



Fourteenth Annual Report

to

the Prime Minister

on

the Public Service of Canada

Kevin G. Lynch

Clerk of the Privy Council and
Secretary to the Cabinet

For the year ending March 31, 2007

Canada

Library and Archives Canada Cataloguing in Publication

Canada. Privy Council Office
Fourteenth annual report to the Prime Minister on the public service of
Canada

Annual.

Text in English and French on inverted pages.

Title on added t.p.: Quatorzième rapport annuel au Premier ministre sur la
fonction publique du Canada.

Available also on the Internet: www.pco-bcp.gc.ca

ISBN: 978-0-662-69756-5

ISSN: 1193-7637

Cat. no.: CP1-1/2007

1. Civil service reform--Canada--Periodicals. 2. Civil service--Canada--
Personnel management--Periodicals. 3. Public Service 2000 (Canada)--
Periodicals.

I. Title. II. Title: Quatorzième rapport annuel au Premier ministre sur la
fonction publique du Canada

JL106

354.71'0005

To obtain print copies:

Phone: 613-957-5153

TTY/TDD: 613-957-5741

Fax: 613-957-5043

E-mail: info@pco-bcp.gc.ca

© Her Majesty the Queen in Right of Canada, 2007



Clerk of the Privy Council and
Secretary to the Cabinet



Greffier du Conseil privé et
Secrétaire du Cabinet

Ottawa, Canada
K1A 0A3

March 30, 2007

Dear Prime Minister:

In my role as Head of the Public Service, I have the honour to submit to you the *Fourteenth Annual Report to the Prime Minister on the Public Service of Canada*, in accordance with the provisions of section 127 of the *Public Service Employment Act*.

This document goes further than reporting on our challenges and achievements during the past year. It also sets out the future direction of the federal Public Service and the important path of renewal we are actively pursuing.

The first report of the Advisory Committee on the Public Service, which you appointed on November 21, 2006, is included as an annex to this Report. In fulfilling its mandate, the Committee is supplementing our own efforts toward renewal.

The world is changing and the needs and aspirations of Canadians are evolving. As such, the nature of our work as public servants is adapting in the face of these challenges. In addition, demographic shifts add urgency to our ongoing efforts to recruit the next generation of public servants within an ever more competitive labour market. What is constant is our commitment to serve the Government in implementing its priorities on behalf of Canadians with the highest degree of professionalism, non-partisanship and ethical standards.

Your recognition of the importance of this national institution, which adds so much to our quality of life and serves as a vital pillar of Canadian democracy, is very clear. I greatly appreciate your support of renewal efforts to ensure it is strong and vibrant in the future. This mirrors a deep commitment within the Public Service to remain a strong, diverse and dynamic institution, serving Canadians with pride, excellence and integrity.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Kevin G. Lynch".

Kevin G. Lynch

Canada

Table of Contents

I. Introduction	1
Purpose of this report.....	1
Structure of this report.....	4
II. The Public Service in 2007	6
Description.....	6
Why a top quality public service is important.....	8
Challenges.....	9
III. Public Service Renewal	13
Principles.....	13
Instruments.....	15
Partners in renewal.....	17
IV. Priorities for the Short and Medium Term	19
1) Planning.....	19
2) Recruitment.....	20
3) Employee development.....	23
4) Enabling infrastructure.....	25
V. Looking at the Longer Term	27
The human resources system.....	27
Innovation and risk management.....	27
Leadership.....	28
VI. A Message to Fellow Public Servants	30
Annex 1: The Business of Government	31
Annex 2: A Demographic Picture of the Public Service	38
Annex 3: The First Report by the Prime Minister’s Advisory Committee on the Public Service	41

I. Introduction

This is the fourteenth report by the Clerk of the Privy Council on the Public Service of Canada, and the second since I took up my current responsibilities as Head of the Public Service in March 2006.

My first report was very much a personal statement of how I see my duties as Clerk in relation to the vital national institution that is the Public Service of Canada. I said a year ago that “there are few careers that allow one to directly impact the lives of fellow citizens in almost all aspects of one’s work [and] . . . few workplaces that provide such a broad range of experiences.” Making the most of the opportunity to serve is the challenge facing every Canadian who chooses a career of public service.

Purpose of this report

This, my second report, fulfills a rather different purpose than last year’s document. It is intended to set out what I see as the future direction of the federal Public Service, and specifically to describe the path of renewal on which we are embarked. The process of public service renewal must be driven by many different people in dozens of government organizations, large and small, from one end of Canada to the other. The role of the Clerk, as the most senior federal public servant, is to define major objectives, to set out benchmarks against which we can measure our progress, and to drive a continuing process of change and renewal that will take us well into this new century.

To this end, this report has essentially four objectives as a reference point for the continuing process of renewal that we have begun.

a) Why renewal?

The first objective is to generate in the mind of the reader an appreciation of the need for renewal. Why, exactly, is it important in 2007 to focus on the renewal of Canada's Public Service? Many would say that the Public Service seems to have been renewing itself for much of the past 20 years. Is this process never going to end? Why is it necessary to put people and institutions through still more change and, some would say, upheaval, when there are so many other things to be done by government in the service of Canadians?

The answer, to put it simply, is this: if the Public Service, as a core national institution, does not renew itself for future as well as current service to the government and people of Canada, it risks becoming less relevant, less useful and less respected as the years go by. If we do not commit ourselves to a continuing process of renewal, the Public Service will not remain a creative national institution, central to the governance and development of our country.

b) What is driving change?

The second goal of this report is to lay out a clear factual foundation and context for renewal. We need to understand the particular circumstances of our country and of the Public Service that compel a major investment of time and effort in change and renewal. What are the driving factors in our society and in the world that motivate a fundamental rethinking of what public servants are doing and how they are doing it? Why is it important to pay particular attention to issues such as recruitment, leadership and learning? What is required to create a workplace that fosters creative policy making, responsible decision making, and clear accountability for results?

c) Goals and yardsticks

A third objective is to set priorities, year by year, and define clear, credible goals against which we can measure and report on progress over the next five years. Five years represents what an optimist might call the foreseeable medium term; a realist might be less sanguine about our capacity to anticipate future developments, but equally convinced of the need for a multi-year planning horizon. However events actually unfold, it is essential to plan today for a continuing process of change and renewal, recognizing that course adjustments will be necessary along the way.

d) Moving ahead together

The final aim of this report is to build a sense of shared purpose and commitment to renewal, at all levels of the Public Service. Like many thousands of my colleagues across government, I have spent my entire career as a public servant. Like those colleagues, I am proud to have been able to work on policies and programs that have affected the lives of Canadians. I would hope – indeed I am committed to ensuring – that future generations of young Canadians will consider careers as public servants with the same spirit of optimism as I did, and will be able to conclude their public service careers with a well-earned sense of satisfaction.

Despite some recent claims to the contrary, this same sense of pride and purpose can be found throughout Canada's Public Service. The latest Public Service Employee Survey, for example, achieved an impressive 59 percent response rate. It showed that 90 percent of respondents were proud of the work done in their unit, and that 96 percent were strongly committed to making their organization successful. Over 80 percent felt their organization was a good place to work.¹ A private sector CEO who saw these numbers remarked recently that any organization – private or

1. 2005 Public Service Employee Survey, http://www.hrma-agrh.gc.ca/survey-sondage/2005/index_e.asp

public sector – would be happy to see this level of commitment and job satisfaction from its employees. At a minimum, these very positive attitudes within the Public Service provide a solid foundation on which to build a continuing sense of shared purpose for the future.

Structure of this report

This report has six sections. Following this brief introduction, Section Two: The Public Service in 2007 describes Canada's Public Service today – what it is, where it has come from and how, in broad terms, it is organized.² The section talks about the very wide range of duties fulfilled by public servants and the importance of a well-functioning Public Service to the security and prosperity of our country.

Section Two also sets out the major issues and challenges facing the Public Service – both today and over the medium to longer term. These include renewal, leadership, risk management, balancing appropriate accountability with a commitment to service and innovation, and generally preserving the values of the traditional Public Service while applying them in the ever-changing environment in which we serve.

Section Three: Public Service Renewal sets out the principles that must underpin a successful and sustained process of renewal, as well as the instruments that are available to drive that process. These range from committees of deputy ministers to specific programs of recruitment and development that will touch thousands of public servants, both newcomers and veterans, over the coming years. The section also talks about the many different partners, inside and outside government, who have a stake in renewal.

2. Further details on both the business of the federal government and the makeup of the Public Service are found in Annexes 1 and 2.

