

Prime Ministerial Leadership, the Public Service and Administrative Reform in Canada - Part II

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Abstract

This is Part II of *Prime Ministerial Leadership, the Public Service and Administrative Reform in Canada* published in the Volume 1, Issue 4 edition of the *CSL Leadership Review*.

The authors present a detailed analysis of Prime Ministerial Leadership, the Public Service and Administrative Reform in Canada. They describe the history of the public service and administrative reform in Canada. While the role of the respective prime ministers is central to their discussion, they carefully describe legislation and institutional changes which impacted the public service as well. Detail is given concerning the role of the Privy Council, Treasury Board, Civil Service Commission, and other agencies, offices, task forces and commissions. Prime ministerial initiatives are juxtaposed against environmental challenges and government power blocks, suggesting a need to pay greater attention to how public sector organizations are managed. The authors go on to describe how contemporary public administration studies have pointed to the complexities involved in public sector organizations. They further suggest that more analysis is required on what happens within public sector organizations. They also call for greater study of organizational development and change within the public sector.

1.0 PUBLIC SECTOR REFORMS: The 1980s TO 2000 AND BEYOND

The Canadian Public Service experienced accelerated change during the 1990s, owing in part to the establishment of the task force, *Public Service 2000*, in 1989. This system-wide process of reform and renewal was intended to prepare the Public Service for the challenges of the 21st century.

This task force led to the 1992 *First Annual Report to the Prime Minister on the Public Service of Canada* by Paul M. Tellier, Clerk of the Privy Council and Secretary of the Cabinet. The comprehensive nature of the reforms were reflected in forward-looking actions such as constitutional reform, the passage of *Bill C-26: The Public Service Reform Act*, Government Reorganization in 1993, Program Review in 1994, and the Expenditure Management System in 1995.

In the *Second Annual Report to the Prime Minister* in 1994, Glen Shortliffe, then Clerk of the Privy Council and Secretary of the Cabinet, stated:

The structures of the Government of Canada before June 25 had grown and evolved in response to the needs of the country in the 1950s, 1960s and 1970s. These structures also reflected the fact that over the years the Cabinet itself had grown to roughly 40 ministers. By contrast, the changes made in June reflected the realities of government in the 1990s – a smaller Cabinet and a corresponding need for smaller, more efficient government; the need for a more streamlined Cabinet system; the need for greater coherence in the new policy areas that cut across traditional organizational lines; and above all, the need to enhance ministerial authority and control over the operations of government.

The initial organizational changes were made by the Kim Campbell Conservative government of 1993. This new approach was accepted, with few adjustments, by the Liberal government of her successor, Jean Chrétien (1993-2003).



1.1 Passage of Bill C-26: The Public Service Reform Act A milestone in the renewal of the Public Service was reached when *Bill C-26: The Public Service Reform Act*, was passed by Parliament in December 1992 and then proclaimed into law on April 1, 1993. It marked the first overall legislation dealing with the management of the Public Service in more than a quarter of a century. The new legislative framework provided a statutory footing for many of the changes in human resources and administrative management envisioned in the 1989 *Public Service 2000 White Paper*.

The Act contains amendments to the *Public Service Employment Act*, the *Public Service Staff Relations Act*, the *Financial Administration Act*, and the *Surplus Crown Assets Act*. It includes provisions in areas such as deployment of employees, authority to simplify the job classification system, and the streamlining of the staffing process. In addition, fair treatment of employees was enhanced as a result of new provisions on employment equity, the end of probation on appointments other than initial entry to the Public Service, and earlier union membership for term employees. Overall, a more flexible and adaptive public personnel system was created by these measures. Deployment was affected, jobs could be filled more quickly, people could move to pursue new opportunities, and public sector organizations could respond more effectively to organizational change. This legislation was followed by the restructuring of departments in 1993, including: Human Resources Development, Industry, Canadian Heritage, Health, Public Works and Government Services. In addition, there was a further rationalization of the Privy Council Office, Federal-Provincial Relations Office, the Treasury Board Secretariat, and the Office of the Comptroller General. The strategy shifted to a service-to-Canadians model, placing greater emphasis on people (workforce adjustments).

The *Public Sector Reform Act* requires that the Clerk of the Privy Council prepare a report to the Prime Minister on the Public Service. The legislation authorizes the Clerk of the Privy Council to provide leadership to the public service. Since 1993, there has been a tendency to emphasize a whole-of-government approach in service delivery which looks outward to the public interest rather than inward to the departmental interest. Also, there has been a

tendency to emphasize partnerships and teamwork. The position is taken that “a high quality public sector contributes to competitiveness and provides the country with comparative advantage in its competition for trade and investment and contributes to the quality of life and the standard of living of its citizens.” The reforms have occurred in two phases since the 1980s. The first phase occurred during the mid-1980s to the early 1990s and the second phase began in 1993. In the *Second Annual Report to the Prime Minister* (1994), Glen Shortliffe reviewed the development in the public service between the 1960s and the 1980s.



Jocelyne Bourgon

- Clerk of the Privy Council & Secretary of the Cabinet, 1994-1999
- President, CAPAM, 2002-2006

Jocelyne Bourgon, Glen Shortliffe’s successor, began to outline the concept of the whole Public Service in the *Third Annual Report to the Prime Minister* by the Clerk of the Privy Council in 1995. It was followed and complemented by the fourth and fifth Annual Reports. In an endeavour to formulate a more strategic approach to the Canadian Public Service, we must isolate the periods between the 1980s and the 1990s and between the 1990s and 2005.

The passage of the Public Service Reform Act began a new phase of public service reform in Canada. Ironically, it started with downsizing but eventually reverted to strategic personnel planning - a strategic planning role with respect to human resources management. This process is reminiscent of the major transformation of the Public Service in the 1930’s and 1940’s, though for very different reasons.



The *Public Service Reform Act* amended the *Public Service Employment Act*. As a result of the passage of the *Public Service Reform Act* in 1992,¹⁷⁰ some of the more recent governmental reforms have been elaborated upon by the Clerks of the Privy Council. Between 1992 and 1998, the Annual Reports of the Clerk of the Privy Council have outlined strategies for rebuilding and developing the public service of Canada. Such initiatives include the *La Relève* renewal strategy, the redesign of public sector organizations, and the increased utilization of information technologies in providing services to clients.¹⁷¹

The transformation of the Public Service in the 1990s has been influenced by the New Public Management approach.¹⁷² The new public management philosophy advocates principles described in the 1994 Commonwealth Association for Public Administration and Management (CAPAM) document entitled Government in Transition: A New Paradigm in Public Administration (Figure 8). The New Public Management suggests even more striking reforms for the next century, with greater emphasis placed on a smaller public service. It involves getting government “right.”

Figure 8: The “New Public Management”

In 1994, the Commonwealth Association for Public Administration and Management issued Government in Transition: A New Paradigm in Public Administration which enumerated the following guidelines and/or principles for the public service:

- (1) providing high-quality services that citizens value;
- (2) that public managers needed increased autonomy, particularly from central controls;
- (3) that organizations and individuals are measured and rewarded in the public sector on the basis of whether they meet demanding performance targets;
- (4) that satisfactory performance required providing the human and technological resources that managers need to meet their performance targets; and
- (5) the presence in the public sector of a receptiveness to competition and to an open-minded attitude about which public purposes should be performed by the public sector as opposed to the private sector.¹⁷³

CAPAM has put out an impressive list of country studies including New Zealand, the United Kingdom, Malaysia, and others.¹⁷⁵ New Public Management is concerned with the business of government and with improving services to its clients. While this is subject to a variety of interpretations,¹⁷⁴ we will critically examine the manner in which Canadian institutions have evolved.

The most recent reports of the Clerk of the Privy Council have attempted to identify distinctive aspects of Canadian Public Sector Reforms. It is within this context that the reports of the Clerk of the Privy Council must be examined. In particular, we need to look at the manner in which selected institutions are being transformed. Some important institutions which need to be critically reviewed are the following:

- 1. The Privy Council Office;
- 2. The Treasury Board Secretariat; and
- 3. The Public Service Commission.¹⁷⁶

In Canada, there has been a major rethinking of the roles of the central agencies. These organizations are expected to provide strategic leadership and this has led to major reorganizations and to changes in their respective cultures.

In the *Second Annual Report to the Prime Minister*, Glen Shortliffe stated:

I am convinced that the Public Service is heading in the right direction. As we prepare for the challenges of the next century, I am confident that the traditional values of the Public Service – the values of loyalty, integrity, professionalism, fairness and impartiality that characterized the institution I joined 32 years ago – will remain its driving force. Today, as an appropriate expression of changing times and the changing expectations of Canadians, I would also mention the newer values of service, innovation, responsiveness, and leadership. But whatever the precise list,



these values are well understood by public servants and by the Canadians they serve. They will constitute a foundation for excellence in the Public Service in the years to come. (p. 25)

The then Clerk of the Privy Council concluded his report with this observation:

Ours is an institution in transition. Renewing an organization as large and complex as the Public Service will depend above all on determined leadership by the Prime Minister, by Ministers and their Deputy Ministers, and by those whose duty it is to work in support of them. It will also require understanding and support from Members of Parliament and the interested public. Above all, it will call for the continuing effort of the tens of thousands of men and women who have chosen to fulfill their ambitions through service to their country. (p. 25)

Ours is an institution in transition. Renewing an organization as large and complex as the Public Service will depend above all on determined leadership by the Prime Minister, by Ministers and their Deputy Ministers, and by those whose duty it is to work in support of them. - Glen Shortliffe, Clerk of the Privy Council

1.2 Toward A Canadian Model of Public Service and Administrative Reform, 2005: From Deficit Management to Revitalization

In Canada, strong emphasis is placed on a professional non-partisan public service. The system also identifies the importance of contributions by political and public service leaders. Accordingly, the *Fifth Report by the Clerk of the Privy Council* isolates factors such as developing policy capacity, modernizing public service delivery and the importance of citizens in meeting the objective of government. The report also defines a distinctively Canadian model of public sector reform. In so doing, the Clerk of the Privy Council suggests that the Canadian model is based on the belief that government and government institutions are essential to a well-performing society. Correspondingly, the Canadian

model has been characterized by a period of incremental reform, especially between the 1960s and the 1990s.¹⁷⁷ Recent developments in Canadian government, particularly between 1993 and 1998, have been concerned with the elimination of the deficit, which among others things, defined the process of Canadian public sector reform. This period was driven by strong fiscal considerations.¹⁷⁸ Perhaps the most central issue associated with Canadian public sector reform is the re-evaluation of the role of the state. Program Review and the *La Relève* public service initiative are certainly steps in that direction. The necessity to rebuild the public service of Canada is an important one. Here we should look at the relationship between political parties and the public service in Canada. Our earlier analysis, "Prime Ministerial Leadership and Public Service Reform," has pointed to the long history of institutional changes which occurred during the 20th century.

