions cite the uncertainty they experience regarding job security. They complain that they are not advised until the last minute of their term whether or not they will be extended. They note management's failure to clearly define expectations to employees and, in turn, provide little or no feedback on their performance. Staff members are also concerned that the e³ momentum could very well be lost when the ADM of the branch, the driving force behind this initiative, departs.

2.4.5 Much still needs to be done to ensure e³ is successfully implemented. The new DG (MDMX), while only in the early stages of his appointment, is attempting to link e³ to the Department's Strategic Plan. His objective is to see e³ adopted as an overall "way of thinking" (a mind set) in the department; he does not want it viewed merely as an initiative to develop products that make work easier. He believes firmly that branch priorities must be cascaded down to all staff. To take the initiative department-wide, he has established an e³ implementation team comprised of DGs from across the department. Sub-committees or clusters have also been established each with its own set of responsibilities. The alignment cluster, he believes, has the biggest challenge, i.e. aligning e³ to the department's culture, systems, Trade Commissioner's New Approach and all its employees - not just the political group.

2.4.6 The plan is to have an e³ policy in place by June (2003) which states the objectives, commitments and expected results. There is also recognition that an e³ business plan is needed. Cluster plans are currently being developed and expected to be completed by mid-April. The role of MDMX also needs to be defined. It is expected that MDMX will have an organization of six employees. It is also recognized that while MDMX has worked closely with PEP, it needs to be separate and located corporately to give it more of a departmental perspective. Another ADM will also be twinned to this initiative to give it another champion. The intent is to keep the e³ unit in PEP intact but with its role limited only to the branch.

RECOMMENDATIONS

Recommendations for MDM

- 3.1 The Asia Pacific Branch should consider organizing PND in line with the proposed re-configuration which sees PND divided into two divisions, one covering GR and the other trade. Also proposed is a policy and branch operational support division reporting directly to the ADM which supports all branch activities.**
- 3.2 In line with this re-organization, the branch should ensure that the office layout promotes communications and teamwork.**
- 3.3 The Asia Pacific Branch should initiate on-going exchanges with other geographic branches to discuss issues common to all geographics, share best practices and develop solutions to operational challenges.**

MDM Actions and Timeframes

- 3.1 Some years ago, PND was organised as suggested. While this model had merit at the time, the decision was made to go to a**

country/region specific structure as it was found that country-specific knowledge and expertise was an overwhelmingly important factor in dealing effectively with the unique countries under our responsibility, otherwise lost in a broader regional approach.

That said, we recognize the need for change and have implemented a process that will include consultations with other geographics and functional units of the department, OGDs, missions abroad and Canadian private and academic clients. MDM has agreed, in principle, to retain a consultant to assist with the design and implementation of the change process and SIV will be invited to audit the process as it moves forward. We believe that to develop an organizational structure that better reflects global and technological realities, a realistic time horizon of two to three years is required.

The regional approach, however, should not be overlooked and, as an initial step, we will proceed as soon as September 2003, coinciding with the summer rotation, with the allocation of specific regional responsibilities, at the deputy director level in PKE, for various North Asia initiatives in trade and investment promotion. In the Japan and China divisions, specific regional responsibilities will be given to at least one trade/sectoral officer. Concomitantly, efforts will be deployed to ensure that trade promotion initiatives, such as outgoing trade missions, are approached in such a way that the regional dimension will be fully considered.

It should be noted that the Branch has already implemented the Audit Team's recommendation to have PEP (e³ Operations and Asia Pacific Policy Division) report directly to MDM.

- 3.2 A relocation initiative affecting PEP and PJP was completed in July 2003. While not entirely satisfactory, the relocation of PEP has provided better quarters and physical unity for PEP officers.**

Qualitative improvements, such as installation of glass partitions, were made as part of the relocation of PJP officers. Trade section officers have already commented on how being in closer physical proximity with colleagues from the political/economic section has improved their work environment, making them more aware of the context in which their actions take place.

The Branch has volunteered for the first phase of the remodelling of office layout in the Pearson building. While the transition period (including a temporary move to swing space for several months) will

be disruptive, it is hoped that new quarters will provide staff with the best possible layout for knowledge workers.

- 3.3 Such exchanges have already started in relation to IBD funding, in particular the Client Service Fund. Increasingly, geographics will need to work together to cooperate with the T branch on a variety of trade promotion programs, in order to ensure that country and/or region-specific considerations are fully taken into account in fine-tuning current programs (including Branding and PEMD) and developing new ones.

In the fall, a meeting was organised among PJP, PCM, NUR and NMX (all the divisions at DFAIT with a one-country focus) in order to establish common service standards in terms of their relations with embassies, ours and those of their country.

Recommendations for PND

- 3.4 e³ should be integrated into PND operations with the establishment of a more structured management approach that identifies clients, establishes priorities, and sets goals and objectives linking these workplans to activities, outputs, resources and measurement mechanisms.
- 3.5 A number of human resource issues should be addressed including the preparation of a Bureau-wide training plan; position descriptions that reflect a strong coincidence with the actual duties; branch orientation for new employees; performance appraisals of staff; and handover procedures.