Section Four: Priorities for the Short and Medium Term identifies four priorities that have emerged from a dialogue within the deputy minister community and from other discussions within the Public Service. The section talks about specific goals in each of these four areas, how we intend to measure progress, what we hope to achieve in the short term and what will take longer (in some cases, much longer).

Section Five: Looking at the Longer Term examines some of the issues that will preoccupy the Public Service in the coming years, notably simplification of process, innovation, risk management and leadership. The purpose here is not to cast a workplan in stone, but rather to give public servants and those who care about the Public Service a sense of the elements of our longer term agenda, recognizing that circumstances can change and that, as always, we must be prepared to adapt our efforts to meet new challenges.

At the conclusion of the report, Section Six: A Message to Fellow Public Servants speaks to readers who, like myself, have committed themselves to careers in the Public Service. Most of them have lived through a somewhat bumpy process of change over the past 15 years or more. They have sustained programs and generated new policies for new governments, while perhaps wondering how external forces will affect them and their careers, and even asking what the very concept of public service means today. I want every one of them to know that we are in this process of renewal together, and for the long term. Collectively, it is public servants themselves who are the true stewards of this vital institution, Canada's Public Service.

II. The Public Service in 2007

Description

The federal Public Service is the largest enterprise in Canada and certainly an important one. 250,000 Canadians work in the core federal Public Service³ – these are the people employed in the 20 departments and 180 regulatory and administrative agencies of the federal government. Beyond this are the 220,000 Canadians who are members of the Canadian Forces (64,000 plus 25,000 reservists), the RCMP (some 20,000 regular and civilian members) and Crown corporations (for example, employees of CBC, VIA Rail and Canada Post).

Public servants work in dozens of different occupations from food inspectors to First Nations claims negotiators and from public health specialists to diplomats. The Government of Canada employs some of the most highly skilled people in the country, many of whom are internationally recognized for their expertise and their accomplishments.

The activities of government can be similarly divided into dozens of different lines of business and thousands of individual programs. These are delivered directly by more than 200 federal organizations, and indirectly on behalf of the government by hundreds of non-profit agencies across Canada. The federal government operates 1,600 points of service across the country, and abroad Canadians are served by diplomatic and consular offices in 180 foreign countries.

3. The core federal Public Service numbers 250,000 and includes agencies such as the Canadian Food Inspection Agency, the Canada Revenue Agency, Parks Canada and the Canadian Security Intelligence Service for whom the Treasury Board is not the employer and where the Public Service Commission is not empowered to appoint people in these organizations.

One of the most fundamental functions of the federal government is to raise revenue to pay for the federal programs and services Canadians need. In 2005-2006, tax revenue was some \$222 billion, while spending amounted to \$209 billion, leaving a surplus of \$13 billion.

The pattern of federal spending has changed considerably over the last decade to meet the evolving needs and expectations of Canadians. The largest growth has been in health spending, reflecting an aging population, innovation in health care and other factors. One of the other fastest growing areas of federal spending, especially since the events of 9/11, has been in the broad area of national security. Spending on public safety and anti-terrorism grew 43.6 percent in the four years between 2002-2003 and 2006-2007.⁴ This has been accompanied by increased spending on justice and crime prevention domestically, and internationally by increases in defence and aid spending.

If there is a longer term trend line for the federal Public Service, it surely must follow the evolution of the federal government's role in the federation, shaped of course by a changing public environment and broader changes in technology and in global realities that have an impact on our society. The trend line is toward a more focused role for the federal government in some key areas, including the delivery of services; redefinition of the relationship with First Nations; closer engagement with the provinces in areas of shared interest and responsibility such as immigration and the environment; and a growing realization of the importance of investing – and re-investing – in research and essential infrastructure to sustain a successful modern economy. Needless to say, effective fiscal management ensures a solid budgetary foundation for all of these activities and for the prosperity of the country as a whole.

4. Spending on public safety and anti-terrorism involves 150 programs and 33 departments and agencies. Spending in 2006-2007 totalled \$6.26 billion, an increase of 43.6 percent since 2002-2003.

Why a top quality public service is important

The work of public servants has always been complex and challenging, whether it involves regulating air transportation, promoting Canadian exports, or inspecting to ensure safe and high quality food on our tables. Today, however, working inside government is arguably more difficult than ever because the issues facing government are so complex, and because there is so little tolerance for error in the environment in which public servants work. The changes brought by the information revolution of the past 25 years, among other factors, have affected the business of government profoundly because they have amplified public expectations of what governments can do, at the same time as they have exposed every facet of public sector work to critical public scrutiny.

That scrutiny is to be welcomed because it is an essential feature of the democratic process. Parliament, the press and the public are entitled to ask what the government is doing with the tax dollars it is collecting, and whether it is performing as effectively and efficiently as Canadians expect. But the current environment of scepticism about government and of increasing demands for accountability also brings its own risks – notably the risk that public servants will become so enmeshed in systems for monitoring and reporting that they lose their capacity, and their readiness, to manage risk. Strengthening accountability does not have to mean stifling creativity in policy or compromising service delivery.

The Organization for Economic Cooperation and Development, the World Bank and the International Monetary Fund all have done studies that show clearly what Canadians have long taken for granted, namely the importance of an effective public service to national competitiveness and to public faith in the integrity of

institutions and governments.⁵ While Canadians have traditionally been known as innovators in public sector management, there is some evidence that in recent years other countries – Australia, the United Kingdom, New Zealand and the United States – have begun to move forward more boldly than we have. The Australians, for example, have dramatically decentralized their human resources management regime, while still retaining the concept of a unified Public Service; and the British have made themselves world leaders in public sector performance measurement and reporting.

Whatever our successes in former years, we cannot afford to become complacent about the future. Canada's Public Service is a vital national institution that has come through more than a decade of stressful change. As an institution, it is not broken but it is, as one distinguished scholar has said, at a "critical moment" in its history.⁶ The Public Service faces challenges from outside and from within that together demand a substantial, continuing investment in renewal.

Challenges

Why is public service work different and in many ways more challenging today than in the past? Many books have been written in an effort to answer this question, but the key factors that emerge in any serious study of public management today invariably include:

5. See for example, *Modernizing Government: The Way Forward* (OECD, 2005); *Public Sector Integrity: A Framework for Assessment* (OECD, 2005); *Governance and Corruption: Global Issues Seminar Series* (World Bank, 2006); *Good Governance and Development: A Time For Action* (World Bank, 2006); *The Cost of Government and the Misuse of Public Assets* (International Monetary Fund, 2000).

6. See Evert Lindquist, *A Critical Moment: Capturing and Conveying the Evolution of the Canadian Public Service*, Canada School of Public Service, 2006.

- *Globalization*, which makes government work vastly more complex and inevitably more international than ever before. Almost every issue has an international dimension and, to put the point in economic terms, no department is a closed economy today. All are affected by forces beyond the control of the Government of Canada.
- *The information revolution*, which has dramatically enhanced public expectations for speedy decisions, for immediate responses from government, for transparency in government operations, and for public engagement in decision making. The information revolution has also eroded the value of secrecy and of what was once the unique knowledge held by government. Today, the Internet makes information readily accessible to billions of people around the world. Information is a tool for everyone, and that's a good thing.
- *The emergence of many more horizontal issues* such as climate change, competitiveness, biotechnology, border security and a hundred others which require new ways of working across government, new forms of accountability and new ways of engaging stakeholders.
- *The sheer complexity of Canada today*, an immense, regionally varied country with two official languages, a rapidly changing population mix and a host of new challenges emerging for all levels of government. To succeed as a modern institution, the Public Service must reflect and respond to the complex nature of our country.
- *Changing public attitudes toward government* coloured by high-profile cases that have tarnished the reputation of politicians and public servants alike. Canadians expect a lot of their Public Service, and it is our duty to live up to those high expectations.

The factors listed above are only the most visible of the considerations influencing the working environment of public servants today. To them, we can add demographic and other changes in Canada that affect the Public Service directly, as they do other institutions throughout our country.

