

**Remarks by the Clerk of the Privy Council
And Secretary to the Cabinet**

Dalhousie School of Public Administration

"Why Public Service Renewal Matters"

September 15, 2006

Introduction

Thank you for the invitation to address the Dalhousie School of Public Administration.

As educators and researchers in public administration, you know the importance of a strong and effective public service in a country's long term success. That is why I very much appreciate this opportunity to share with you my views on why public service renewal matters.

Let me thank, in particular, the host for today's lecture, David Wheeler, Dean of Management at Dalhousie University, and David Stuewe, Visiting Professor at the School of Public Administration. It is certainly an honour for me, with my family roots in Nova Scotia, to address students and faculty at Dalhousie University, which has trained so many for public service. Indeed, this province and region have an extraordinary tradition of Canadian public service - whether it be the military, the civil service, or elected public office.

Today, I want to focus my comments essentially on two broad points. First, public service renewal and why it matters. And second, how do we ensure a public service that reflects excellence and leadership.

In his book The Lexus and the Olive Tree, Thomas Friedman argues that "in the globalization system...one of the most important and enduring competitive advantages that a country can have today is a lean, effective, honest civil service." In other words, public service matters, and an effective, efficient, accountable public service can be part of a country's comparative advantage. This has certainly been Canada's experience. Indeed, the fact of the matter is that the democratic values, the ethic of serving the public good, the professionalism, non-partisanship and commitment that characterize the Public Service of Canada underpins its role as a fundamental national institution.

A country's economic, social and security outcomes are not preordained. While they are inexorably affected by complex global influences, they are importantly shaped by the strength of our public policies and institutions, the quality of our human capital and the bounty of our natural resources.

For all countries, big and small, globalization and the knowledge revolution are the realities of today. They are resulting in fundamental changes in the way we work and live. In this new

global environment, countries like ours, which are relatively small and very open, have to understand global trends, issues and opportunities better than our larger neighbours. Canadian success will depend on our agility and flexibility; our capacity to learn from others; our ability to Canadianize best global practices. We have to think globally to succeed domestically.

For public servants, it means being ahead of this global curve. Thinking through what it will take to increase Canadian competitiveness and productivity growth on a sustained basis. Thinking about how to prepare to compete with the new economic giants - China and India - in the coming decades. Thinking about the crucial role of education and research in a knowledge-based global economy. Our thinking and understanding needs to be as global as our economy is open and our society is diverse.

Challenge of Public Service Renewal

Looking ahead, the question is how do we ensure that Canada continues to have a strong public service, one geared to excellence, in the years ahead? The challenge of public service renewal is a very real one. Like the Canadian population, we are ageing, and at a faster rate in the public service. Like the Canadian workforce, the public service is becoming more diverse, but we need to better reflect the growing diversity of Canada. Like all employers, we are experiencing the changing nature of work as technology is fundamentally altering how we do things. Like everyone, we face the strongest national labour market in over 30 years, with many career options for Canada's best and brightest. At the same time, we are uniquely facing an ongoing shift in public expectations for public service, with more accountability, better management of tax dollars and improved core public services at the top of their list. And, with all this, the "public service brand" is probably less clear in the public's mind than in decades past.

So, while the forces of change are not unique to the public service, we need to understand them and respond to them if we are going to be successful in attracting and retaining Canada's best and brightest to public service in the years to come.

In tackling the challenge of labour force renewal, public service has a strong advantage - it offers an incomparable range of fascinating and meaningful jobs, and the prospect of multiple careers, all within the same institution. The federal public service, for example, is Canada's largest employer, with 230,000 employees; Canada's most national employer, with over 1,600 points of service across Canada; Canada's most multi-skilled workforce, with more occupational disciplines than any other employer; and, Canada's most international employer, with a presence in 115 countries around the world. This scale and scope provide unparalleled opportunities for different careers in different areas, all within the federal public service.

As in the private sector, renewal is not just an issue for executives but for all employees, regardless of what jobs they do or where they work. I believe in public service, and feel strongly that all of us have a stake in ensuring that our public service is strong, vibrant and dynamic, both now and in the years to come. And the Canadian public equally has a stake in this endeavour, as it is they who benefit from an excellent public service.

How Changing Demographics Impacts Public Sector Renewal

To better understand the challenge of public service renewal at all levels of government, we need to start with Canada's changing population demographics, and its changing labour market conditions.