PND Actions and Timeframes

- 3.4 e³ is a work in progress. Since its inception, e³ has had very direct and positive impact on the day-to-day work of employees. Bureau management has contributed directly to the corporate effort of coherence, in that Performance Management Agreements reflected departmental and branch priorities and objectives. For most employees this translated into a better sense of the relative importance of each of their responsibilities. Considerable efforts were invested, with growing success, with the implementation of e³ principles in the production of briefing books for ministers and senior management. Further refinement will improve the process but some results are already apparent: According to a Work-Life Balance Survey of the employees of DFAIT, co-sponsored by e³ and

conducted by Linda Duxbury in June 2003, respondents from Asia Pacific are less likely to view the culture at DFAIT as:

- Non-supportive
- Focusing on hours
- One that forces a choice between work and family.

While almost half of the employees in the Asia Pacific Branch see the culture within DFAIT as reactive and events driven, they are less likely to hold this view than others at DFAIT.

A more structured management approach will be achieved when further efforts are deployed to ensure even greater coherence and parallelism between the various corporate and IBD planning tools. Resulting priorities and objectives will be reflected in the performance management agreements of directors, who will in turn reflect them in their deputies' own objectives. This should provide a more formal and documented management framework.

Conversely, the application of the above will lead to a more refined identification of clients and a better tracking and assessment of results achieved on the stated objectives.

3.5 Human resources issues, as pointed out in this report, constitute a serious challenge for this bureau, with most of the solutions completely out of our hands. Training has been identified as a priority for the new director general and the two new directors who joined the bureau this fall. Each division will have a training plan, which will be a collection of all individual training plans. In turn, divisional plans will be put together as a bureau plan.

Each division will identify a training coordinator who will be working together on the P-Learn initiative, which delivers remarkable training/learning opportunities for all members of the Asia-Pacific Branch.

Work descriptions, particularly those attached to non-rotational positions will be aligned over time. The bureau, like other units in the department, has spent considerable time, effort and energy on the Universal Classification exercise, with no tangible result for our efforts. There is only so much energy which can be allocated to such initiatives. The bureau will use the opportunity of FS restructuring to ensure harmonisation of work descriptions within the bureau.

Appraisal reports constitute an important tool for career counselling and promotion. For this appraisal cycle, except for those employees who have indicated specifically that they do not wish to have a report, appraisal reports are being prepared for all employees. This practice will continue in the future.

P-Learn is in the process of developing the content of an orientation session for new arrivals in the P branch. This will be offered in the fall and every fall thereafter. New staff, including students and interns, attend as a matter of course the DFAIT 101 session offered by CFSI.

Recommendation for MSV

3.6 A task force of senior departmental management should be established to respond to the serious fundamental staffing and related human resource issues permeating all geographic bureaux. The mandate of this task force would include reviewing, inter alia:

- recruitment to the FS stream, including its entry levels;
- simplification of the staffing process;
- introduction of non-rotational officers into the geographic bureaux; and,
- rotationality and succession planning.

MSV Action and Timeframe

3.6 Your findings with regard to the human resource problems accurately reflect the problems we face, and in this sense are consistent with our own evaluation of the situation. We have already produced several reports on the detrimental effects of the shortage of foreign service officers. However, contrary to what the report implies, this shortage is not limited to the geographic bureaux. In fact, the study we did last year confirmed that on average, both geographical and functional bureaux are experiencing a 42-43 percent FS shortage rate. We often hear managers in the functional bureaux lament the fact that they are having trouble attracting officers who prefer to go to the geographic bureaux in the hope of increasing their chances of getting the assignment of their choice. The managers, however, believe the officers think they have a better chance of being promoted if they go to the functional bureaux.

The Executive Committee discussions over the past few years and the SIGNET messages from Human Resources indicate that several solutions have been identified in an attempt to correct these problems and that these suggestions are along the same lines as your recommendations. Restructuring the FS group would make it possible to recruit for more than one level. We also intend to organize an internal recruitment competition open to members of other occupational groups when the restructuring project is far enough along. In the longer term, we will want to extend our search for the needed resources to the rest of the Public Service and increase discussion on both sides. Moreover, efforts are underway to simplify the staffing and classification process for non-rotational employees. There is an individual appointed to chair a working group responsible for reviewing workflows, which should result in there being simplified and improved service.

In a broader sense, we hope that HXD's Workforce of the Future report will generate discussion with the department on the issue of rotationality. It is in this context that we propose to revisit the issue of work specialization and the relevance of having non-rotational officers in the geographic divisions.

Even if this provided the advantage of a certain level of continuity, it must be recognized that there is also a great deal of movement on the part of non-rotational employees. Moreover, the implications for the FS group and the impact on their union will require further study.

Last, we propose to meet with our colleagues from the Asia-Pacific sector to make the point with them.