These new factors include:

- *An aging population* that is reflected in the demographic profile of the Public Service. Fifteen years ago, most federal employees were under 45. Today, a majority are older than that. Put differently, almost 10 percent of public servants today have at least 30 years of pensionable service, a nearly three-fold increase since just 2000. The same phenomenon is prevalent in executive ranks, where the average age of assistant deputy ministers is now 53 years, and that of their immediate subordinates barely a year or two younger;
- *A changing and more diverse population mix*, that despite the efforts of the past decade, is still not adequately reflected in the ranks of the Public Service;
- *A much more competitive labour market*, as employers face a smaller cohort of new workers who in many cases have more opportunities and different, often higher, expectations of their future employers than did young people in the past;
- *The need to ensure we recruit in ways that reflect the real business needs of government organizations, both immediate and longer term*, and not rely on ad hoc methods that meet only the requirements of individual managers; and
- *A public culture focused heavily on wrongdoing and individual accountability*. The few, high-profile cases of inexcusable misconduct and lawbreaking we have seen in

recent years have resulted in the increasing emergence of what has been called a “web of rules” that threatens both responsible management and effective program delivery, as well as creativity and responsible risk management. There is a risk of creating a government environment in which public servants are more concerned with not being accused of doing the wrong thing than with doing the right thing. The cost and complexity of these measures have become frustrating for ministers, public servants and Canadians alike.

Finally, we must not forget particular events and initiatives in the recent history of the Public Service that make renewal a priority today. Over the past 15 years, there have been several significant reorganizations that have affected virtually every organization and every employee in government. The Public Service has also undergone one major and several smaller exercises of program review that resulted in significant cuts to departmental budgets and the departure of thousands of experienced and knowledgeable personnel at all levels. More recent growth has not entirely compensated for those impacts.

During the same period, new agencies (Parks Canada, the Canada Revenue Agency, the Canadian Food Inspection Agency, the Canada Border Services Agency among others) have been created that perform traditional public service functions in new ways and, in several cases, with new employment regimes. And recent years have also witnessed a series of major efforts at human resources reform and renewal ranging from PS2000 in the early 1990s to La Relève in the latter half of that decade to the development and passage of the new Public Service Modernization Act in 2003, which encompassed significant reform in the areas of staffing and labour relations.

To sum up, the Public Service is today in a situation where it is compelled by demographics, by national and international circumstances, and by its own immediate history to rethink how it

recruits, develops, manages and retains its workforce. Addressing these challenges will be a continuing task well into the future.

III. Public Service Renewal

When the Government took office in February 2006, the Prime Minister made clear his own commitment to the Public Service, and to the traditions and values of professionalism and political neutrality that have defined our institution ever since the adoption of the merit principle in 1918. This affirmation of political support for the renewal of the Public Service as a vital national institution is crucial.

Principles

When the Prime Minister said that “effective government requires effective public servants,”⁷ he captured very well the premise of the entire process of renewal. As public servants, our ethos is to contribute to effective and principled public administration. And our challenge today is to equip ourselves – both individually and in our institutions – to do our jobs effectively in this new environment.

If we public servants are to modernize and renew ourselves and our institutions, then we know we must:

- *Respect and involve employees at all levels.* Renewal is not a top-down, management-focused exercise – it is a comprehensive process that will touch every public servant in one way or another and, if we are successful, lay the groundwork for the Public Service of the future.

7. Prime Minister Harper’s speech, “Accountability and the Public Service,” March 23, 2006.

- *Set goals and priorities that are relevant, ambitious and still realistic.* We know we cannot do everything at once. We cannot stop our work while we retool the whole enterprise. We must rethink our jobs and our systems while still delivering the results that our ministers and Canadians expect.
- *Set benchmarks for performance and be prepared to measure progress,* both for the sake of employees and for that of the ministers, members of Parliament and Canadians generally who count so heavily on what we are doing and how well we do it. If we are to sustain their support, we must be able to show them what we have achieved along the path of renewal, and how it makes a practical difference to our effectiveness as public servants.
- *Recommit to excellence* as the hallmark of how we do our work. Public servants have always been rightly proud of what they can do. We need to reaffirm our traditional values of excellence in service delivery and policy development as the basis for our future success.
- *Learn through the process of change.* We have said for years that we are a learning organization. It is up to us to show that we can “learn while doing” and in particular that we can apply the lessons of experience in one part of the Public Service to challenges faced in other areas. We also must be ready to learn from our international counterparts who, in various ways, have already taken steps to reform and renew their institutions.
- *Be prepared to adjust our course as we move ahead.* We should have no illusions that in a year or so we will have somehow “got it right,” and all that is required is to implement ideas and decisions already in hand. Nothing could be further from the truth. What we know today is that we have to change our skills, our systems and our human

resources management regime. We have to make ourselves more efficient and more transparent as an employer. We need to adapt our approach to human resources management to reflect the lessons learned through the process of change and renewal. And we must be ready to meet challenges as yet unforeseen.

In any successful, modern enterprise, renewal is not a single event or initiative – it is a constant process, requiring continuing attention from managers and staff at all levels. Renewal is not only about bringing in and developing new people; it is equally a matter of valuing and developing the talent already in our ranks. And however difficult it is to look ahead, we know already that many of the skills and ways of doing business we employed in the past will not be good enough in the future. We also know that, demographically, Canada is changing and so must the Public Service – we need to capture and shape the full possibilities of that inevitable process of regeneration.

Instruments

The most important instrument for renewal is the professionalism and personal commitment of every public servant. We are fortunate as a country that the Public Service continues to attract people of high quality to its ranks, and that those who have made it their career have maintained their sense of commitment to their vocation.

As Head of the Public Service, one of my responsibilities is to equip the community of deputy ministers and senior officials with the tools and mechanisms through which we can, collectively and individually, pursue our shared objective of Public Service renewal. These tools and mechanisms include:

- *The Deputy Ministers' Committee on Public Service Renewal*, chaired by the Associate Secretary to the Cabinet, which is the senior forum for overseeing and driving the process of renewal.
- *The Prime Minister's Advisory Committee on the Public Service*, which brings together senior leaders with a wide range of experience outside and inside government to advise the Prime Minister and the Clerk on the renewal and future development of the Public Service. Their work complements the work of the Deputy Ministers' Committee and brings new insights and perspectives to our efforts inside government.
- *Clearer guidance for deputy ministers* that will include setting out medium and longer term objectives and priorities for them, and defining new expectations in the area of human resources management. These new obligations will in turn require adjustments to how business is done at senior levels, including a restructured senior committee system.
- *A more clearly defined role for the Committee of Senior Officials (COSO)*, which is the senior committee responsible for management of the deputy minister community. The goal is to have COSO function much like the human resources committee of the board of a large corporation, addressing issues such as performance management, succession planning, and a more rigorous analysis of the qualities and skills we require in deputy ministers, with particular focus on leadership.
- *An improved human resources toolkit for managers and employees* that will increasingly include new measures to facilitate entry to the Public Service at middle and senior levels, and new programs to encourage interchange with other sectors, including the already-announced Government

of Canada Fellows Program. There will also be new measures for recruitment and development of employees at all levels.

Partners in renewal

Meeting the challenge of renewal is not solely a task for the senior leadership of the Public Service. Rather, it requires the commitment of employees at all levels and the continuing engagement of a wide range of partners and stakeholders.

Some of these partners are to be found inside government, starting of course with the Prime Minister and Ministers of the Crown. They define the agenda of the government. Ministers decide priorities and allocate resources to the policies and programs through which public servants make their contribution to the public good.

The engagement of politicians, both those who make up the Ministry and parliamentarians generally, will thus be essential to an enduring and effective process of renewal. Politicians see public servants up close; they see our problems as well as our successes. They understand how important a well-functioning Public Service is to effective governance in Canada. Their expectations are high, and rightly so.

Other key partners in the process of renewal are the central agencies and other public sector institutions that are focused on people management. Here we can mention:

- the *Privy Council Office*, which is responsible for the selection, management and development of the most senior leaders in the Public Service, and which supports the Clerk as Head of the Public Service;
- the *Public Service Human Resources Management Agency of Canada*, which was created in 2003 and is responsible

for leadership and service in human resources planning, accountability, modernization, employment equity, values and ethics, and official languages, as well as policies and compensation for executives, learning policy and management of development programs;

- the *Treasury Board Secretariat*, which, among its many other responsibilities, manages pensions, health care, dental care, labour relations, compensation and setting of terms and conditions of employment;
- the *Canada School of Public Service*, which is responsible for training and professional development, including leadership development and language training, for all levels of the Public Service; and
- the *Public Service Commission*, whose most critical role is to protect and support the integrity of the merit-based staffing system.

Together, these central institutions of government carry leadership responsibility for how we recruit, develop, pay and manage employees. But no less important to the process of public service renewal are the 200 departments and agencies that together make up the federal Public Service. It is in the actual delivery of programs and services, in regulation and in policy making, that the impact of the Public Service is felt by Canadians. Renewal must be seen to make a difference on the front line if it is to be viewed as a success.