Elsewhere, we have reviewed the strategic direc-

tions of six selected departments from the perspective of issues raised by March and Olsen, among others, with respect to the prospects for transforming organizations in the twenty-first century to grapple with new challenges in their new environmental context.¹⁸⁰ The approach is consistent with the characteristics outlined in the Canadian model discussed below.

We have discussed public service departmental and institutional reforms from the perspective of the New Public Management. The reforms are placed in the context of earlier analyses of public sector organizations in Canada. From this perspective, the study looks at the influences of changes in organization theories such as bureaucracy, the scientific management school, human relations,



open systems theory, contingency theory and public choice, among others, on the functioning of contemporary public organizations.¹⁸¹ This paper examines the theory and practice of Canadian public sector management. We look at these problems from the perspective of organizational and institutional reforms which are focused well into the 21st century. To make this task manageable, however, we will limit our review to the establishment, organizational development, and transformation of selected public sector organizations. In particular, we will look at the transformation of departments such as the Treasury Board and Transport Canada. The Treasury Board Secretariat is being redesigned to provide strategic leadership in public service management. The Department of Transport has been significantly downsized, commercialized, deregulated, and has embarked on a course of cost-recovery.

The Department of Transport displays many of the features of the new public management. It is interesting to note that all recent Clerks of the Privy Council have served as Deputy Minister of Transport. Accordingly, Transport Canada has been a lead agency in the transformation of the Canadian Public Service.

Some public servants have felt that this was the case going back to the role of Sylvain Cloutier in the 1970s. Arthur Kroeger has pointed to the importance of effective leadership in the Public Service. He has indicated that Cloutier was an exceptional leader and should be regarded as a role model. Kroeger's observation would suggest that the reforms which took place in Transport Canada had their roots much earlier than the 1980s and 1990s. This was also the observation of John Baldwin, also a former Deputy Minister of Transport Canada. All of this supports the case for a longer-term view of public service and public sector reform and reorganization.

At least two critical issues stand out in addressing public service and administrative reform. First, there is the issue of fiscal policy-making and management. Between the 1960s and the 1990s, the fiscal policy issues led to significant changes in the operations of the Department of Finance and the

Treasury Board Secretariat, among others. The changes were influenced by the Glassco (1962) and Lambert Commissions (1979) and by a variety of specialized task forces. Second, public personnel policies were affected by the same royal commissions and task forces, e.g., the D'Avignon Task Force (1979). The reforms in these areas are concerned with the effective functioning of the Privy Council Office, the Treasury Board Secretariat, and the Public Service Commission. In many instances, the reform process with respect to human resources management has been more problematic, difficult and persistent.



Sylvain Cloutier

Deputy Minister Transport
Canada

1975-1979

A comparison of the Public Service reforms from the 1960's through the 1990s reveals some interesting insights.¹⁸² To do this effectively, we need to view these reforms within their historical contexts. Several key questions need answering:

- What forces influenced the reforms of the 1960s, 1970s, 1980s and 1990s;¹⁸³ and
- How different were these social and economic forces from those which influenced the changes which took place between the 1860s and the 1960s?

1.3 Canada 2005: Toward A Model of Canadian Public Sector Reforms: The Reports of the Clerk of the Privy Council



In accordance with the *Public Service Employment Act*, the Clerk of the Privy Council is required to present an annual report to the Prime Minister on the Public Service of Canada. It has led to a significant change in the way we look at the Public Service. There is the repetition of the concept throughout the whole Public Service.¹⁸⁴ Three Clerks of the Privy Council have submitted reports: Paul Tellier, Glen Shortliffe, and Jocelyne Bourgon. Prior to their assuming the position of Clerk of the Privy Council, all three had been Deputy Ministers of Transport Canada. The Department of Trans-

The first five annual reports of the Clerks of the Privy Council present a story of significant public service change and reform. The first report dealt with progress made on the Task Force PS 2000.¹⁸⁸ In the second report, Glen Shortliffe reviewed the manner in which the Public Service had changed since he joined it. Jocelyne Bourgon has been responsible for the third, fourth and fifth annual reports.¹⁸⁹ An element of strategic planning has begun to emerge in the reform of the Public Service, especially with respect to human resources. The fiscal side of planning has been relatively blind to

| Traditional Public Service Values | Contemporary Public Service Values |
|-----------------------------------|------------------------------------|
| Loyalty | Service |
| Integrity | Innovation |
| Professionalism | Responsiveness |
| Fairness | Leadership |
| Impartiality | |

Table 6: Public Service Values in a Changing Environment

port provides an illustrative example of industrial change, as illustrated in Table 6.¹⁸⁵

Several books on organization theories have pointed to the fact that the transportation industry was most illustrative of rapid industrialization. Its history during the twentieth century provides excellent examples of industrial organizational change and adaptation. Several senior officials in the Department of Transport have argued that the transportation industry in Canada had matured and could be opened up to global competition.¹⁸⁶

This led to significant changes. The reorganization of the Department of Transport between the 1970s and the 1990s should be examined within the above context. Several deputy ministers of the Department of Transport have pointed to the significance of its transition.¹⁸⁷

the limited life span of human resources, albeit in the private sector, public sector and the universities. There are the prospects for shortages in the future. What then have the Clerks of the Privy Council been saying?

The *First Annual Report by the Clerk of the Privy Council and Secretary to the Cabinet to the Prime Minister* (1992) expressed concern with the reduction of program resources and the imbalances experienced between management and labour in the public service. The Clerk of the Privy Council also stressed the departmental importance of “Councils for Change” for which all levels of government could be involved in shaping improvements in human resource management while identifying the importance of improved service to the public.¹⁹⁰ The *Second Annual Report to the Prime Minister* (1994)



began to interpret Canadian administration in terms of the global environment. In so doing, Glen Shortliffe drew comparisons to such countries as France and New Zealand in which distinctive models of public sector reform have evolved. In addition, the *Second Annual Report* identified the dramatic budgetary shift that has been experienced by departments during the 1990s in contrast to the significant expenditures that were characteristic of the government during the 1950s, 1960s, and 1970s.

Pursuant to the reduction of governmental spending, information technologies are being more widely employed in order to reduce regional disparities.¹⁹¹ [The *Third Annual Report by the Clerk of the Privy Council* (1995) isolated two distinct phases of reforms in the period between the 1980s and the 1990s, the early 1980s to the early 1990s, and the

...the Canadian model emphasizes the importance of well-performing organizations, a professional public service, the performance of complementary roles by politicians and professional public servants, and it places strong emphasis on providing services in the public interest.

early 1990s to 1996 (2000 and beyond). Accordingly, the 1980s saw a new period of reforms]. In her report in 1995, Jocelyne Bourgon also suggested that the four most critical determinants of change were globalization, new technologies, program and service delivery, and fiscal pressures.

The *Fourth Annual Report by the Clerk of the Privy Council* (1996) continued to stress the importance of globalization while suggesting that the government's resources could serve Canadians more effectively through policies which sought economic, social, and political unity. The most recent annual reports have introduced an element of strategic planning and a holistic approach to looking at the Public Service of Canada. They have raised the issue of governance in democratic societies. *The Fourth Annual Report* on the state of the public service identified the importance of a strong policy capacity therein, as well as the need

for accommodating long-term policy trends when addressing current issues. Finally, the Clerk of the Privy Council recommended the creation of a modern and vibrant public service in accordance with the *La Relève* initiative (1998).¹⁹²

1.4 Toward A Canadian Model of Public Service and Administrative Reform: Building and Developing Strategic Alliances Between Political Parties and the Public Service The *Fifth Annual Report by the Clerk of the Privy Council* (1997) identifies a distinctively Canadian model of public sector reform. The Report reiterates the need for a mid to long term policy process and describes the recent Project 2005 framework for reform. The four tier model addresses such issues as growth, human development, social cohesion and global challenges and opportunities. As indicated below, the Canadian model emphasizes the importance of

well-performing organizations, a professional public service, the performance of complementary roles by politicians and professional public servants, and it places strong emphasis on providing services in the public interest.¹⁹³

The *Fifth Annual Report* outlined Canadian characteristics of a reform model including features such as a well-performing professional public service with complementary roles by politicians and public servants. In her annual report, the Clerk indicated that in Canada, strong emphasis is placed on a professional non-partisan public service. This commitment has not been without challenges during periods of political transitions at both the federal and provincial levels. In this regard, the reader could benefit from the work of Eva Etzioni-Halevy ([Political Manipulation](#) and [Bureaucracy and](#)