As demographer David Foote has demonstrated, Canadian society is ageing. For example, the proportion of Canadians in the 15 to 24 age cohort has been on a declining trend over the last 25 years, and the number of Canadians in the key 25 to 44 employment cohort is actually lower now than in 1991. At the same time, reflecting the sharp increase in the 55 to 64 age cohort, the proportion of working age Canadians to total population is close to its historical peak, and will begin declining after 2010 as a consequence of the growing retirement boom over the next decade.

Shifting demographics go beyond population ageing. Both the supply of labour and the sectoral distribution of work have been changing as well. Labour force participation rates are near historical peaks, but entirely due to a sustained rise in female participation rates. In fact, not only are male participation rates lower today than 25 years ago, but high school drop out rates for males are twice as high as female levels. On the skills side, the demand for knowledge workers in the Canadian economy is rising rapidly, and in all sectors. Sectorally, it is service sector employment that has grown enormously over the last 25 years, now accounting for over 75% of all employment in the economy.

In this broader Canadian context, what are the demographics of the federal public service? Well, they show similar trends, but ageing is more pronounced. Fifteen years ago, federal employees in the 25 to 44 age cohort made up over 60% of the public service, with under 30% in the 45 to 64 age cohort. Today, it is largely reversed, with 50% of public servants in the 45 to 64 age cohort while just over 40% are in the 25 to 44 age cohort. The ageing in the public service is also prevalent in executive ranks, with the average age of Assistant Deputy Ministers now 53 years, and the average age for all executives ranges from nearly 50 years (EX-1s) to 52 years (EX-3s). Put differently, almost 10% of public servants today have at least 30 years of pensionable years, a near three-fold increase since just 2000.

Add to these trends the current cyclical strength of the labour market, where the unemployment rate is near a 30-year low, and the employment rate, which is at an

all-time high. The bottom line: it is a very competitive but ageing labour market, where governments face much greater competition for today's young knowledge workers who increasingly are female and visible minorities, and have more opportunities than ever before.

Public Policy and Public Service Matters

At the same time, let's not forget people join the public service to advance public policy, to make a societal difference. In that context, it is useful to reflect back over the last 25 years and the extent to which public policy has helped shaped the present. Let me give you four specific examples, which speak for themselves:

- Twenty-five years ago, the federal deficit was 4¼% of GDP, debt was skyrocketing, federal spending was more than 17% of the economy, taxes were rising, and the CPP/QPP was in deficit. Today, the federal budget is balanced, debt is being repaid, government spending is 13% of the economy, taxes are falling and the national pension system is actuarially sound.
- Twenty-five years ago, the Canadian inflation rate was 12% and mortgage rates were approaching 20%. Today, we have inflation target of 1% to 3%, low and stable inflation, and long-term mortgage rates of under 6%.
- Twenty-five years ago, Canada was a \$0.3 trillion (U.S.) economy, with a chronic current account deficit, rapidly rising foreign indebtedness, and a large productivity gap with the U.S. Today, we are a \$1.3 trillion (U.S.) economy, an integral part of NAFTA with a current account surplus and a lower foreign indebtedness than the U.S., but the productivity gap still constrains us.
- Twenty-five years ago, security concerns related to the Cold War, terrorism was not a global concern and our spending on defence and security was on a long term decline. Today, the Cold War is over, international terrorism is our key security challenge, defence and security budgets are rising and Canadian women and men are fighting in Afghanistan.

The general point that emerges from these examples is that public policy can have a profound effect on a country's present and future prospects. And, public servants have the opportunity to help governments shape this public policy - whether it is in the fields of science policy, competition, health, environment, energy, international trade, social programs, etc. What we do affects our prospects as a nation to realize our potential.

In a more immediate sense, public service offers the opportunity to make a difference in people's lives. Consider, for example, the recent evacuation of Canadian citizens from Lebanon, or our aid workers in Afghanistan where we are building schools for a generation, particularly women, who were denied education.

What is the Public Service Brand

In the context of public service renewal, the brand matters. We need to consider what Canadians think about public service, and why? We need to focus on what students think about government as a career choice, and how we can make public service a more attractive option. And, we need to understand what public servants think about the career choice they have made, and how can we improve the retention of our best?