Other partners within government who have a major stake in renewal are the public service unions, the Association of Professional Executives of the Public Service, and the large number of informal groups of young professionals and others who rightly want to play their part as the Public Service moves into the 21st century.

Partners and stakeholders outside government are also key to the process of renewal. They include special-purpose committees such as the Advisory Committee on Senior Level Retention and Compensation (Stephenson Committee), as well as stakeholders representing the different sectors of our society and our economy – business, the non-profit and voluntary sector, First Nations and other Aboriginal groups, universities and colleges, and the wider community of Canadians interested in public policy.

All of these parties have a stake in the quality and the relevance of Canada's Public Service. Their voices must be heard in the continuing dialogue that will inform and sustain the process of public service renewal.

IV. Priorities for the Short and Medium Term

1) Planning

To make progress over time, you must have a plan. This is therefore our first priority – to better understand, in each department and agency and in the Public Service overall, the skills and needs of government and Canadians, and then to spell out the skills and capacities required to serve Canadians in the future.

Objectives

By integrating business planning with human resources (HR) planning, we will develop a better sense of our strengths and of the gaps we will need to fill, whether through recruitment or development or by bringing in specialized skills at mid-career. We will use the planning process in every department and agency to engage employees in the future evolution of their organizations.

Actions

Over the short term we will:

- enhance the capacity across the Public Service to do integrated human resources and business planning; and
- require every department and agency to include a human resources plan as a fully integrated element of its normal business planning and reporting.

Over the medium term we will:

- develop, in collaboration with departments and agencies, planning tools that will contribute to simpler, more effective HR planning in the future; and
- develop a unified Public Service human resources plan that captures, at a high level rather than as a roll-up, the key objectives, performance measures and achievements of the Public Service as a whole with respect to the management of people.

2) Recruitment

Recruitment and employee development are key dimensions of renewal. Fifteen years of prosperity and the changing demographics of our population have meant that the labour market in Canada today is tight. We know we have to be ready to compete for talent, and we must do so in a way that respects the principle of merit-based appointment and the goal of a nationally representative workforce, both of which are fundamental to Canada's Public Service. We also know that we must be able to offer both new and existing employees the opportunity to develop their skills and pursue meaningful careers in government.

Objectives

Our goals with respect to recruitment are to ensure (a) that the Public Service as a whole has the people and skills it needs for the future, (b) that each department and agency is equipped to meet its needs for new personnel, as it defines them, and (c) that our recruitment processes are accessible, credible and efficient.

Success in recruitment requires effective “branding” – that is, identifying the Public Service as a career of choice in the minds of young Canadians. One way to do this is by demonstrating the enormous range of career opportunities available in the government, the satisfaction of public service, and the many other advantages to be had in a public service career.

Several studies have variously identified six factors that are of greatest importance in attracting people to an organization and keeping them:

- meaningful work;
- strong leadership;
- opportunities for learning and development;
- appropriate compensation;
- opportunities for career advancement; and
- policies and practices that contribute to a flexible and positive workplace.

The Public Service offers all of these advantages to its employees and the evidence – at least in terms of the attractiveness of the public service career – bears this out. Every year, tens of thousands of Canadians, most of them young and well qualified, apply for positions in the Public Service. And our more specialized

programs of recruitment have shown we can compete effectively as an employer with the best companies in the private sector and with other levels of government. Our challenge is to fulfill the promise that our new recruits see in us; to be more timely and effective in bringing people into government; and to become more effective in helping them develop their skills and their careers.

Actions

Over the short term we will:

- put a strong focus on department-specific recruitment that involves the senior leaders of each organization reaching out to attract new talent;
- address projected shortages at senior levels through targeted programs of development of current executives, and deliberate efforts to reach outside the Public Service for people with the skills, experience and motivation to occupy senior leadership positions; and
- design pilot programs of pooled recruitment for specialized needs in areas such as finance, audit and evaluation, personnel management and procurement.

Over the medium term we will:

- refine and articulate a Public Service “brand” that can be customized to suit the particular needs and circumstances of individual departments and agencies;
- coordinate the enhanced recruitment activities of departments and the Public Service Commission, so that people on college and university campuses are not frustrated in their efforts to find the “front door” to the Public Service; and

- apply lessons from current programs such as the Policy Leaders Program, the Management Trainee Program, the Accelerated Economists Program and the Accelerated Executive Development Program to develop broader initiatives that will serve the renewal needs of the Public Service.

3) Employee development

The most valuable asset of Canada's Public Service is the talent and commitment of its employees. Not only is it in the interest of the employer to ensure that employees have the opportunity to develop and apply their skills to the fullest extent, but also that development interest is shared by employees themselves.

Objectives

Our goals with respect to employee development are simple:

- Make sustained investments in development and learning throughout the Public Service.

This applies on a system-wide basis, through institutions such as the Canada School of Public Service and programs like the Leadership Network. It is also a duty that falls to every deputy minister and agency head. At the workplace level, this agenda will require a sustained commitment to learning plans, dedicated resources for training, and increased mobility to facilitate employee development, not merely within a single organization but also between organizations.

- Develop and foster leadership at all levels of the Public Service.

Here we can take a lesson from our colleagues in the Canadian Forces who, for years, have recognized the

importance of developing leadership skills for members from corporal to general officer. We on the civilian side of government can do the same.

- Ensure that all employees have the opportunity to do meaningful work in an environment where they can make their maximum contribution.

Public servants are long-term assets to be valued and developed in the service of Canada. This long-term commitment to employees will remain a feature of Public Service life, notwithstanding societal trends toward shorter term employment and more varied careers. Senior managers in every public sector organization must try to meet the needs and aspirations of younger employees by demonstrating the variety and opportunity to be found within the larger environment of the Public Service as a whole.

Actions

In the short term we will:

- implement the Government of Canada Fellows Program to foster interchange between the public sector and the private and non-profit sectors;
- ensure (a) that employees have meaningful learning plans that are reviewed periodically with their supervisors, and (b) that there is an employee development plan for every organization; and
- implement the ADM [Assistant Deputy Minister] Talent Management Initiative. This is a program that will maximize the skills and contributions of our assistant deputy ministers throughout the Public Service as well as identify future senior leaders through coherent career

planning, learning and development strategies, and succession planning within the ADM community.

In the medium term we will:

- develop specific developmental programs for functional communities (finance, audit, human resources, etc.);
- as part of reviewing our performance management regime, develop a new approach to evaluating performance in people management; and
- expand the model of the ADM Talent Management Initiative to other executive levels.

4) Enabling infrastructure

To achieve our objectives for renewal, we must put in place the systems and processes to support efficient, user-friendly planning, recruitment and development.

Objectives

We need to establish benchmarks and share best practices. Our goal is to make better use of technology in all aspects of planning and management, including such things as integrated standards for human resources policies and programs. And we need to ensure that existing flexibilities and new tools for things such as integrated planning are better understood and applied by managers and employees.

Actions

Our short term action plan is to:

- establish a plan for streamlining the human resources business processes and systems across government;

- provide a more user-friendly database of best practices to departments and agencies, with corresponding central agency advice and support, and promote specific tools for activities such as succession planning; and
- develop modern electronic platforms for on-line learning, networking and sharing best practices across the Public Service.

Over the medium term we will:

- implement the plan for streamlining human resources business processes and systems across the government;
- invest in renewing the skills and leadership of the HR community; and
- introduce new tools to support more effective and efficient recruitment in departments.

The Prime Minister's Advisory Committee on the Public Service

As we proceed with this action plan, both short and medium term, our work will be informed by ideas and recommendations coming forward from the Prime Minister's Advisory Committee on the Public Service. I see a very useful complementarity between the Committee's work and the renewal process being driven inside government. There is much we can learn from other sectors of our society about how to better manage people. I am very pleased to have had the benefit of early advice from the Committee on the specific issue of recruitment (see the Committee's Report in Annex 3).

V. Looking at the Longer Term

While we need concrete results in the short term, we also know that changes to organizational culture and to larger systems will take longer. Here again, if we want to make an impact we will have to start now and sustain our course over time.

The human resources system

There is much that can be done to reduce the complexity of the current human resources system in government, to invest in current HR staff and to reach out more effectively to a new generation of public service professionals. More can be done to open the doors of the Public Service to talented people at middle and senior levels who see an opportunity to make a contribution.

By making things simpler and more transparent, we will help to achieve another current objective, namely to strengthen accountability while improving the efficiency of government operations. Not only is this possible, it is the right thing to do.