Democracy: A Political Dilemma), who has looked at the relationship between political parties and the public service.¹⁹⁴ She explores these relationships at greater length, including identifying the importance of contributions by political and public service leaders. For our purposes here, the *Fifth Report* isolates factors such as developing policy capacity, modernizing public service delivery and the importance of citizens in meeting the objective of government. The report defines a distinctively

1.5 Building Strategies For Effective Public Service Renewal and Reform It is hypothesized that political parties can perform an important role in the strategic planning of human resources in the Public Service in concerted action with key leaders of the higher Public Service (e.g. France). The performance of complementary roles by these two institutions is essential if any strategic planning objectives are to be achieved. In recent years, some political scientists have begun to look at the relationship be-



Canadian model of public sector reform. In so doing, the Clerk of the Privy Council suggests that the Canadian model is based on the belief that government and government institutions are essential to a well-performing society: a professional non-partisan public service with complementary roles by politicians and public servants.¹⁹⁵ The Canadian model has demonstrated a long period of incremental reform, followed by more drastic changes between 1993 and 1998.¹⁹⁶

Recent developments in Canadian government, particularly between 1993 and 1998, have been concerned with the elimination of the deficit, which among other things, has, in large part, defined the process of Canadian public sector reform. Perhaps the most central issue associated with Canadian public sector reform is the re-evaluation of the role of the state. Program Review and the *La Relève* public service initiative are certainly steps in that direction. The necessity to rebuild the public service of Canada is an important one. Here we should look at the relationship between political parties and the public service.¹⁹⁷ This area has not been adequately explored by scholars. Accordingly, we will endeavour to explore it.

tween political parties and the public service. This area requires more detailed analysis.

In an endeavour to outline a Canadian model of public sector reform, we should draw on the most recent report of the Clerk of the Privy Council in Canada. In the *Fifth Report*, Jocelyne Bourgon identified the following characteristics of the Canadian public management system:

- the importance of well-performing government institutions;
- the importance of a well-performing, professional, public service; and
- the importance of complementarity between the elected politicians and the professional non-partisan public service.

She went on to outline other dimensions of the Canadian system:

- priority to the public interest;
- strengthening the policy capacity of government;
- modernizing the delivery of services to Canadians;



- improving the relationship between government and citizens;
- putting people first, meeting the human resources challenge for 2000 and beyond (PCO, TBS and PSC); and
- outlining a strategy for the Canadian Public Service (e.g. Canadian Public Service renewal programs such as *La Relève*).

La Relève has given rise to an unprecedented focus on people issues in the Public Service of Canada. Over the coming years, departments and agencies will provide further progress reports to Parliament through their annual business plans.

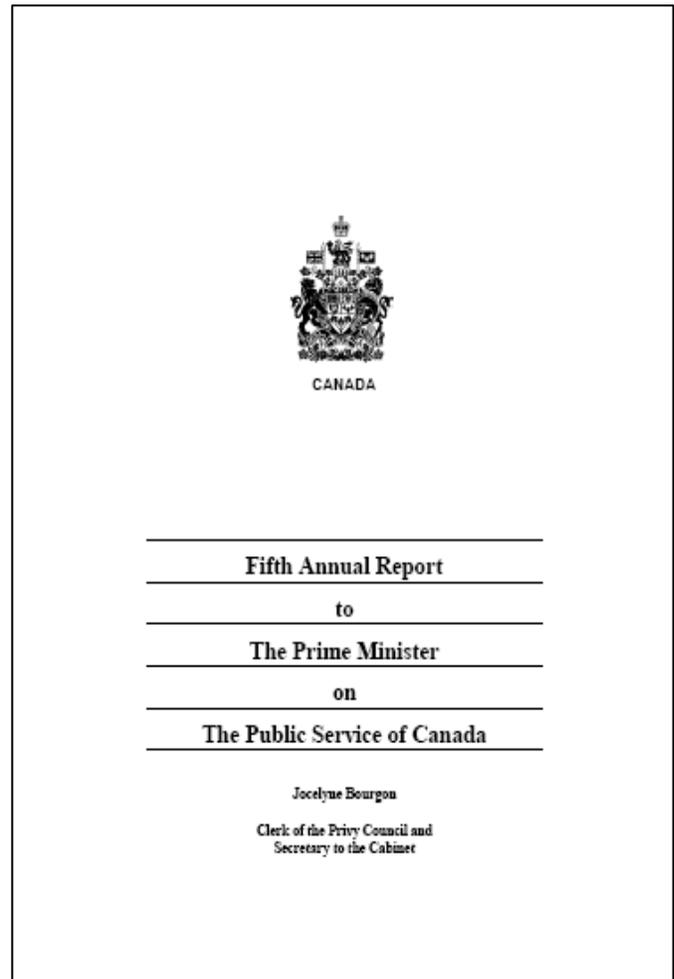
La Relève was described as:

- “A challenge to build a modern and vibrant institution able to use fully the talents of its people;
- A commitment by each and every public servant to do everything in their power to provide for a modern and vibrant organization now and in the future; and
- A duty, as the guardians of the institution, to pass on to our successors an organization of qualified and committed staff ready to face the challenges of their time.”

The Clerk of the Privy Council went on to outline some new and important managerial challenges for the next century:

- the need to improve the horizontal dimensions of management (borderless institution);
- the need to develop a learning organization; and
- the importance of developing effective leadership in the Public Service of Canada.¹⁹⁸

The essential characteristics of the new system are summarized in Figure 9.



*Fifth Annual Report to The
Prime Minister on The Public
Service of Canada*

1998

Figure 9: Public Service Reform Strategic Thrusts— 2000 and Beyond

Goals:

- the importance of well-performing government institutions;
- the importance of well-performing professional public service; and
- the importance of complementarity in the roles of the elected politicians and the professional non-partisan public service.

Objectives:

- giving priority to the public interest;
- invest in strengthening the policy capacity of government;
- develop a strategy for modernizing the delivery of service to Canadians;
- develop a strategy for improving the relationship between government and citizens;
- establishing the goal of putting people first, meeting the human resources challenges for 2000 and beyond; and
- develop a strategic plan for outlining a strategy for the Canadian Public Service, as outlined in *La Relève*.

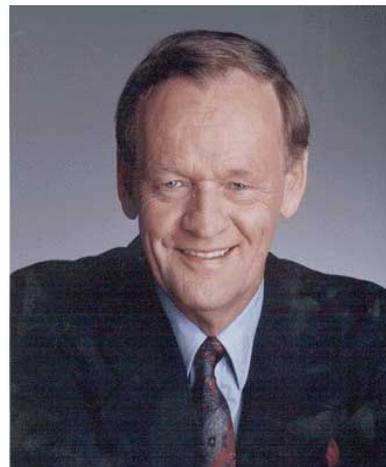
Managerial Challenges:

- Focusing on the need to improve the horizontal dimensions of management (borderless institutions); and
- Establishing a strategy for emphasizing effective leadership in the Public Service of Canada.(1998)

The above represents the strategy for 2000 and beyond. These reforms should be placed within historical perspective. Recently, a number of new organizational forms have been created in the public sector. The various components of the model must be critically reviewed and examined; this will be addressed in a separate analysis to be done at a later date. At this point, however, we should explore some strategic dimensions of reform.

2.0 PUBLIC SERVICE AND ADMINISTRATIVE REFORMS OF THE CHRÉTIEN YEARS

One of the main characteristics of Jean Chrétien’s tenure as Prime Minister (1993—2003) was public service and administrative reform. A 1998 Roundtable on Administrative Reform included participants from the Privy Council Office, the Treasury Board Secretariat, Transport Canada, Foreign Affairs and International Trade, among others. We attempted to gain keener insights by drawing on their unique perspectives. As we mentioned earlier, public sector reforms in Canada continued at a rapid pace between the 1960s and the 1990s. There were the recommendations for improved management outlined by the Glassco and Lambert Commissions, a variety of task forces and especially PS 2000, which contributed to the reforms. There have also been the contributions of royal commissions and special advisory councils such as the Economic Council and the Science Council.



The Rt. Hon. Jean Chrétien
20th Prime Minister of Canada
1993-2003

2.1 Canadian Public Service 2005: Growth, Human Development, Social Cohesion, and Global Issues

In the Fourth and Fifth reports by the Clerk by the Privy Council, Jocelyne Bourgon outlined the



Canada 2005 proposal. The program was launched to identify and analyze the major forces that would affect Canada in 2000 and beyond. Interdepartmental Assistant Deputy Ministers undertook research to provide an overview of the pressure points on Canadian society. The program consisted of four research networks addressing growth, human development, social cohesion, and global issues. In so doing, they proposed a research agenda and work program to fill the possible gaps in the government's information base.

As of this writing, it is hoped that these research networks would improve policy community interaction on personnel issues between Assistant Deputy Ministers. In addition to discovering reform opportunities from within the Canadian system, various policy communities are collaborating with international organizations like the Organization for Economic Cooperation and Development (OECD). The Clerk of the Privy Council also suggests that a more effective and consultative public service will only be possible by involving citizens in policy development whenever possible.²⁰⁰

All of this suggests that it is not very easy to explain the rationale and the method of implementing reforms.²⁰¹ In-depth reviews of the public service over longer periods of time isolate a variety of reform initiatives (comprehensive versus sectoral). From this perspective, we draw on the theoretical contributions of scholars such as S.N. Eisenstadt, J.E. Hodgetts, H. Kaufman, G. Caiden, Knott and Miller, and March and Olsen, among others. There are the more recent works by writers such as Jonathan Boston on the New Zealand model. Elsewhere, we have looked at the public sector reforms from the perspective of changes in organizational theories.²⁰² This analysis looks at the manner in which Canadian political and managerial leaders have responded to a variety of challenges from the international and domestic socio-economic environment, and helps us explain reforms in terms of challenges and responses.