Public service is about values, and it is about accomplishment. We must emphasize excellence, leadership and teamwork in everything we do. Canadians should expect nothing less than excellence in their public service, and we should accept nothing less from ourselves. The best and brightest don't want to work for an average organization, and average public policy will not propel Canada to the front ranks of nations.

Creating a high performing organization requires a relentless focus on ensuring a stimulating work environment. When employees are enthusiastic about where they work and engaged in what they do, obstacles seem smaller, difficult problems give way to innovative solutions, and exceeding expectations happens with regularity. A culture of teamwork is part of that. We must never lose sight of the importance of ensuring that the team is diverse; good public policy is helped by a diversity of views - linguistically, geographically and culturally.

We also need to think about how well we do our work, and what benchmarks we set for ourselves. Here attitudes matter. I believe we should make excellence our quest, and our brand. To manage for excellence, to foster effective teamwork in a creative, dynamic work place, we need leadership. Leadership that spots talent, rewards performance, sets the agenda, focuses energies, takes risks and acts as a role model.

Moving Ahead on Renewal

The foundations for public service renewal have been established by a number of comprehensive public service initiatives over the last 15 years. Beginning in 1990,

PS 2000 launched a broad-based renewal exercise. This was followed by Program Review in 1994-1995 as government significantly downsized employment to help eliminate its chronic fiscal deficit. In 1997, La Rélève put an emphasis on modernizing compensation, restarting external recruitment, and improving executive training. By 2001, the focus shifted to strengthening the machinery of public service management, with a new Public Service Modernization Act (2005) and several restructured human resource management agencies.

In considering how best to move ahead on public service renewal today, our approach will be focused, pragmatic and geared to concrete results. To drive this process, we've established a new Deputy Ministers' Committee on Public Service Renewal and made renewal a priority for all senior managers.

We believe that the main priorities for this targeted, pragmatic, results-oriented approach should include:

- Rethinking our recruitment model: we face unprecedented competition for Canada's best and brightest graduates and we can't be a passive recruiter of talent. Recruitment must become a senior executive priority, and task, not a function delegated to the Human Resource department. If our competitive advantage is the exciting and diverse nature of the jobs we offer, then we have to take this message to universities and community colleges.
- Rethinking our development model: we live in an era of technological innovation where the only constant is change. We need to better personalize our professional development approaches, and put more focus on management development skills. We need to manage for excellence. We need to better incorporate the new Canada School of Public Service into career-long development strategies.

- Rethinking our retention model. People entering the workforce today are seeking rewarding professional experiences, not jobs-for-life. We need to accommodate a more flexible workforce in the public service, with more mid-career hiring, more interchanges, more diversity, more mobility and better succession planning at all levels of the public service.
- Improving our human resource management toolkit. We need a toolkit that better supports effective human resource management; one that is flexible and agile; one that delegates wherever possible consistent with public service values and objectives; one that better utilizes mentoring for succession and knowledge-transfer.

In all this, public service renewal can benefit significantly from support by those outside government. We would benefit from more interchanges with the private sector, universities and NGOs to broaden our perspectives and help develop our next generation of leaders. We would benefit from greater focus in Canada's schools of public administration and public policy on public sector management and human resource issues. We would benefit from the experience of leaders in other sectors, particularly senior business executives, in leading edge management and human resource practices and how they might be adapted and applied to the public sector. And we would benefit from better dialogue with the Canadian public.

Conclusion

In conclusion, ladies and gentlemen, I think it is an exciting time to be a public servant. Now more than ever, we have the opportunity to play a key role in helping move Canada forward.

Public servants are on a journey together, with both challenges and opportunities before us. We will be rethinking how we do business on an ongoing basis, trying to do it better each day. We will balance long-term policy development with addressing real-time practical needs, and do it together as a team. We will work to enhance the image of the Public Service of Canada by assuring Canadians that we know how to combine pragmatic common sense, new ways of thinking and a focus on excellence.

I accepted the Prime Minister's invitation to become Clerk of the Privy Council because I believe in the value to Canada of a strong and effective public service. I take my responsibilities as Head of the Public Service of Canada seriously, and no more so than the challenge of strengthening this important national institution.

Thank you for this timely opportunity to talk about public service. I hope that some of you will take up the challenge of a career in the Public Service of Canada.