Innovation and risk management

There is a broader process of cultural change that should be a part of the process of public service renewal. In particular, there is a need to change the culture of risk aversion that, for a number of reasons, seems to have emerged in recent years. I have spoken elsewhere about the need to restore a better balance between oversight and flexibility and to remove unproductive restrictions that prevent public servants from managing for results rather than simply managing by rules. This theme is reinforced in the recent report of the Blue Ribbon Panel on Grants and Contributions,

which noted that “accountability is strengthened when compliance rules make sense and are established at a level that corresponds to risk and need.”⁸

Other issues related to the culture of the Public Service deserve our attention as we move forward with renewal. I believe, for example, that we need to look critically at our capacity to deal with performance issues and our readiness to set realistic objectives and manage toward them.

Leadership

Another issue that will require attention and investment over the longer term is leadership. This is one of my priorities for the Public Service – the others being accountability, teamwork, excellence and, of course, renewal. These are all issues that the Prime Minister’s Advisory Committee has expressed an interest in exploring through its own work over the coming months.

In speaking about the importance of leadership at the ADM Forum nearly a year ago, I said, “leadership is not about working longer hours, or harder or taking on more responsibility. It is about engaging employees and clients, setting the agenda, taking risks and being a role model.” Those remarks were addressed to a gathering of senior executives, but they could equally well have been directed to any group of public servants in the country. I believe leadership is a quality to be developed, in one form or another, in every public service employee. We need to do much more, in our programs of training and development, to instill and develop the leadership qualities that are so essential to a modern and effective Public Service.

8. “From Red Tape to Clear Results,” Report of the Blue Ribbon Panel on Grant and Contribution Programs, 2006, p. 44.

Like the challenge of developing a culture of innovation and accountability, leadership development should be seen as a longer term endeavour. There will be more to say about all these important subjects in future reports, and specifically about the challenge of balancing the demand for increased accountability with the imperatives of modern, innovative management.

What is our ultimate goal in this broad process of renewal? It is the same objective that every public service leader has always held for his or her organization – excellence in the support of Canada’s government, excellence in the delivery of programs and services, and excellence in regulation and policy development. In this most basic sense, our essential mission as public servants has not changed. What has changed, however, is what we need to do in practice to live up to the standards of our institution and the expectations of our fellow citizens.

VI. A Message to Fellow Public Servants

My final words in this report go out to you, my fellow public servants. It is you above all who will be responsible for sustaining the process of public service renewal over the coming decade and more. It is you who will be the best judges of whether the changes we are making to rules and systems will really make a difference, or whether they will amount to just another retooling of traditional bureaucracy.

It is you, the public servants in nearly 200 federal departments and agencies, who will not only be affected by the changes proposed in this report, but who will be expected to drive and shape those changes. Surveys show clearly that public servants value their work and that they are proud of their role in serving government and serving Canadians. But whatever their job and whatever their level, their skills must be developed and their workplace adapted to meet the demands of an ever-changing environment.

It is the members of the Public Service who are the true partners in the process of public service renewal, and it is to you that I dedicate this report.

Kevin G. Lynch

Annex 1: The Business of Government

In Canada as in other western democracies, the business of government touches the daily lives of all citizens, often in ways that are not immediately apparent. This section describes briefly what the Canadian government does for Canadians and what the government is planning to spend under various categories of program activity in 2007-2008.

Overview

The Government of Canada is the largest enterprise in Canada. Planned federal spending for 2007-2008 (Budgetary Main Estimates, tabled in February 2007) totals some \$210 billion. These expenditures can be grouped under some fairly generic categories:

- *Transfers to individuals* – 23.6% of the total or some \$49.6 billion
- *Transfers to other levels of government* – 19.2% of the total or some \$40.3 billion
- *Debt service* – 16.5% of the total or some \$34.7 billion
- *Other program spending* – 40.8% of the total or some \$85.7 billion

Expenditures also show what the government does for Canadians in more readily understood terms. These activities can be grouped under the program headings below.

Security and public safety

Perhaps the prime responsibility of a government is to protect its citizens. The federal government protects the nation against internal and external threats, and with the provincial governments ensures safe communities through policing services and the broader criminal justice system. In the federal government, the public safety portfolio includes the main federal agencies devoted to protecting our safety and security. These agencies deliver programs intended to close security gaps and ensure that Canadians are protected from crime, from naturally occurring events

such as severe floods or forest fires, and from threats to national security such as terrorist activity.

In the Government's Estimates for 2007-2008, this group of programs accounts for some \$6.5 billion of planned spending. This funding goes to the Royal Canadian Mounted Police (\$2.4 billion), the Correctional Service of Canada, which manages the federal penitentiary system and federal offender programs (\$1.9 billion), and the Canada Border Services Agency, which guards entry points into Canada and is the first line of defence against entry of illegal persons or contraband (\$1.4 billion). Other organizations funded under this category are the Department of Public Safety and Emergency Preparedness (\$430 million), the Canadian Security Intelligence Service (\$340 million), and the National Parole Board (\$43 million).

International affairs, defence and immigration

The federal government is responsible for managing Canada's relationships with other countries. For a prosperous but mid-sized trading nation like Canada, constructive international relations are vitally important to our well-being. Canada's international interests include trade development and trade relations, furthering international peace and stability, and collaborating with like-minded countries to address poverty, hardship, instability and injustice in the world. The Canadian Forces protect us at home and, by reaching out to troubled parts of the world, protect our broader interests by helping to create a more secure world.

Many federal departments are involved in the international arena. The largest is the Department of National Defence (DND), which has some 89,000 regular force personnel and reservists, as well as more than 24,000 civilian staff. DND's spending in 2007-2008 will be nearly \$17 billion. In addition, the Department of Foreign Affairs and International Trade operates some 140 missions abroad and has an annual budget of \$2 billion. The Canadian International Development Agency will account for \$3 billion of spending on international development assistance. The Department of Citizenship and

Immigration, with a budget of \$1.2 billion, is responsible for immigration policy, and delivery of immigration programs abroad and immigrant settlement programs.

Justice and legal programs

Nine departments and agencies in the federal government deliver programs in the administration of justice and law enforcement (apart from policing, security, and intelligence activities).

Central to this activity is the Department of Justice, with a budget of \$595 million, which exercises a number of fundamental responsibilities on behalf of the Government of Canada. The department acts as legal counsel for the government. It also provides legal policy advice and is involved in the development of all legislation prepared by the government for consideration by Parliament. The department also represents the federal government in court. As of December 12, 2006, the *Federal Accountability Act* created a separate entity out of the portion of the Department of Justice that was conducting criminal prosecutions on behalf of the Attorney General of Canada. This new organization, the Office of the Director of Public Prosecutions, is part of the portfolio of the Minister of Justice.

Also included in this sector are the Canadian Human Rights Commission and Tribunal, the Offices of the Privacy and Information Commissioners, and the administration of the federal courts and the Supreme Court of Canada. Total spending in this sector in 2007-2008 will be \$1.8 billion.

The economy

Good government is vital to a well-functioning, competitive economy. The federal government's role encompasses the creation of orderly markets through such things as economic regulation in telecommunications, banking and security regulations, and the award of licences. Governments also seek to promote growth and prosperity through husbandry of Canada's natural resources, a strong agricultural sector, and modern productive and competitive industry. At the federal level these responsibilities involve setting the proper framework (taxes, rules, regulations) and providing direct encouragement to industry, often to level the playing field between Canadian industry and international

competitors who operate in regimes involving various levels of government assistance.

Governments also act to level the economic playing field inside the country. For example, access to venture capital varies between regions, employment opportunities vary, and access to training varies. Finally, the federal government invests heavily in research – direct research, sponsored research in other institutions (e.g. universities), and applied research by the private sector.

Three groupings of departments, agencies and programs in the federal government concern themselves with the Canadian economy.

Environment and resource-based programs

These programs promote the sustainable development of Canada's environment, natural resources and agricultural industries. Federal spending in this sector takes many forms, including direct assistance to enterprises, support for research and marketing, and quality and inspection services that sustain standards and also address product safety (especially food safety).

Some of the organizations in this sector are Agriculture and Agri-Food Canada (\$2.4 billion), Environment Canada (\$840 million), Fisheries and Oceans Canada (\$1.5 billion), and Natural Resources Canada (\$2.15 billion). Also included are the Canadian Food Inspection Agency (\$590 million), the Canadian Environmental Assessment Agency, the Canadian Nuclear Safety Commission and the National Energy Board. This sector will account for \$7.8 billion in spending in 2007-2008.