2.2 The Canadian Model The Canadian model of public service reform is reflected in the works of Hodgetts, 1867-1970; Osbaldeston, 1867-1940; and Doern and Phidd, 1960s to 1990s, among oth-

ers. It is more recently reflected in the *Fifth Annual Report of the Clerk of the Privy Council*. Professors Knott and Miller, *Reforming Public Bureaucracies*, have pointed to significant changes in society which emanate from the introduction of bureaucracy (the patronage merit issue). An important issue relates to the transformation of selected institutions such as the Public Service Commission, the Treasury Board Secretariat, and the Privy Council Office.

If we can identify the Canadian model, then we may want to proceed to identify the lessons which other countries may draw from this model. In this way, the Canadian experience can add to our understanding of the role of the public service in institution-building and to the theory and practice of public sector management for the period of 2000 and beyond.

We can begin to analyze the Canadian model of public sector reform by using a longitudinal approach.²⁰³ The system has demonstrated periods of expansion, restraint, and rebuilding. The process of Canadian reform has been both continuous and incremental. We can place the reforms within the context of the 1860s to the 1960s, the 1960s to the 1980s, and the 1980s to the 1990s. Between the 1960s and the 1980s, the reforms were relatively incremental. In contrast, the changes between the 1980s and 1990s can be regarded as a transformation of the role of the state. During the 1960s, the Glassco Commission made a number of recommendations with respect to the reorganization of the Public Service. In addition, significant public sector organizational reforms resulted from the passage of various public service reform acts between 1961 and 1967.

The 1970s were characterized by further public sector management reforms as a result of the Auditor General's report, the Lambert Commission and the D'Avignon Task Force. The Policy and Expenditure Management System (PEMS) drove fiscal policy during the 1980s.

In 1989, Prime Minister Mulroney initiated the PS 2000 Task Force in order to organize an agenda for



the renewal of the public service. However, the 1990s brought an increased awareness of the necessity for fiscal restraint and effective personnel management. As such, the *Public Service Reform Act* was passed in 1992. It was followed by a major restructuring of the Cabinet and a reduction in the number of departments. The organizational changes announced in June 1993 included: i) an overall reduction in the number of departments from 32 to 23; ii) the creation or redesign of eight departments; and iii) the merger or wind-up of 15 others. All departments were asked to submit plans for administrative streamlining and for the consolidation of regional management structures and operations. It was followed by the launch of Program Review in 1994.²⁰⁴ We can trace the pro-

3. should the federal government be doing this;
4. were there ways which, if adopted, the program would make more sense, for example, by engaging in partnerships with others;
5. were there ways, if adopted, by which the program could be delivered better; and
6. could the government afford this program?

Program Review represents a major transition in the way the public service operates. It was addressed in an earlier paper entitled “Public Sector Reforms: The 1960s to the 1990s.”²⁰⁵

2.3 The Transformation of the State, Beyond Deficit Management

Between 1994 and 1998...the public sector went through an extended period from incremental to comprehensive reform that culminated in a drastic reconsideration of the federal government’s role in the Canadian administrative system. This fundamental shift represents one of the most distinctive characteristics of the Canadian model of public sector reform

gress of Program Review between 1994 and 1998. In addition to more recent public sector reform initiatives, Program Review was perhaps the government’s most far-reaching program evaluation strategy. The public sector went through an extended period from incremental to comprehensive reform that culminated in a drastic reconsideration of the federal government’s role in the Canadian administrative system. This fundamental shift represents one of the most distinctive characteristics of the Canadian model of public sector reform.

In many respects, this was a transformation of the Canadian state. Governmental organizations were evaluated against six tests. Deputy Ministers were asked to answer six questions regarding each program of their department:

1. was the program still in the public interest;
2. was it an activity government should engage in;

The 1993-98 public sector reform initiatives were of considerable importance given their impact on the Canadian institutional framework.²⁰⁵ The reports of the Clerk of the Privy Council described in these pages outlined a number of new initiatives as they pertained to the operation of the public service. The system moved from an incremental to a comprehensive approach to public service reform. Three Clerks of the Privy Council (Paul Tellier, Glen Shortliffe, and Jocelyne Bourgon) continually emphasized the importance of communication, both within and between different levels of government, labour relations, and service delivery in an attempt to outline the Canadian model of public sector reform. Bourgon emphasized a whole public service approach. She also emphasized the importance of creating new institutions which are not only borderless in structure, but place a high degree of importance on organizational



flexibility and occupational expertise. In addition to providing fast and efficient service delivery, the Clerk of the Privy Council also endorsed the use of information technologies in order to reduce regional



Glen Scott Shortliffe

Clerk of the Privy Council &

Secretary of the Cabinet, 1992-1994

disparities and increase the availability of government resources. This sort of technical innovation has become increasingly valuable given the significant fiscal restraint that the government has experienced over the past decade. Forging partnerships with other departments, municipal and provincial governments, and the private sector also strengthens the relationship between the federal government and Canadians.

Government departments and agencies were approaching the limits of their operating capacities between the late 1980s and the early 1990s. Successive reductions in their operating budgets began as early as 1984. The Clerk of the Privy Council reported that by 1994, the departmental operating budgets were to be annually reduced until the 1996-97 fiscal year.²⁰⁶ By 1997, a number of renewed strategies were proposed by then Clerk of the Privy Council, Jocelyne Bourgon. Bourgon recommended that policy-makers not get caught up in short-term, reactive, and crisis-oriented policy development. Furthermore, she suggested that a more longitudinal perspective to policy-making would be required when addressing current issues.

In a sense then, even though the period of intense fiscal restraint has been partially rectified, a more efficient and comprehensive approach to policy-making and agenda setting may provide substantial solutions to the problems of Canadian governance.

In Canada, strong emphasis is placed on a professional non-partisan public service. The system also identifies the importance of contributions by political and public service leaders. Accordingly, the *Fifth Report by the Clerk of the Privy Council* isolates factors such as developing policy capacity, modernizing public service delivery and the importance of citizens in meeting the objective of government. The report also defines a distinctively Canadian model of public sector reform. In so doing, the Clerk of the Privy Council suggested that the Canadian model be based on the belief that government and government institutions are essential to a well-performing society. The Canadian model has been characterized by a long period of relatively incremental reform, especially between the 1960s and the 1990s. However, recent developments in Canadian government, particularly between 1993 and 1998, have been concerned with the elimination of the deficit, which among other things, have in large part defined the process of Canadian public sector reform.

Perhaps the most central issue associated with Canadian public sector reform is the re-evaluation of the role of the state. Program Review and the *La Relève* public service initiative are certainly steps in that direction. The *La Relève* strategy for public service reform²⁰⁷ covered most areas of government. It aimed to reinvent the manner in which the public service serves Canadians.

However, creating a modern and vibrant public service was a major challenge. The initiative to invigorate the public service took place against a background of restraint which adversely affected the morale of the various organizations. According to Bourgon, it was the responsibility of both departmental and corporate representatives to effectively carry out this broad reorganization. Correspondingly, *La Relève* was focused on human resource issues.²⁰⁸ In this respect, the



latest strategy for reform addressed such issues as departmental mobility, effective training and development, and the sharing of responsibility. It required a fundamental change in culture.

One of the areas affected by *La Relève* was Program Review. The very nature of Program Review raised fundamental questions about the role of the state. It led to a leaner state. *La Relève* represented an initiative designed to give new life to the public service.

3.0 DEMOCRACY, THE PUBLIC SERVICE, CAPITALISM AND PUBLIC SERVICE REFORM

The public service has been a major player in modern public management. Reinhard Bendix, *Nation-Building and Citizenship*²¹⁰ has alerted us to the significance of the rise of the public service and the role which it has played in modern democratic societies. He has also outlined the relationship between work and authority. His work has implications for explaining the relationship between public and private sector employment.

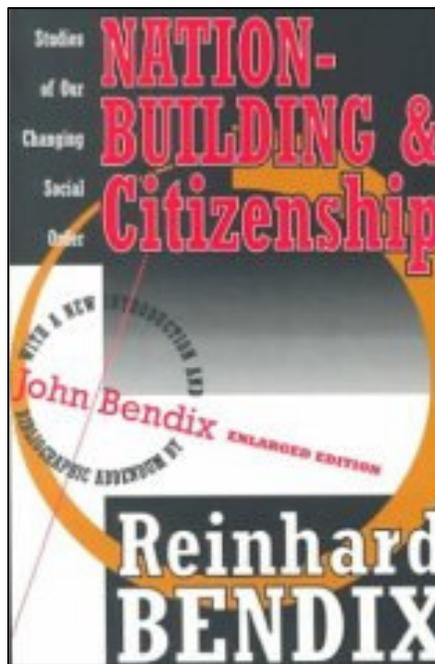
Andrew Shonfield and others have pointed to the role of the modern public service in fostering and maintaining capitalism. Shonfield referred to the new phenomenon as modern capitalism. Robert Heilbroner has referred to the importance of supportive mechanisms for maintaining capitalism in the 21st century.²¹¹ He suggests that the simultaneous existence of capitalism and democracy will require an effective professional public service. The foregoing suggests that a strong professional public service is an essential component of a democratic society.

