



Prime Minister's Advisory Committee on the Public Service

SEVENTH REPORT TO THE PRIME MINISTER

MODERNIZING THE EMPLOYMENT MODEL

MARCH 2013

Canada

MESSAGE FROM THE CO-CHAIRS

We are pleased to present to you, Prime Minister, the seventh annual report of your Advisory Committee on the Public Service.

In looking back on the past year, we find Canada's Public Service at an important juncture. The government has come through a significant downsizing. Managers and employees alike are conscious that the shape and direction of their work is changing. They want to be part of a 21st century institution.

We have chosen in this report to offer our reflections and some advice on how the Public Service employment model is evolving, and how it will have to evolve if it is to meet the needs of Canadians in the future.

From our work this year, we have come to three major conclusions, with associated recommendations:

- 1. Modernizing the employment model is the key challenge facing the Public Service today.*
- 2. It calls for sustained attention and a sense of urgency.*
- 3. Engagement is the key to employee commitment. If public servants can see where their institution is headed, they will be keen to get there.*

This year we note with sadness the passing of a valued member of our Committee, John MacNaughton, and the resignation for personal reasons of Tony Comper. Their insights and determination to make things work better inside government will be greatly missed.

As always, Prime Minister, we appreciate your engagement with the Committee and your receptiveness to our ideas and recommendations.

The Honourable Paul M. Tellier The Honourable David Emerson

Table of Contents

PART I: THE PUBLIC SERVICE IN 2012	1
PART II: WHY 2013 IS AN IMPORTANT YEAR	3
PART III: OBSERVATIONS	4
Service Delivery	5
Innovation and Risk	6
A New Employment Model	7
PART IV: CONCLUSIONS AND RECOMMENDATIONS	8
1. Modernizing the employment model is the key challenge facing the Public Service today.....	8
2. Modernizing the employment model requires sustained attention and a sense of urgency.....	9
3. Engagement is the key to employee commitment	10
PART V: LOOKING AHEAD	10
APPENDIX: MEMBERS OF THE PRIME MINISTER’S ADVISORY COMMITTEE ON THE PUBLIC SERVICE	13

PART I: THE PUBLIC SERVICE IN 2012

This is the Committee's seventh report since we began our work in 2006. Last year we commented on the significant reductions under way in budgets and personnel across government. Further substantial reductions were announced in the February 2012 Budget.

Those changes have been implemented with remarkable dexterity. The number of positions was reduced by nearly 17,000 along with their associated resources. Employees directly affected by the changes have been dealt with fairly. This smooth transition is a credit to good planning, more modern personnel policies, and effective communication by managers with affected employees.

The Government continues to focus on elimination of the deficit, on jobs and growth, and on specific priorities in the social sphere. Those objectives are clear inside government and, we believe, clear for Canadians as well. The Public Service will make an important contribution to achieving this agenda.

Canada's Public Service has been engaged for some time in reshaping itself to respond to the challenges of the information economy and society. In previous reports, we described a wide range of transformative initiatives intended to support this process of institutional change.

Some of the measures being taken today are obvious to Canadians – the implementation of electronic service delivery, for example, and the elimination of unnecessary reporting requirements for recipients of grants and contributions. These steps will make a measurable difference to Canadians.

Other changes are of great significance inside government but almost invisible to the general population. Here, we can point to the creation of Shared Services Canada, now up and running and

starting to deliver the savings and efficiencies that flow from a common information infrastructure supporting government administration. We also note a number of initiatives to consolidate other internal services on shared platforms. These are positive signs of real change.

These steps toward a more modern and agile Public Service are, in part, a response to the pace of change in this country, and indeed throughout the world. And our world is one in which future changes are hard to predict, as we have seen in recent months.

Who would have thought a year ago that our resource-rich country would face the challenge of competitive energy supplies from shale gas and new sources of petroleum in the U.S.? Who would have imagined that pipelines would be so prominent on the national and international agenda? Or that they would be an issue for Quebec and New Brunswick as well as Alberta and British Columbia?

In one way or another, Canadians will have to deal with these new and often difficult issues. In almost every case, resolving them will demand that the federal government play a constructive and imaginative role. Ministers will not be effective in dealing with these issues without the support of a skilled, informed and adaptable Public Service. Today as much as ever, Canada's Public Service has an essential contribution to make to the national interest.

In looking back on the past year, we can affirm that our meetings and conversations have dealt with virtually all of the issues that we committed ourselves to address in last year's report:

- At each of our sessions we reviewed progress on the implementation of the Government's deficit reduction action plan.

- We discussed with the Clerk, and other deputies, and with line managers, ways to standardize and consolidate business processes and systems.
- We kept track of major initiatives such as Shared Services Canada and the Pay Modernization Project, as well as the broader process of Public Service renewal.
- We discussed with deputies and line managers their concerns (and ours) over the excessive burden of oversight—too many watchdogs, too many reports to submit, too little room for innovation and responsible risk-taking.
- A constant theme throughout our discussions has been the search for ways to build a technologically enabled workforce with the tools—and the mandate—to deliver the results that Ministers and Canadians expect.