Industrial, regional, and research and technological support programs

These are programs that encourage economic growth and job creation through measures that stimulate private sector investment in Canada, promote regional development, improve innovation, and build a stronger science and technology capacity.

The key department in this sector is Industry Canada. The three regional economic development agencies (the Atlantic Opportunities Agency, the Economic Development Agency of Canada for the Regions of Quebec, Western Economic Diversification) and three Crown corporations are focused on direct support of economic growth. This sector also includes some of Canada's principal research and research funding organizations (the National Research Council, the Natural Sciences and Engineering Research Council, and the Social Sciences and Humanities Research Council), although several other departments and agencies have research or related funding functions. Total planned spending in the sector is \$6.8 billion.

Transportation programs

While some of these programs concern the provision of transportation services (e.g. ferries, bridges, subsidies to VIA Rail), the federal government's principal role in transportation is policy and regulation (safety and security). Total spending in this area in 2007-2008 will be \$1.7 billion.

Social and cultural programs

Within the federal government, the Social Programs Sector comprises departments and agencies whose purpose is to promote the health and well-being of Canadians, and to foster equal access to the benefits of Canadian society. Key organizations in this sector are the departments of Health (health promotion, regulation in the medical and scientific area, coordination of a national health system), Human Resources and Social Development (federal social programs including training), Indian Affairs and Northern Development (programs for First Nations and Inuit, Aboriginal communities, northern development), and Veterans Affairs (veterans' pensions and other veterans' programs). Total departmental program spending in this sector will be \$21.3 billion in 2007-2008.

A significant portion of spending in this sector is for transfer payments, i.e. payments made directly to provinces and territories for health and social programs administered at the provincial/territorial level, and also payments made directly to individuals (income support, employment insurance). Total transfer payments in this sector will be \$76.1 billion in 2007-2008.

The Cultural Programs Sector comprises programs that support the development of Canadian cultural life, participation and equity in Canadian society, and Canada's linguistic duality and multicultural heritage, as well as the preservation of national parks, historic sites and other heritage components.

The lead department in this sector is the Department of Canadian Heritage, which supports a minister whose portfolio includes a number of agencies and also several Crown corporations that operate with considerable autonomy. Planned spending for this sector in 2007-2008 will total \$3.9 billion. This includes payments to Crown corporations such as the CBC, the National Film Board, and the various museum corporations. The sector also includes Parks Canada, the Canada Council for the Arts, Telefilm Canada, and the Canadian Radio-television and Telecommunications Commission.

General government services

The federal government is the largest employer in Canada and a large consumer of goods and services in the domestic economy. The Government Services Sector comprises those departments and agencies that provide central services to support the operations of the federal government. Included here are the Department of Public Works and Government Services, the Canada Revenue Agency, Statistics Canada, the Canada Post Corporation, the Department of Finance, and the Chief Electoral Officer. Total direct program spending in this sector will be \$10.4 billion in 2007-2008.

In addition, the Department of Finance is responsible for fiscal equalization payments to provincial governments and transfers to territorial governments, which in 2007-2008 will total roughly \$13.8 billion.

Parliament and the Governor General

This final category of federal programs includes the Office of the Secretary to the Governor General and the various institutions of Parliament. While these funds form part of the government's spending plan in the Estimates, the budgetary processes of the Senate and the House of Commons determine the respective spending requirements of these institutions. Totals in this category in 2007-2008 will be \$560 million.

Annex 2: A Demographic Picture of the Public Service

The Public Service Today

250,000 Canadians work in what is known as the core federal Public Service⁹ – these are the people employed in the 20 departments and 180 regulatory and administrative agencies of the federal government.

Beyond this are the 220,000 Canadians who are members of the Canadian Forces (64,000 plus 25,000 reservists), the RCMP (some 20,000 regular and civilian members) and Crown corporations (for example, employees of CBC, VIA Rail and Canada Post). From 2000 to 2006 the core federal Public Service grew a total of 17.8%, or about 2.8% per year. Much of this growth is associated with new requirements in the areas of public health, national security, public safety and our role in the world.

Regional distribution

The Federal Public Service¹⁰ is widely distributed throughout Canada. In 2006, 42% of employees worked in the National Capital Region (NCR) (Ottawa-Gatineau) and 57% were located throughout the various regions of Canada: 13% in Ontario less the NCR, 12% in Quebec less the NCR, 12% in the Prairies, 11% in the Atlantic and 10% in B.C. or the North. The remainder (1%) are employees stationed outside of Canada.

9. The core federal Public Service numbers 250,000 and includes agencies such as the Canadian Food Inspection Agency, the Canada Revenue Agency, Parks Canada and the Canadian Security Intelligence Service for whom the Treasury Board is not the employer and where the Public Service Commission is not empowered to appoint people in these organizations.

10. The federal Public Service includes employees in the departments listed in Schedule 1 and Schedule 4 of the *Financial Administration Act* (FAA) for whom the Treasury Board is the employer and where the Public Service Commission is empowered to appoint people.

Executive cohort

The executive category of the federal Public Service is 4,639 executives as of March 31, 2006. Approximately 75% of the executive workforce is between the ages of 45 and 59, with an average age of over 50.

Approximately 18% of the executive population is currently eligible to retire. Since 2000, the number of executives under the age of 45 has increased approximately 48% from 618 to 917.

Key trends in the workforce

Shifting age profile

The age profile of federal Public Service employees is reversed from that of 15 years ago, when employees in the 25 to 44 age bracket comprised 60% of the work force, and fewer than 30% were over 45. The current distribution is the opposite: more than half of all public servants are now over 45. Currently, about 10% of public servants have 30+ years of pensionable service and approximately 8% are eligible to retire.

Approximately one in five employees in the federal Public Service are forecast to leave by 2009-2010. Replacing these workers, and the know-how they represent, is a key challenge for the federal government.

Competitive labour market

Today's Canadian economy offers many employment opportunities. Employers, including the Public Service of Canada, face much higher competition than in earlier decades for new entrants into the labour market. To secure its share of talented young individuals, the Public Service needs more effective recruitment approaches, and a workplace environment and prospects that will capture the interest of young graduates and meet their expectations.

A representative workforce

The *Employment Equity Act* requires that representation in the federal Public Service of four designated groups – women, Aboriginal people, persons with disabilities and visible minorities – should reflect their representation in the Canadian population. This has been a long-standing government objective and numerical objectives (which are defined in terms of “workforce availability”) are set and regularly updated. Progress has been made in meeting representation objectives for both executives and non-executive levels in the federal Public Service but further improvements are needed.

Annex 3: The First Report by the Prime Minister's Advisory Committee on the Public Service

*Members of the Prime Minister's Advisory Committee on the
Public Service*

*The Right Honourable Donald F. Mazankowski, P.C., O.C., A.O.E.,
LL.D.*

The Honourable Paul M. Tellier, P.C., C.C., Q.C.

*Dr. Robert Lacroix, C.M., O.Q., FRSC, Professor Emeritus,
University of Montreal*

The Honourable Aldéa Landry, C.M., P.C., Q.C., President, Landal Inc.

Dominic D'Alessandro, O.C., President and CEO, Manulife Financial

*Barbara Stymiest, F. C.A., Chief Operating Officer, RBC Financial
Group*

Lynton Ronald (Red) Wilson, O.C., Chairman of the Board, CAE Inc.

Sheila Weatherill, C.M., President and CEO, Capital Health, Edmonton

*Dr. Indira V. Samarasekera, O.C., President and Vice-Chancellor,
University of Alberta*

March 30, 2007

The Right Honourable Stephen Harper
Prime Minister
House of Commons
Wellington Street
Ottawa, Ontario
K1A 0A6

Dear Prime Minister,

As Co-Chairs of your Advisory Committee on the Public Service, we respectfully submit the Committee's First Annual Report.

The members of the Committee recognize that the Public Service is vital to the success of Canada and is key to the competitiveness of our country in the global economy. In developing our first report, we have had the benefit of hearing from a number of experts on the challenges facing the Public Service and, drawing from our diverse backgrounds and experience, we have set out initial observations in a number of areas, as well as specific comments on the pressing issue of recruitment.

We appreciate the interest you have shown in the Committee's work and look forward to meeting again with you at our next meeting in June.