4.0 PUBLIC SECTOR REFORMS IN CANADA: 2000 AND BEYOND

The reports of the Clerk of the Privy Council can be placed in an organizational framework which captures public service and public sector reforms in Canada for 2000 and beyond. In such a framework, we can capture the institutional developments which took place in the 20th century. By way of illustration, we can capture the institutional developments which took place within the Department of Finance, the Privy Council Office, the Treasury Board Secretariat, and the Public Service Commission (the central agencies) during the 20th century. We need to examine the institutional forces which drove the various reforms (1908, 1919, 1945, 1961, 1967, 1977, 1984 and 1992, among others).

It is interesting to explore the state of knowledge which exists with respect to our understanding of the human resources management function within the public sector. It is important to explore in detail the significance of the transition from the 1961, 1967 and 1969 legislative changes to the 1992/3 Public Service Reform Act.²¹² The public service has moved from a rigid system to a more flexible one. We can speak of the modernization of selected public sector organizations in the following areas such as:

- the Privy Council Office;
- the Treasury Board Secretariat;
- the Public Service Commission;
- Foreign Affairs and International Trade;
- Transport Canada;
- Industry Canada;
- Human Resources Development Canada; and
- Health Canada.



We can further explore the reforms through the analysis of horizontal functional relationships such as the following: public personnel management, public budgeting, and fiscal policy management (see major fiscal changes). The relationship between organizations has become more horizontal than vertical. The public service represents a matrix organization.

The analysis can also be couched in terms of the delegation of authority to departments, boards, commissions, agencies, and special operating agencies. It would be interesting to explain the legislative changes which have taken place between the 1950s and the 1990s, (e.g. changes to the *Financial Administration Act*, the *Public Service Employment Act*, the *Public Service Staff Relations Act*, and the *Public Servant Reform Act*). There have been legislative changes carried out between 1993 and 1998 in accordance with the

The relationship between organizations has become more horizontal than vertical. The public service represents a matrix organization.

eight functional areas outlined in the Kim Campbell reform proposals. Several departments were merged into more horizontal structures. The Department of Human Resources Development Canada is most illustrative. These issues should be weaved into the analysis of the Five Annual Reports of the Clerk of the Privy Council (new organizational forms, special agencies, new agencies, etc.). How do these organizations fit in the previous arrangements such as departments, departmental corporations, agency corporations, and enterprises?

Here it is necessary to examine new organizational forms such as the Food Inspection Agency and the New Customs and Revenue Agency. We should undertake critical analyses of the new agencies within the context of public sector management.

5.0 THE DELEGATION OF AUTHORITY IN THE PUBLIC SECTOR: NEW ORGANIZATIONAL FORMS

Recent organizational forms have created a challenge with respect to our explaining the distinction between public and private sector organizations. In this regard, we need to establish linkages between Hodgetts, Osbaldeston, Aucoin, Savoie, and others in explaining the implications of this transition. It is important to emphasize that analysis along these lines leads to discussion of the role of the state in modern democratic societies. It further leads to critical analyses of 21st century capitalism (re: Heilbroner). Public administration has always been concerned with the state and citizens and, from another dimension, with citizenship. Discussions along these lines impinge on contemporary discussions of globalization, competitiveness, participation, and citizenship. This could be illustrated by a

longitudinal analysis of immigration and citizenship in Canada (1996 Roundtable). Administration, public service and societal changes are complex issues which defy simple appraisal. We should review the emerging organizational forms such as:

- departments;
- interdepartmental relationships;
- intergovernmental relationships;
- public/private sector relationships;
- boards, commissions, and special operating agencies; and
- new agencies.

The Canadian public sector consists of a variety of complex organizations. The public sector



consists of a number of varied organizations: departments, departmental corporations, agency corporations, enterprises, regulatory agencies, special operating agencies and new agencies, each operating under distinct legal specifications.

The emphasis on longitudinal analysis (long and short cycles of change), on macro and micro, and on comprehensive versus program reforms is intended to alert the observer to look beyond the surface of contemporary organizational changes to the more significant issues impinging on transformation of the Canadian state. We have identified some areas of change and reform which should be looked at in more comprehensive ways. Elsewhere, we have briefly outlined a framework for analyzing public sector organization change and adaptation.²¹³

The new reform issues included some complex ones: interrelationships between international, national, regional, local and individual participation as well as interdepartmental, intergovernmental, and intersectoral issues. We are experiencing federal, provincial, and municipal reforms at the same time.²¹⁴ The new organizations create some problems in defining the boundaries of organizations. It has led to greater focus on the need to understand borderless organizations. What are the implications of these developments?

In a 1998 speech²¹⁵ to the public administration students at Carleton University in Ottawa, the Clerk of the Privy Council posed and answered some interesting questions with respect to the public service:

1. In what condition would you find the Public Service of Canada if you were to join it today; and
2. What kind of career can a public servant expect in the future?

She observed that:

1. Public servants and public sector managers will increasingly need a diversity of knowledge and means to be confronted by challenges of great complexity, to work with men and women equally talented and com-

mitted, to learn and to be given the chance to make a difference beyond the reach of most.

2. Public Service speaks to one's soul. Management speaks to one's heart. If both resonate for you, a career in the public service might be for you.

This presentation was intended to assist in establishing some coherence to a variety of reforms which were introduced in the 1980s and 1990s. It attempted to place the analysis within a longitudinal framework. Did these changes pose problems for teaching public sector management? They did (and still do), but we should endeavour to make some sense of the various reforms, especially from the perspective of understanding the roles of public sector organizations and institutions. It is understandable why there are a number of initiatives with the objective of taking stock of the reform initiatives.

The reforms in the Canadian public sector in the 1990s were influenced by the previous initiatives taken in the 1980s. The Conservative Government of Prime Minister Brian Mulroney had introduced the Agenda for Economic Renewal in 1984. It implemented measures designed to achieve privatization, deregulation and downsizing. However, while major initiatives were taken to reduce public spending, program spending was not significantly reduced.

The Chrétien government introduced stringent measures to reduce the deficit. Most significantly, it introduced Program Review, which we discussed earlier.

On the human resources side, the government introduced *La Relève* and established the Leadership Network. The Leadership Network was created to support the Public Service of Canada in meeting its challenge to become a borderless institution and a learning organization that recognizes, values and supports effective leaders at all levels. In doing so, the Leadership Network contributes to the building of an innovative and forward-looking public service that is necessary to help Canada and Canadians to meet the challenges ahead in the new millennium.



The organization was designed to meet its objectives:

- to enhance dialogue and flow of information between leaders at all levels within the public service;
- to ensure effective management of Assistant Deputy Ministers as a valued resource; and
- to assist groups within the Public Service of Canada in the continuous implementation of *La Relève*.

cies, regions, functional communities, the Public Service Commission, the Treasury Board Secretariat and the Canadian Centre for Management Development, and complements and supports existing networks. The Leadership Network is also responsible for supporting the corporate management of the Assistant Deputy Minister community.

The Network is a small, highly focused organization. All of its activities are therefore organized around a single business line. Three strategic objectives support the mandate of the department, as demon-

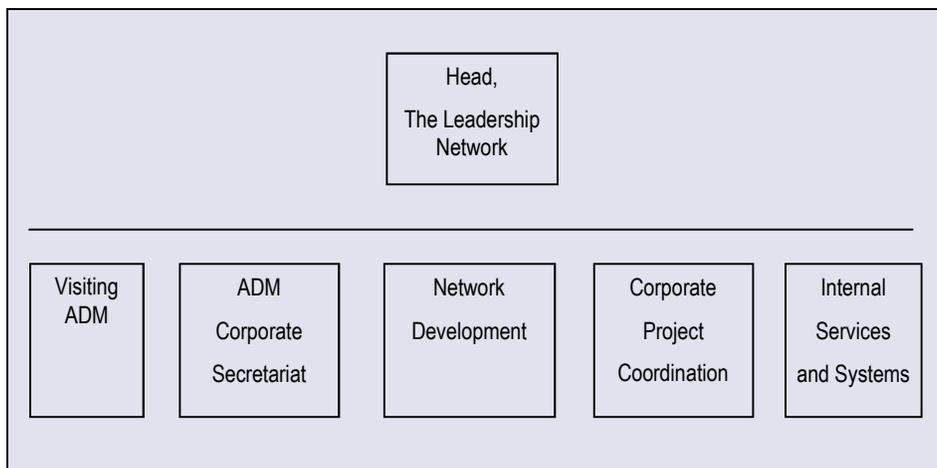


Figure 10: Organizational Structure of the Leadership Network

6.0 THE LEADERSHIP NETWORK

The Leadership Network supports the Public Service of Canada in meeting its challenge, as a knowledge-based organization, to become a borderless institution, and a learning organization. It is designated as a Division or Branch of the Public Service under the *Financial Administration Act* by Order in Council in June of 1998. The Leadership Network is designated as a department for the purposes of the *Public Service Employment Act*.

The mandate and mission of the Leadership Network are to promote, develop and support networks of leaders throughout the Public Service of Canada, and to assist them in the ongoing challenge of public service renewal – *La Relève*.

The Leadership Network develops close partnerships and horizontal links with departments, agen-

strated by our performance goals, summarized below.

To provide Canadians with:

- assurance that the Assistant Deputy Minister community is managed as a valued corporate resource, and that Deputy Ministers are provided with quality service to meet their needs in resourcing their Assistant Deputy Minister cadre;
- assurance that leaders at all levels within the public service have access to high-quality information and communication means through the development and implementation of effective human and technological networks; and



- assurance that the renewal of the Public Service of Canada is well supported and encouraged.

The Leadership Network's purpose is to enhance dialogue and flow of information between leaders at all levels within the public service, and to assist groups within the Public Service of Canada in a continuous implementation of *La Relève*.