The key commitment in our last Report was to provide “advice and recommendations on a forward vision for the Public Service and how to ensure ongoing success.” That subject has been an enduring preoccupation for the Committee over the years and it constitutes the main focus of this year’s report.

PART II: WHY 2013 IS AN IMPORTANT YEAR

In 2013 the Public Service will emerge from three years of legislated wage restraint and enter a new round of collective bargaining. This will be an important opportunity for both management and labour to think about the kind of employment model they want to build for the future Public Service.

The Public Service employment model is outmoded in almost every respect — from performance management to classification to labour relations and total compensation. It is in the best interests of both management and labour to fix it.

Both sides are aware that the nature of work is changing throughout the modern economy. They share the experience in previous negotiations of successfully resolving difficult issues such as severance pay. And they share an interest in good jobs that make the most of the skills and imagination of public servants at all levels. Their challenge in working toward collective agreements over the next 18 months will be to keep the focus on the workplace of the future, and on the needs and expectations of a workforce that is changing dramatically.

Today's public servants are better educated, more accustomed to electronic engagement inside and outside the Public Service, and more demanding of their managers. They want to use new technologies to serve Canadians better. Increasingly, they are looking for a more modern relationship with their employer, one that offers them greater opportunity to use their talents in the service of Canada.

The question for everyone is, what will the new employment model look like and how do we get there? In answer to this question, we offer the following thoughts.

PART III: OBSERVATIONS

We began our work this year with the intention to focus on a few important issues where we could be consulted early and make a difference. Three over-arching themes emerged:

- *Service delivery, including new applications of technology*

- *Innovation and risk*
- *Fostering a new employment model*

Service Delivery

In the past year, we met with a number of front line managers from large service organizations. Whatever the differences in their particular jobs, we found a shared interest in finding new solutions and gaining better access to mobile technology, a concern over red tape and barriers to innovation, and a common desire to take more responsible risks.

When we met with deputy ministers in larger service organizations, the messages were the same. In all these conversations, the emphasis was on moving forward, not protecting the status quo. The enthusiasm for constructive change was apparent in every case.

What was also apparent from our encounters with people in the service business was that Canadians want government e-services to be available in the same way as the services they use in other parts of their lives. Today, that means services accessed and delivered not just electronically, but on mobile platforms. The Public Service must keep up. A digital population cannot be well served by analog government.

Modern technology is a means to dramatically improve service as well as reduce costs. This will require considered investments, a willingness to take reasonable risks, and a robust capacity to manage complex and sensitive projects. The private sector may be a superior way to flexibly acquire the needed expertise and to deliver specific services.

The Committee has played an active role in past years in helping to bring forward new systems such as pay modernization and new initiatives such as Shared Services Canada. In previous reports we have noted the need for careful planning and rigorous implementation of large technology projects. We were reminded in our discussions this year that not every dollar invested in technology returns a dollar in savings—sometimes you need to invest just to meet the changing needs and expectations of Canadians.

Innovation and Risk

Controls are fine as long as they are the right controls. But the biggest obstacles to constructive change in the Public Service today are the excessive controls, reporting requirements and limitations on authority that prevent managers from focusing on excellence and being innovative in how they do their jobs.

Public servants must be empowered to serve as responsible risk takers. Being innovative means trying new things that may not always work out successfully. Only if deputies, managers and employees feel comfortable in innovating to do their jobs better and more efficiently will the Government get the results it is expecting from a 21st century Public Service.

In saying that more must be done, we do not wish to understate what has been achieved. A glance at departmental renewal reports shows literally hundreds of ways in which public servants at all levels have taken it upon themselves to introduce new ways to serve Canadians better. We applaud these efforts and we encourage the Government to foster a spirit of innovation and responsible risk-taking throughout the Public Service.

A New Employment Model

Departments and agencies have successfully navigated through a substantial downsizing exercise. Now is the time to be thinking about building the workforce and workplace of the future.

The old industrial model of labour relations in government was based on standardized, repetitive work, which has largely disappeared in today's public sector. Today, most new entrants are college - or university-educated and all employees expect to be treated as creative, responsible professionals.

Just as the expectations of managers and employees today are different than what they may have been fifty years ago, so too are the expectations of Canadians.

Canadians expect government to be as effective and responsive as the best corporations in the private sector. Not surprisingly, what they want from government is both greater efficiency and better service. (And increasingly, they want *electronically enabled* service.) The challenge facing the senior leadership of the Public Service today is to deliver on these expectations while retaining the values and the spirit of professionalism that have always characterized Canada's Public Service.

Delivering high-quality, cost-effective government programs and services in the 21st century calls for a new employment model in which:

- the focus is on managing for high performance at all levels;
- total compensation is fair but not out of line with the private sector;
- employees are equipped with the technology to work effectively; and

- employees are treated as responsible professionals and held accountable for their performance, and managers are given the authority and the trust they need to serve Canadians well.