Sincerely,



The Right Honourable Don Mazankowski



The Honourable Paul M. Tellier

Table of Contents

Message from the Co-Chairs	1
Role and Approach of the Committee	2
Framework	3
The Public Service as a national institution	3
A changing world	4
Preliminary Observations	5
The business of government.....	5
Employee perspectives	6
Performance management	6
Mobility	6
Technology	7
Diversity, representation and official languages	7
Governance.....	7
Development	8
Preliminary Conclusions	8
Immediate Focus: Recruitment	9
Linking recruitment to business needs	10
Post-secondary recruitment	10
Succession planning	11
Personal involvement	11
Senior level recruitment	11
Recommendations	11
Next Steps	12
Conclusion	13

The future development of the Public Service requires sound advice, innovative solutions and strong support from both within and outside government.¹

1. Prime Minister's press release announcing the creation of the Advisory Committee, November 21, 2006.

Message from the Co-Chairs

We are pleased to present to you, Prime Minister, the first report of the Advisory Committee on the Public Service. Your leadership in establishing this committee speaks to the value you place on the Public Service of Canada. We welcome the opportunity to bring our diverse experience and perspectives to the critical task you have set for us.

You have given us a mandate to help shape a vital national institution through an examination of the key issues facing the Public Service today: recruitment and retention; policy and legislative barriers; development programs; human resource management policies and practices; and branding the Public Service.

This report describes our role and the approach we are taking to fulfill our mandate. It sets out a framework within which we intend to cast our future deliberations and identifies issues we intend to examine over time. And it provides some initial advice on the pressing issue of recruitment.

The mandate you have given the committee will allow us to use our experience to examine, over the next year and beyond, a broad range of issues related to public service renewal. We appreciate your personal commitment to this endeavour and we are committed to do our part to add value to the process.

While we began our work only a few months ago, we have already heard from a number of experts on the challenges facing the Public Service. At our first meeting, we learned about a number of important matters ranging from recruitment to performance management to aligning human resources planning with the business objectives of government. All of these issues and more are touched upon in this report.

The members of the Advisory Committee intend to take a focused and strategic approach to defining the scope of our work and developing our advice to you. This, our first report, is just the beginning of what we expect will be a most fruitful undertaking.

Role and Approach of the Committee

The Advisory Committee consists of nine Canadians with varied backgrounds and interests who bring different perceptions and experiences of the federal Public Service. Some members have worked extensively in the private sector, while others bring in-depth knowledge of government, and still others come from the university world. Collectively, we reflect all regional perspectives.

As an independent body, we believe we are well positioned to:

- Identify some of the challenges facing the Public Service in its current process of renewal;
- Question current thinking on key issues where our experience is relevant;
- Help to articulate, both to government leaders and to the wider public, the role of the Public Service and its importance to Canada; and
- Recognize, in a more public way than has perhaps been done in the past, best practices and exemplary role models in the Public Service, as well as benchmarking Canadian practice against models from other jurisdictions.

We believe that addressing the challenges facing Canada's Public Service will require sustained effort and attention – not by just a few individuals or organizations, but by all public service leaders and by citizens and stakeholders across the country. In developing our advice, therefore, we intend to draw on a broad range of expertise from both inside and outside government.

We expect that our work will be complementary to that of the *Deputy Ministers' Committee on Public Service Renewal*. This senior committee is advising the Clerk of the Privy Council on modernizing the business of government to ensure that the 21st century Public Service reflects excellence and leadership at all levels.

We also intend to work with external bodies such as the *Advisory Committee on Senior Level Retention and Compensation*, which is responsible for providing independent advice on compensation strategies and principles, overall management and long-term strategy for the senior levels of the Public Service.

We will take full account of the *Public Policy Forum's* recently announced two-year project on the challenges facing the Public Service, especially around issues of leadership, the policy function, accountability, public trust, recruitment and retention.

We intend to be strategic in our use of time and resources. Where there is an opportunity to build on existing initiatives, to collaborate or to leave the research to others, we will do so. For example, some of our members have volunteered to use their networks to expand the number of people we can consult, thus adding to our pool of ideas and innovative solutions from outside the federal government.

We recognize that in this first report we must take care not to pronounce on issues without having had time to consider them in depth. We also know, however, that recruitment is a priority concern to the senior leadership of the Public Service and thus to the committee. We therefore took the time to discuss recruitment at some length at our first meeting and we have developed specific recommendations in this area that are set out on page 11.

Framework

The Public Service as a national institution

The first premise for our work as a committee is that a well-functioning and values-based public service is critical to the success of every country in today's complex and interconnected world. As a national institution, a high-quality, merit-based Public Service is part of Canada's comparative advantage and a key to competitiveness in the global economy. It also helps provide the foundation for sound democratic government, which is critical to a positive business climate in Canada.

The traditional mission of the Public Service is to provide professional, non-partisan advice and support to government, and high-quality

programs and services that are responsive to the changing needs of Canadians. This means developing policies and programs that serve not just one sector or region but all Canadians, and not just for today but also for the longer term. The benefits – often unseen – that Canadians enjoy from the work of public servants include everything from effective regulation in various areas to border services, cultural institutions and the federal contribution to Canada’s broader criminal justice system. Federal programs touch Canadians in almost every facet of their daily lives.

A changing world

Our second premise is that the world in which the Public Service is operating has changed significantly over the last 10 to 15 years:

- There is greater demand for transparency and accountability in the workings of government. There are more critics, more rules and greater scrutiny of almost everything done by public servants.
- The relationship with parliamentarians has become much more challenging for the Public Service. Interaction is more frequent, covers a wider range of issues, and has become more intense.
- Demographic shifts in society and in the Public Service present both new challenges (e.g. an aging workforce) and new opportunities to renew this national institution to ensure it is fully representative of the population it serves.
- Globalization has changed the way the Public Service is doing business – most issues have become internationalized.
- The Government of Canada faces an increasingly tight labour market where there is significant competition for skilled people.
- Ever-changing technologies continue to transform the public service workplace, bringing a demand for new skills and new approaches to problems.

To put it simply, the world of program delivery and policy development has become increasingly complex, for all the reasons noted above.

We believe the overriding imperative for the Public Service today is to adapt to challenging new circumstances and to respond in innovative ways to the evolving needs of Canadians. Strong, values-based leadership will be essential if Canada's Public Service is to renew itself and continue to be regarded as one of the best in the world.

Preliminary Observations

The business of government

We believe that public service renewal must be clearly grounded in relevance to the business of the federal government – a business in which people are an integral component. That business includes:

- Policy development;
- Program design;
- Delivering services to and for Canadians;
- Setting and enforcing the regulatory framework; and
- Supporting and enabling all of the above.

The challenge for the Public Service is to exercise these functions and deliver services in a complex environment where objectives can be conflicting and difficult to measure, where there are many stakeholders with competing priorities, where public expectations of government can quickly shift, and where legislative and regulatory requirements can make it difficult to make changes.

In short, as a committee drawn from outside government, we recognize that the business of government is diverse, much of it unique and almost all of it of fundamental importance to Canada. We also recognize that the business of government requires people with a wide range of talents and expertise, properly trained and properly managed. And we understand

the continuing importance of the merit principle as the basis for hiring and promotion in the Public Service.

Employee perspectives

In this changing environment, the committee was positively impressed with the results of the recent Public Service Employee Survey. It demonstrated that the majority of public servants are proud of the work they do and believe that the Public Service is a good place to work. While these attitudes are a positive foundation on which to build, the committee believes the Public Service must pay sustained attention to the issues and themes addressed in this report if it is to achieve the full potential of its workforce and fulfill its essential mandate for Canadians.

Performance management

High performance in an institution requires deliberate attention to performance management. There is clear evidence that the performance management program for executives in government is becoming better established and that some departments are beginning to track individual performance over time. There is, however, a need for a better understanding of all aspects of performance management in the Public Service and much work to be done in determining the applicability of best practices from other sectors of society. An essential purpose of performance management is to enable management to align the skills of key personnel with the top priorities of the organization. This will be an area of future inquiry for our committee.

Mobility

Notwithstanding the national presence of the Public Service and the fact that 60 percent of federal employees are located outside the National Capital Region, we understand there is limited mobility between regions, and in fact even between departments. We believe more can be done to encourage and enable mobility within government, especially that of high-performing employees.

Technology

Technology has greatly facilitated the work of government and enriched the lives of Canadians. We believe, however, that the Public Service can do much more to apply technological innovations inside government. This will greatly facilitate both internal management and the delivery of responsive services to Canadians.

Diversity, representation and official languages

Central to public service renewal is a commitment to a workforce that draws on a diversity of origins, cultures, ideas, experiences and perspectives from all regions of Canada. Diversity also means drawing on talent from industry, academia and the non-profit sector. One issue of concern, however, is that despite efforts to date, the representation of visible minorities in the Public Service is still below workforce availability. There has been some progress in this regard, and continued work and commitment are needed to improve the recruitment and development of visible minorities.