In order to achieve these objectives, the Leadership Network will:

- Promote the emergence of new leadership networks and nurture existing networks using both effective traditional techniques as well as newly available electronic means.
- Build an on-line Leadership Information Service. This interactive Internet site will connect and support leaders at all levels of the Public Service. It will:
 - offer a one-stop, client-centered marketplace for leaders at all levels seeking information and analysis on the latest developments at the corporate level, professional and organizational development, new initiatives, best practices and achievements, leadership toolkits, and media coverage and trend analysis;
 - provide a meeting place for public servants to learn directly from each other and to build and nurture communities of interest; and
 - allow prospective leaders to self-identify through a process that is accessible, easy-to-use and permanent.
- Development partnerships with private and public sector organizations and associations to develop and distribute effective leadership materials and programs for self-study as well as group study and improvement of leadership styles and techniques.
- Provide tools that leaders can use. These

tools will take the form of books, information and study kits, CD-ROMs, videos and other multimedia products that make up a virtual showcase of the thoughts, ideas and action plans of thousands of public servants who are revitalizing an institution in which they take great pride.

- Sponsor and arrange workshops and other special events to promote greater use of the resources available to public service leaders everywhere.
- Provide support for the Clerk of the Privy Council as Head of the Public Service of Canada. The activity will include moving the messages of the Clerk of the Privy Council through a variety of media that promote the Public Service as an institution and its renewal from within.
- Build on the momentum and accomplishments of the Committee of Senior Officials (COSO), departments, agencies, federal regional councils, functional communities and the *La Relève* Task Force in leading public service renewal.
- Support Deputy Minister champions for the functional communities and heads of federal regional councils in the implementation of *La Relève* collective support initiatives.

7.0 COLLECTIVE MANAGEMENT OF ASSISTANT DEPUTY MINISTERS

In early 1997, work began on putting in place a collective management regime for the Assistant Deputy Minister (ADM) community, the objectives of which are:

- To meet the Public Service's need to have, at all times, a cadre of highly competent professional ADMs, representative of the population at large, which has the horizontal breadth of experience as well as the depth of knowledge, to meet the widest imaginable range of challenges facing the Government in serving Canadians.



- To meet the needs of DMs for highly qualified ADMs suitable for high performance top management teams so that DMs can fulfill their overriding responsibilities to their Ministers, and to Parliament and the public through their Ministers.
- To help ADMs to provide excellent service and leadership as the top professional level of the Public Service of Canada by encouraging superior individual performance, effective participation in the departmental team and strong corporate contributions to the Public Service as a whole, through improved career support, varied assignments and systematic advanced professional development.

Since that time, a number of significant changes have been made which enable the management of the Assistant Deputy Minister (ADM) community as a corporate resource.

These include appointment to level (new ADMS and current ADMs who opt in); a promotion process based on personal readiness; a greater variety of assignments; and access to personalized learning opportunities.

8.0 SOME CONCLUDING OBSERVATIONS

We have presented a longitudinal analysis of administrative reforms in Canada. In doing so, we have drawn on the work of traditional institutional analysis provided by J.E. Hodgetts and J.R. Mallory, among others. We have linked their work to more recent theoretical approaches outlined by Knott and Miller and March and Olsen. Their analyses suggest that we examine the broad institutional forces and coalition of interests which drive institutional and administrative reforms. There are both macro and micro organizational forces at work. When we deal with leadership we are also addressing issues affecting individual behaviour.

The study suggests that we draw on the work done by political scientists on political parties and on public administration scholars on organization behaviour within the public sector. We have also factored in the contributions of the administrative,

managerial science, and education professionals who have influenced the various reform movements. All of this has led us to the following conclusions.

The creation of new departments in the 1960s in response to an expanding economy and highly educated labour force should be compared with the environment of the 1980s and the 1990s. There were political management reforms designed to improve political control over appointed officials. James Thompson has outlined a framework for dealing with organizational changes at the institutional, managerial and technical levels of organization. It led to the use of interorganizational and network models of organizational behaviour which can be effectively used in improving our understanding of the public sector.²¹⁶

There are issues surrounding the development of new ideas and values and the manner in which they affect organizational change. Sir Geoffrey Vicker's Value System and Social Process has alerted us to the manner in which royal commissions and task forces can be used to effect changes in our "appreciative systems." Our study suggests that we should draw on these ideas in elucidating the general field of study labeled "administrative reforms."

The broad functional areas used by Professor J.E. Hodgetts to explain change and adaptation in the Canadian public sector should be critically appraised. It is interesting to note that the eight functional areas outlined in the Kim Campbell reform proposals in 1993 can be fitted into the five functional areas used by Hodgetts to explain over one hundred years of Public Service change and adaptation in Canada. The eight portfolios established or fundamentally re-designed were: (1) Human Resources and Labour, (2) Canadian Heritage, (3) Public Security, (4) Industry, (5) Natural Resources, (6) National Revenue, (7) Government Services, and (8) Health.

The above-mentioned changes demonstrate the trends in governments for the 1990s and beyond. We can relate these changes to earlier reforms in an endeavour to



demonstrate the dynamics of public sector management in Canada by the year 2000. In so doing, we can relate the eight portfolios to the five functional areas developed by J.E. Hodgetts which captured the evolution of the Canadian system between the 1860s and the 1960s. First, there is the public security and external relations area. The changes in the Solicitor General sphere can be related to the evolution of governmental activities from the Department of Justice to the Solicitor General in the 1960s.

Second, in the transport, communications and culture area, we can examine the role of the Department of Heritage which may be linked to developments since the 1920s in the transportation, broadcasting and cultural sphere. The role of the Aird Royal Commission (1928) may be mentioned in this regard.

Third, in the coordination of services for the public organization there are the Government Services and national Revenue portfolios. This may be related to the evolution of the Department of Finance and the Treasury Board.

Fourth, in the conservation, development and promotion of physical resources area there are the Industry and Science and the Natural Resources portfolios.

In the fifth area, the protection and development of human resources, there are the Human Resources and Labour and Health portfolios. The first Department of Health was created in 1917 – 1919.

Consequently, it is obvious that different combinations of governmental activities can be established by the Prime Minister. It is most important to examine the criteria by which this particular organizational configuration was effected.

Some useful insights to governmental reorganization can be gained from reviewing the work of Peter Self, Administrative Theories and Politics and Sir Richard Clarke, New Trends in Government,²¹⁷ among others. However, each reorganization must be seen within the context of government-

society relations. Stated differently, which environmental forces were most influential in the specific reorganization effected? Gerald Caiden's work on strategies for administrative reforms may be effectively employed in this analysis.²¹⁸

The reorganizations carried out in the public sector are indicative of changes taking place in the Canadian economy and society. In a similar vein, the values which drove economic management and welfare reforms in the 1940s must be reappraised and compared to those occurring in the 1990s. Two critical areas in public sector management reforms are personnel and budgeting.²¹⁹ It is important to note that they are driven by fundamentally different political and managerial forces.

The authors hope that this two-part paper stimulates further analyses of the role of prime ministerial leadership, the public service and administrative reform in Canada.²²⁰ This takes on special meaning given that 2008 marks the centenary of the creation of the Public Service Commission of Canada.

Editor's Note:

Part One of *Prime Ministerial Leadership, the Public Service and Administrative Reform in Canada* appears in Volume 1, Issue 4 of the *CSL Leadership Review*.



9.0 ENDNOTES

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209. Canada Privy Council Office, *Fifth Annual Report of the Clerk of the Privy Council and Secretary to the Cabinet on the Public Service of Canada* (Ottawa: Her Majesty the Queen in Right of Canada, 1998).
210. Reinhard Bendix, *Nation-Building and Citizenship: Studies of our Changing Order* (New York: Wiley, 1964); Reinhard Bendix, *Higher Civil Servants in American Society: A Study of the Social Origins, the Careers, and the Power Positions of Higher Federal Administration* (Boulder: University of Colorado Press, 1949).
211. Robert L. Heilbroner, *Twenty-First Century Capitalism: CBC Massey Lecture Series* (Concord, Ont.: Anansi, 1992).



212. See the earlier version of this paper, Dwivedi and Phidd, 1994. For a perspective on the 1961 and 1967 legislative changes to the *Public Service Reform Act*, see J.E. Hodgetts, *op cit*; and the *Public Service Reform Act* (1992). For the reorganizations that resulted from the Public Service Reform Act of 1992, see Canada Privy Council Office, *Second Annual Report of the Clerk of the Privy Council and Secretary to the Cabinet on the Public Service of Canada* (Ottawa: Minister of Supply and Services Canada, 1994); Canada Privy Council Office, *Third Annual Report of the Clerk of the Privy Council and Secretary to the Cabinet on the Public Service of Canada* (Ottawa: Minister of Supply and Services Canada, 1995).

213. a) For information on the new organizational structures, including the Food Inspection Agency, see Canada Privy Council Office, *Fifth Annual Report of the Clerk of the Privy Council and Secretary to the Cabinet on the Public Service of Canada* (Ottawa: Her Majesty the Queen in Right of Canada, 1998). For further elaboration on the transition associated with the recent public sector reforms, see J.E. Hodgetts, *op cit*. Gordon F. Osbaldeston, *Organizing to Govern* (Toronto: McGraw-Hill Ryerson, 1992). Peter Aucoin, *The New Public Management: Canada in Comparative Perspective* (Montreal: Institute for Research on Public Policy, 1995). Donald J. Savoie, *Thatcher, Reagan, Mulroney: in search of a new bureaucracy* (Toronto: University of Toronto Press, 1994).

b) Canada Privy Council Office, *Annual Reports of the Clerk of the Privy Council and Secretary to the Cabinet on the Public Service of Canada* (Ottawa: Her Majesty the Queen in Right of Canada, 1992-98).