PART IV: CONCLUSIONS AND RECOMMENDATIONS

A new employment model is not so much a choice as a necessity. Whatever the precise details, tomorrow's Public Service must reflect the fact that the world has changed dramatically and that people work and communicate differently than the way they did just 20 years ago. The Public Service has not only the opportunity but also the obligation to modernize its employment model to meet the requirements of 21st century Canada.

On the basis of our work over the past year, our dialogue with officials and our own discussions in the Committee, we make the following recommendations.

1. Modernizing the employment model is the key challenge facing the Public Service today.

This should be "job one" in Public Service renewal.

Perhaps most importantly, the Public Service must equip itself to manage people for high performance. This is essential to a more productive and effective Public Service.

Another key area is labour relations. A constructive and respectful relationship between management and labour in government is hampered today by a complex universe of mechanisms for consultation and redress. Problems take too long to resolve and the best interests of both employees and the public are lost in the process. This has to change.

Another area for change is the current regime for managing disability and absenteeism. Here too, we find a complex and costly system that is out of step with other sectors of the economy and that does not offer a level playing field for all employees. This too must change.

Continued work is required on measuring and comparing total compensation. The goal should be a modern, productive and motivated workforce where performance is effectively managed and employees' compensation and benefits are aligned with those of their counterparts in the private sector.

2. Modernizing the employment model requires sustained attention and a sense of urgency.

Advancing a modernization agenda such as this should be a top priority, but it carries risks if not carefully managed. In areas where management is looking for change, it will be important to not seek unnecessary confrontation and to ensure that union leaders and members are treated with respect in the bargaining process. They too have a stake in a modern and well-functioning workplace.

The forward agenda must be understood by all concerned. The public must see that modernizing the employment model is not a goal driven simply by a search for cost savings but by a broader desire for a modern, professional public sector.

The same holds true for employees. If they can see that changes to the employment regime will benefit them as well as the employer, they will become agents of change. And negotiations will be both easier and more fruitful.

Timing and pacing are critical to modernizing the employment model. Rather than trying to force too much change too quickly,

it is better to advance a positive and deliberate agenda for modernization and to sustain that agenda over time.

3. Engagement is the key to employee commitment

In our work over the past 12 months, we have been reminded of the importance of articulating and sharing a clear vision of where the Public Service is going, and to engage employees in the process of change. They need to see how measures being introduced today will improve their work in future, and how a truly 21st century Public Service can serve Canadians better as well.

The Public Service has gone through dramatic change in recent years—first ramping up to deliver on the Economic Action Plan and now slimming down as a consequence of the deficit reduction action plan. Employees will be motivated to contribute to the process of transformation only if they are engaged in the process. The more they know about where they are headed and why, the less threatening the future will be, and the more they will be able to help achieve the desired goals.

PART V: LOOKING AHEAD

It is clear from our discussions with the Prime Minister and the Clerk that the process of renewal that first engaged the Committee nearly seven years ago is still central to the management agenda of the Public Service. As we move forward, we will continue our close engagement with the renewal process.

We have learned a lot over the past seven years.

- We have learned that the problems of most concern to senior managers today are essentially the same as those affecting people on the front line—how to get the tools

and the operating space they need to deliver top-quality services to Canadians.

- We have been impressed by the ingenuity of public servants at all levels in looking for new and more efficient ways to do their work.
- We have also been struck by the frustrations experienced by creative managers and employees who are constrained by rules, red tape and reporting obligations that go far beyond what is needed today.
- We have come to better appreciate which lessons from the private sector are relevant to government, and which are not.
- We have seen how the traditional Westminster model of authority and accountability in government must adapt to reflect the new and more complex problems facing Canada. Problems today are horizontal, and so are the solutions.
- And we have been reminded at every turn that government cannot change fast enough to meet the ever-increasing expectations of citizens.

The Public Service is at an important point in its long and distinguished history. Its continued relevance to Canadians depends on it being seen by Ministers and the public as an institution moving forward with a positive agenda for change, an agenda focused on excellence, efficiency and continued professionalism.

In issuing this seventh report we are also looking ahead to our agenda for the coming year.

- We will pay close attention to issues relevant to the emerging employment model.
- We will participate in the dialogue around the forward vision and action plan for the Public Service.
- We will reflect on lessons learned from what has been achieved by departments and system-wide in the process of transformation.
- We will monitor the staff and budgetary reductions resulting from the deficit reduction action plan, with a view to ensuring that necessary investments in recruitment and training are not forgotten.
- We will look at other areas in government where shared services arrangements are being developed or can be implemented.
- We will open a dialogue on new policy tools and models that reflect the new world of information and ideas.
- We will consider the particular features of the internal labour market in the Public Service, especially around issues of skills and mobility.
- And we will be ready to provide advice on any other issues on which the Prime Minister and the Clerk would like our views.

The Public Service world is changing and we are delighted to be part of that process. We look forward with enthusiasm to continuing our work over the coming year.

**APPENDIX: MEMBERS OF THE PRIME MINISTER'S ADVISORY COMMITTEE ON
THE PUBLIC SERVICE**

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