Similarly, we believe that the renewal of Canada's Public Service should reflect a renewed commitment to fulfilling the obligations of the *Official Languages Act*, both in terms of service to the public and language of work inside government. A national institution must be fully respectful of national values.

Governance

The *Public Service Modernization Act* has increased the accountability of deputy ministers for human resources management. We have learned that while deputy ministers are formally accountable for human resources management in their departments, there are many institutional players involved in this area including the Treasury Board Secretariat, the Public Service Commission, the Public Service Human Resources Management Agency, and the Canada School of Public Service.

Before we are in a position to provide advice in this regard, the committee believes it must develop a better understanding of the whole picture of institutional responsibilities and accountabilities in human resources management. This will be a key topic on our forward agenda.

Development

There are obviously areas in government today where one can point to excellence in human resources management and there are many examples of innovative and successful programs. But without a coordinated approach, and in the absence of strategic planning that will capitalize on these programs throughout the Public Service, the impact of current successes is bound to be limited.

Effective development of employees, like effective recruitment, should be demand-driven and aligned with business needs. We are aware of a number of targeted programs that are intended to attract and develop future leaders in departments and agencies. We believe more can and must be done to apply these sorts of developmental programs to a broader audience.

The committee believes that successful integration of external entrants to the Public Service – at all levels – is crucial to their effectiveness as employees. Indeed, effective orientation is an integral part of staff development more generally. Here too, we believe more can be done to improve performance to the benefit of both individuals and institutions. In particular, the allocation of top talent in an organization must be aligned with the highest priorities of the government and the highest risk files.

Preliminary Conclusions

On the basis of the foregoing observations, we have come to the following initial conclusions from the first three months of our work as an advisory committee:

1. There is a clear requirement for a strong and sustainable Public Service that can be a source of pride and advantage for Canada in today's globalized economy.
2. While today's Public Service has obvious capacity, commitment and ability, it cannot afford to take these strengths for granted.

3. Renewing the Public Service must produce an institution that is truly representative of Canadians of all backgrounds and from all parts of Canada.
4. There is a need for a strong and positive Public Service “brand” that will support the marketing of the Public Service as an attractive employment option for talented Canadians.
5. To inspire the best performance from employees, it is essential for leaders to model public service values, and to publicly recognize accomplishments that reflect those values. Non-monetary recognition assumes particular importance in the public service context.
6. The business of the Public Service requires strategic planning that integrates human resources management with business goals, and aligns talent with priorities and higher risk endeavours.
7. The Public Service needs more systematic and rigorous programs of leadership development that involve people with a diversity of skills from across the country, and that equip leaders for success in the future.

Immediate Focus: Recruitment

In this first report, we have chosen to focus our detailed comments on the urgent issue of recruitment. Effective recruitment, together with sound succession planning, is a priority for every successful enterprise.

Our initial observations on recruitment touch on five issues:

1. The importance of basing recruitment strategies and practices on a clear understanding of present and future business needs;
2. The need to link recruitment with effective programs of orientation and employee development;
3. The importance of succession planning;

4. The need for the most senior managers to be personally involved in the recruitment process; and
5. The importance of senior level recruitment to meet immediate needs.

Linking recruitment to business needs

In our work to date, we have learned that the majority of indeterminate hires into the government come through the temporary route. We have also learned that there is minimum intake from external sources at the middle and senior management levels. And we know that as a result of limited recruitment in the late 1980s and the first half of the 1990s, most senior managers and their potential successors in the Public Service are of a similar age and most are eligible for retirement in the next few years. These are compelling facts about the demography of an important national institution.

While short-term hiring is necessary in some lines of business, the committee is of the view that more attention should be paid to recruitment to meet longer-term business needs. Recruitment should be based on an understanding of today's labour market, and a comprehensive demographic analysis of institutional strengths and weaknesses. It should include clearly defined performance measures that will enable comparative benchmarking and an assessment of progress over time.

As a general point, we believe the Public Service should make more effective use of interchange programs and external recruitment, and generally facilitate faster entry to the Public Service at all levels. An important component of an effective recruitment program is effective orientation and sustained support for external recruits.

Post-secondary recruitment

Just as business planning and recruitment must be properly integrated, so too must recruitment and professional development be aligned at all levels. The government should be working with post-secondary institutions to better understand the demand side as well as to anticipate the supply of skilled labour that is available to meet present and future needs.

Succession planning

We know from our varied experience that recruitment cannot be done in isolation and should be connected directly to succession planning. This is an area where the Public Service needs to devote considerably more effort – specifying the leadership needs of each organization, identifying individuals with the potential to assume leadership roles, bringing in external recruits to expand the pool of leaders, and developing and nurturing all of these individuals over time. This is a complex and labour-intensive business and it requires focused and sustained attention.

Personal involvement

We believe senior managers must demonstrate leadership by personally taking part in recruitment programs. One can point to highly effective organizations such as the Bank of Canada, the Department of Finance, and Statistics Canada where senior leaders have understood the importance of investing personal time to obtain the services of talented young Canadians, and have achieved success notwithstanding the competitive labour market.

Senior level recruitment

In a tight labour market, the Public Service faces the same demographic challenges as do other industries. However, the problem for government today is probably more pronounced, especially at senior levels. The Public Service does not have the luxury of time to “grow” all the leaders it needs. It must therefore explore other recruitment options such as mid-career and senior-level entry, and taking measured risks with appropriate support for younger future leaders to address the immediate issue of renewal of its leadership ranks.

Recommendations

On the basis of the foregoing observations, we offer the following recommendations:

- 1. Departments should take a more strategic and systematic approach to recruitment, one that is based on integrated*

planning and the identification of business needs, both short and longer term.

2. *While the government will always need to employ some people on a limited-term basis, deputy ministers should examine practices in their departments to ensure that the hiring of terms and casuals is based on solid, multi-year planning and is clearly linked to business needs.*
3. *The Public Service should establish a new 2007-08 benchmark for post-secondary recruitment with a view to hiring most new graduates on an indeterminate basis. It should also make more concerted use of bridging mechanisms to facilitate the hiring of summer students and co-op students into indeterminate positions on graduation.*
4. *We see no inherent virtue in programs of Public Service-wide recruitment unless there is an identified need for particular skills on a cross-departmental basis. In these cases, the system needs to identify areas of common need and collaborate effectively in recruitment.*
5. *An external program of recruitment of qualified individuals with the skills to fill senior leadership positions should be developed and implemented on a priority basis.*

Next Steps

In our future work, the members of the committee intend to further explore the current environment of recruitment in order to better understand opportunities and barriers to effective recruitment. We also want to understand the drivers behind current recruitment trends – are there innovative approaches outside government that can be incorporated usefully into the public service context?

With specific attention to the senior levels, we will be looking forward to hearing from people who have come into the Public Service as external recruits, in order to discover whether their transition was successful or could have been made easier. We will be asking how programs of interchange and external recruitment can be used more effectively, with more explicit supports for new recruits. We will also explore ways of

ensuring that the leaders of the Public Service include Canadians of all backgrounds and regions.

The members of the committee are aware of the complexity of the public environment these days, including public and parliamentary concern over accountability. The view has been expressed in some quarters that some recent control measures run the risk of entangling officials in a “web of rules” that increases neither efficiency nor accountability, leading to a public service culture of risk aversion rather than effective risk taking.

We want to gain more insight into the impact of these control measures on leadership, risk taking, innovation and creativity, and on the capacity of the Public Service to work effectively with other sectors of society. There must, in our view, be a balance among all these elements if public servants are to be responsive to the people they serve and respectful of the trust that Canadians have placed in them.

Finally, the development of solid performance indicators and benchmarking of Canada’s Public Service with external (including international) counterparts would also be very useful. Comparative data of this kind would help the Public Service to see itself in a better perspective, to identify current challenges and to help set priorities for action.

Conclusion

The Public Service of Canada is a vitally important part of life in this country. It offers amazing career opportunities for Canadians in a wide range of areas and is a key to Canada’s competitiveness in a global economy.

We look forward to continuing our work in support of this vital national institution.

In the heart of most public servants lies the conviction that service to the public, to the public good, or to the public interest is what makes their profession like no other. It is why they choose it, for the most part; and why they keep at it, with enthusiasm and conviction, despite difficulties and frustrations along the way. Service to the public and to the public interest is the vision of the Public Service, and it is a creative, essential and compelling vision.²

2. *A Strong Foundation: Report of the Task Force on Public Service Values and Ethics*, 1996 (known as the Tait Report).