214. Canada Privy Council Office, *Fifth Annual Report of the Clerk of the Privy Council and Secretary to the Cabinet on the Public Service of Canada* (Ottawa: Her Majesty the Queen in Right of Canada, 1998).

215. Canada Privy Council Office, *Notes for an Address by Jocelyne Bourgon, Clerk of the Privy Council and Secretary to the Cabinet* (Ottawa: First Annual Master of Public Administration Banquet, Carleton University, March 13, 1998).

216. James Thompson, *Organizations in Action*.

217. Peter Self, *Administrative Theories and Politics*, and, his most recent work, *Government by the Market?: The Politics of Public Choice* (Westview Press, 1993).

218. G. Caiden, *Strategies for Administrative Reform and Administrative Reform Comes of Age*.

219. T.W. Plumptre, *Beyond the Bottom Line: Management in Government* (Halifax: IRPP, 1988).

220. Patrick Grady and Richard Phidd have reviewed some of the forces, both international and domestic, which have driven economic and financial management reforms. This paper suggests that we examine administrative reforms in a similar manner. There is no doubt that a significant amount of research needs to be conducted in this area.



10.0 APPENDICES

10.1 Appendix 1: Fiscal and Managerial Changes between 1960s and 1990s

We can capture selected fiscal and managerial changes between the 1960s and 1990s by critically reviewing the following:

The 1960s

- The Glassco Commission, 1962;
- The Special Planning Secretariat in the Privy Council Office (Pearson, Kent);
- The Reform of the Cabinet Committee System, 1968-1994;
- Planning, Programming and Budget Systems. The Program Guide, 1969.

The 1970s

- The Oil Shocks, 1973-1975, the price increases, the 1975 Budget and its fiscal impact;
- The Report of the Auditor General, 1976;
- The Lambert Commission, 1979;
- The Government's Response, Accountable Management, 1979; and
- The Privy Council Office Response, the Policy and Expenditure Management System, 1981.

The 1980s

- "Economic Development for Canada in the 1980s";
- Agenda for Economic Renewal, 1984;
- The new Mulroney Cabinet Committee System, 1989; and
- The Deficit Reduction Strategy, 1984-1994.

The 1990s

- The Expenditure Control Plan, 1990-1994;
- The Paul Martin Budgets and the Expenditure Management System, 1995;
- PS 2000 Task Force recommendations and the reform of the Financial Management System between the 1990s and 2000;
- Program Review, 1994;
- The new Expenditure Management System, 1995;
- The 1996 Budget implementing Program Review;
- The 1997 Budget and the project elimination of the deficit;
- Getting Government Right, submitted with the 1997 Budget;
- The 1998 Paul Martin Budget; and
- The debate over the fiscal dividend.

2000 and Beyond

- The Fiscal Agenda, 2000 and Beyond (The Role of the State).

10.2 Appendix 2: Priorities: The 1960s to 2000 and Beyond, and the Debate over the Fiscal Dividend

See P. Grady and R. Phidd, *Budget Envelopes, Policy-Making, and Accountability*, 1993. They identified the following (expanded between 1993 and 1997):

- The Glassco Commission, 1962;
- The Reform of the Cabinet Committee System, 1968-1994;
- The 1973 Oil Shocks and the 1974 and 1975 Budgets;
- Mandatory Wage and Price Controls, 1975-78;
- The Report of the Auditor General, 1976;
- The Lambert Commission, 1979;
- The Government's Response, Accountable Management, 1979;
- The Privy Council Office Response, The Policy and Expenditure Management System (PEMS), 1981;
- Reorganization for Economic Development, January 12, 1982;
- Economic Development for Canada in the 1980s, 1982;
- Agenda for Economic Renewal, 1984;
- The New Mulroney Cabinet Committee system, 1989;
- 1989, PS 2000 Task Force recommendations and the reform of the personnel and financial management systems between the 1990s and 2000;
- The Deficit Reduction Strategy, 1984-1993;
- The Expenditure Control Plan, 1990-93;
- The Paul Martin Budgets, 1994, 1995, and the Expenditure Management System, 1995;
- Program Review, 1994-1997;
- The New Expenditure Management System, 1995;
- The 1996 Budget, Implementing Program Review;
- The 1997 Budget and the Project Elimination of the Deficit;
- Getting Government Right, submitted with the 1997 Budget; and
- The New Fiscal Agenda, 1997-98 to 2000 and Beyond.

In reviewing the above, we should identify the major shifts which have occurred in the role of the Government of Canada in fiscal planning. Fiscal policy deals with the effects of revenue and expenditure decisions on the economy. The following diagrams, charts and tables describe the priority-setting process for the Government of Canada for the period between the 1960s and the 1990s.



10.3 Appendix 3: Canada 2005: Toward a Model of Canadian Public Sector Reforms: The Reports of the Clerk of the Privy Council

In accordance with the *Public Service Employment Act*, the Clerk of the Privy Council is required to present an annual report to the Prime Minister on the Public Service of Canada. It has led to a significant change in the way we look at the Public Service. There is the repetition of the concept of the whole Public Service. It's a concept not well understood in North America for historical and ideological reasons. Three Clerks of the Privy Council have submitted reports: Paul Tellier, Glen Shortliffe, and Jocelyne Bourgon. Prior to their assuming position of the Clerk of the Privy Council, all three had been Deputy Ministers of Transport Canada. The Department of Transport provides an illustrative example of industrial change. Several books on organization theories have pointed to the fact that the transportation industry was most illustrative of rapid industrialization. Its history during the twentieth century provides excellent examples of industrial organizational change and adaptation. Several senior officials in the Department of Transport have argued that the transportation industry in Canada had matured and could be opened up to global competition. This led to significant change. The reorganization of the Department of Transport between the 1970s and the 1990s should be examined within the above context. Several Deputy Ministers of the Department of Transport have pointed to the significance of its transition (see separate study, Department of Transport).

The five annual reports of the Clerks of the Privy Council present a story of significant public service change and reform. The first report dealt with progress made on the Task Force PS 2000. In the second report, Glen Shortliffe reviewed the manner in which the Public Service had changed since he joined it. Jocelyne Bourgon has been responsible for the third, fourth, and fifth annual reports. An element of strategic planning has begun to emerge in the reform of the Public Service, especially with respect to human resources. The fiscal side of planning has been relatively blind to the limited life span of human resources, albeit in the private sec-

tor, public sector and the universities. There are the prospects of shortages in the future. What then have the Clerks of the Privy Council been saying?

The *First Annual Report by the Clerk of the Privy Council and Secretary to the Cabinet of the Prime Minister* expressed concern with the reduction of program resources and the imbalances experienced between management and labour in the public service. The Clerk of the Privy Council also stressed the importance of *Councils for Change* as departmental for which all levels of government could be involved in shaping improvements in human resource management while identifying the importance of improved service to the public. *The Second Annual Report to the Prime Minister* began to interpret Canadian administration in terms of the global environment. In so doing, Glen Shortliffe drew comparisons to such countries as France and New Zealand in which distinctive models of public sector reform have evolved. In addition, *the Second Annual Report by the Clerk of the Privy Council* identified the dramatic budgetary shift that has been experienced by departments during the 1990s in contrast to the significant expenditures that were characteristic of the government during the 1950s, 1960s, and 1970s. Pursuant to the reduction of governmental spending, information technologies are being more widely employed in order to reduce regional disparities. [*The Third Annual Report by the Clerk of the Privy Council (and Secretary to the Cabinet to the Prime Minister)* isolated two distinct phases of reform in the period between the 1980s and the 1990s, the early 1980s to the early 1990s, and the early 1990s to 1996 (2000 and beyond). Accordingly, the 1980s saw a new period of reforms.] In her report in 1995, Jocelyne Bourgon also suggested that the four most critical determinants of change were globalization, new technologies, program and service delivery, and fiscal pressures. *The Fourth Annual Report by the Clerk of the Privy Council* continued to stress the importance of globalization, while suggesting that the government's resources could serve Canadians more effectively through policies which sought economic, social, and political unity. The most recent annual reports have introduced an



element of strategic planning and a holistic approach to looking at the Public Service of Canada. They have raised the issue of governance in democratic societies. The *Fourth Annual Report* on the state of the public service identified the importance of a strong policy capacity therein, as well as the need for accommodating long-term policy trends when addressing current issues. Finally, the Clerk of the Privy Council recommended the creation of a modern and vibrant public service in accordance with the *La Relève* initiative. The *Fifth Annual Report by the Clerk of the Privy Council* identifies a distinctively Canadian model of public sector reform. The Report reiterates the need for a mid to long term policy process and describes the recent Project 2005 framework for reform. The four-tier addresses such issues as growth, human development, social cohesion and global challenges and opportunities. This issue will be addressed at greater length in a later paper. As indicated, the Canadian model emphasizes the importance of well-performing organizations, a professional public service, the performance of complementary roles by politicians and professional public servants, and it places strong emphasis on providing services in the public interest.

10.4 Appendix 4: The 1998 Roundtable: Some Canadian Perspectives on Administrative Reforms: Can We Identify Distinctively Canadian Ones?

We can capture selected dimensions of Canadian reforms by reviewing selected authors such as Hodgetts, Osbaldeston and Savoie, among others.

J.E. Hodgetts' functional typology of government activities between 1867-1970 and Kim Campbell's functional typology, 1993, can be used as focal points for analysis. Both approaches identify major themes with respect to the role of the government. Gordon Osbaldeston, a former Clerk of the Privy Council, has presented an analysis of public sector organizational change between 1945 and 1990. There is Osbaldeston's policy streams approach. In *Organizing to Govern*, he focused on departments such as Industry, Trade and Commerce, Regional Economic Expansion, Labour, Employment and Immigration, Regulation of the Marketplace, and Organizing and Governing. Osbaldeston's work covered similar departments examined by Phidd and Doern in 1978. We should also include the contributions by Savoie, Aucoin, and others, on the most recent reforms taking place. They have focused on the most recent reforms. However, the approach outlined here suggests a longer term approach to reform analysis. How have Canadian scholars dealt with reforms? Can we identify a Canadian approach? We can do so by briefly reviewing some of the main concepts associated with this new literature, especially from the perspective of Canadian reform analyses. Are there distinctive patterns in the Canadian literature with respect to the following influential authors:

Gordon Osbaldeston;

J.E. Hodgetts;

S. Bourins; and

D. Savoie, among others.

How does the Canadian approach relate to the comparative literature on administrative reforms discussed elsewhere; for example, the Commonwealth



Association for Public Administration and Public Management, among others? We have also reviewed the work of selected academic scholars in this area. Donald Savoie's work has really gone comparative and he has suggested that the Canadian approach should become comparative. To this end, the Canadian literature should be placed in comparative perspective.

Some analysts have focused on selected areas such as organizational, public service, and administrative reforms as distinct dimensions. By way of illustration, Gordon Osbaldeston has focused almost exclusively on the economic policy making departments which he lists as policy streams. Osbaldeston's analysis dealt with the Pearson-Trudeau reforms. The study was critical of the role performed by politicians in effecting political and administrative reforms. It is most interesting in this regard. His observations may be compared to the *Fifth Annual Report of the Clerk of the Privy Council*.

10.5 Appendix 5: The Annual Reports of the Clerk of the Privy Council (2001)

- Wednesday, 4 April 2001

National Current Affairs

Prime Minister Jean Chrétien has announced the creation of the Task Force on Modernizing Human Resources Management in the Public Service.

Ranald Quail, Deputy Minister of Public Works and Government Services, has been appointed Senior Advisor to the Privy Council Office and will head the Task Force. The Task Force will recommend a legislative and institutional framework for the management of the federal public service.

- Prime Minister Announces Formation of Task Force on Modernizing Human Resources Management in the Public Service

April 3, 2001

Ottawa, Ontario

Prime Minister Jean Chrétien today announced the formulation of the Task Force on Modernizing Human Resources Management in the Public Service. The Prime Minister also confirmed that the Honourable Lucienne Robillard, President of the Treasury Board, will be the Minister responsible for the reform of human resources management in the Public Service.

The Prime Minister has appointed Ranald A. Quail, currently the Deputy Minister of Public Works and Government Services Canada and Deputy Receiver General, as Senior Advisor to the Privy Council Office to head the Task Force, which will report to Mr. Mel Cappe, Clerk of the Privy Council, Secretary to Cabinet and Head of the Public Service. This appointment is effective Monday, April 9, 2001. The Task force will support the Honourable Lucienne Robillard as Minister responsible for human resources management reform.

"For generations, Canadians have been well served by a public service which is committed to excellence," the Prime Minister said.

"As I indicated in my replies to both the Speech from the Throne and the Clerk's *8th Annual Report*



on the *Public Service of Canada*, the Government is committed to ensuring that future generations of Canadians can count on a public service that is innovative, dynamic and reflective of the diversity of the country. To that end, the Government will take all the steps necessary to ensure that we continue to have the talent necessary for a public service that is committed to excellence. And we will make the necessary reforms to modernize the public service for the requirements of the 21st century.”

Over the years, there have been a number of reports which have common themes with respect to improving human resources management in the Public Service:

- there is a need for clarity in roles of the players on human resources management;
- managers must have a greater responsibility for human resources management; and
- there is a need to improve the efficiency of the system and ensure fairness in the treatment of employees.

The mandate of the Task Force is to recommend a modern policy, legislative and institutional framework for the management of human resources, to enable the Public Service to attract, retain and develop the talent needed to serve Canadians. The work of the Task Force will be guided by the values of merit, non-partisanship, representativeness and competence. The Clerk will also draw on the advice of an External Advisory Group that will comprise expertise from the private, public and academic sectors.

A biographical note for Mr. Ranald A. Quail and a backgrounder are attached.

BACKGROUNDER

TASK FORCE ON MODERNIZING

HUMAN RESOURCES MANAGEMENT IN THE PUBLIC SERVICE

In the January 2001 Speech from the Throne, the Government “committed to the reforms needed for the Public Service of Canada to continue evolving and adapting. These reforms will ensure that the Public Service is innovative, dynamic and reflective

of the diversity of the country—able to attract and develop the talent needed to serve Canadians in the 21st century.”

In the 8th Annual Report to the Prime Minister on the Public Service of Canada, tabled in Parliament on March 30, 2001, the Clerk of the Privy Council signaled the move from an “incremental approach to reform to a more fundamental reform of the legislative framework for human resources management in the Public Service.”

Modernization of the laws and structures governing human resources management in the Public Service is being undertaken to enable the Public Service to become a modern, people-centred institution which serves Canadians effectively in an economy and society based on knowledge.

The current laws and rules which cover how people are managed in the Public Service are neither flexible nor responsive enough to allow the Public Service to compete for and retain the talent needed in today’s knowledge economy, and to replace those planning to retire over the next decade.

The Public Service of Canada has evolved over the years to respond to changing circumstances. In 1918 a three member Civil Service Commission was established and made responsible for recruitment, organization, classification, compensation, promotion and transfers of personnel.

The next significant reforms were in 1961 and 1967 with the update of the Civil Service Act and the introduction of the *Public Service Employment Act*, which governs appointment to the Public Service; the *Public Service Staff Relations Act* which introduced collective bargaining, and amendments to the *Financial Administration Act* which designated the Treasury Board as the employer.

In the 1990s, PS2000 led to some changes to the *Public Service Employment Act* and *La Relève* introduced changes within the existing laws and structures. Throughout the decade, deputy ministers became increasingly engaged in human resources management.

Recently, such concerns have been brought forward by:



- the Auditor General (Chapter 9, April 2000 Report and his Capstone Report, 2001);
- the Fryer Committee (Advisory Committee on Labour Management Relations in the Federal Public Service);
- Committee of Senior Officials (COSO) subcommittees; and
- the Strong Committee (Advisory Committee on Senior Level Retention and Compensation—Third Report—December 2000).

Previously, calls for reform came from:

- Glassco (Royal Commission on Government Organization, 1962);
 - Lambert (Royal Commission on Financial Management & Accountability, 1979);
 - D'Avignon (Special Committee on the Review of Personnel Management and the Merit Principle, 1979);
 - Public Service 2000 (1990); Hynna (Consultative Review of Staffing, 1996); and,
 - *La Relève: A Commitment to Action* (1997).
-

10.6 Appendix 6:

Clerks of the Privy Council Office and Secretaries to the Cabinet

March 28, 1994—January 17, 1999

Jocelyne Bourgon

January 18, 1999—

Mel Cappe

Deputy Ministers of Finance

August 1, 1992—July 13, 1997

David A. Dodge

July 14, 1997—March 19, 2000

Scott Clark

March 20, 2000—

Kevin Lynch

Chairmen and Presidents of the Public Service Commission of Canada

May 9, 1994—June 20, 1999

Ruth Hubbard

July 1, 1999—

Scott Serson

Commissioners of the Public Service Commission of Canada

October 10, 1990—October 9, 2000

Ginette Stewart

July 4, 1996—October 17, 1999

Mary Gusella

July 17, 2000—

Michelle Chartrand

May 14, 2001—

Nurjehan Mawani

Presidents of the Treasury Board

September 17, 1984—August 26, 1987

Hon. Robert René de Cotret

August 27, 1987—March 30, 1988

Hon. Don Mazankowski

March 31, 1988—September 27, 1988

Hon. Patricia Carney

September 28, 1988—December 6, 1988

Hon. Michael Holcombe Wilson (Acting)

December 7, 1988—January 29, 1989

Hon. Douglas Grinslade Lewis (Acting)

January 30, 1989—September 19, 1990

Hon. Robert R. de Cotret

September 20, 1990—November 3, 1993

Hon. Gilles Loiselle

November 4, 1993—January 24, 1996

Hon. Art Eggleton

January 25, 1996—August 2, 1999

Hon. Marcel Massé

August 3, 1999—

Hon. Lucienne Robillard

Secretaries of the Treasury Board

May 9, 1994—November 10, 1995

Robert Giroux

December 18, 1995—March 19, 2000

V. Peter Harder

April 10, 2000—

Frank Claydon

Authors:

Richard Phidd: Dr. Richard Phidd is the former Chair of the *Leadership Challenge Conference*. A veteran Professor of Political Science at the University of Guelph, he has written widely on the many aspects of public administration and the politics of management. His current research interests include economic policy-making and management in Canada, including the study of public and private sector relations. A much sought after expert in public administration, he is a consultant to governments on several continents. Dr. Phidd is an Associate of the *Centre for Studies in Leadership*.

O.P. Dwivedi: Dr. O.P. Dwivedi is Professor Emeritus – Political Science, at the University of Guelph. He has authored over 100 books and journal articles. His area of research includes such subjects as environmental policy and law, development administration, administrative culture, corruption and public service ethics; and his geographic area of research spans countries such as Canada, USA, Papua New Guinea, India, Mauritius, and various developing nations. In 2000, the United Nations, Department of Economic and Social Affairs, New York, appointed him a member of its Group of Experts on Globalization and the State for two years. He was awarded The Order of Canada and is listed in the Canadian “Who’s Who.” Dr. Dwivedi is an Associate of the *Centre for Studies in Leadership*.

