

Canadian Politics and Public Policy

Policy

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*Canadian Politics and
Public Policy*

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From the Editor / L. Ian MacDonald

Public Service in the Digital Age

Welcome to our special issue on the public service in the Digital Age, which we are publishing in partnership with the Public Policy Forum, one of Canada's leading independent think-tanks. Several of the articles in the cover package are drawn or adapted from papers or presentations for the PPF's work on the public service in Canada, at both the federal and provincial levels of government.

Contributing Writer Kevin Lynch, a former Clerk of the Privy Council, sets out the daunting challenges facing the public service in the "new global normal" of change. He enumerates five global trends that are re-shaping our world: Globalization, technology, energy, demographics and governing/governance. "The bottom line," he writes, "is that change is the new constant, adaptation the new necessity, and short-termism the new risk."

University of Toronto's Mel Cappe, also a former Clerk of the Privy Council, writes of supply and demand for ideas and evidence in public policy. "Quality public policy," he concludes, "requires a fine understanding of the nature of the problems that afflict us, of the impacts of alternative policies and analytic basis for informing public policy."

PPF President and CEO David Mitchell looks at re-branding the public service and asks how it can become an employer of choice for a new generation of Canadians. The PPF's Sara Caverley gives us a Top 10 List for leadership in the public service.

Don Lenihan of Canada 2020 has spent the better part of his career working on public engagement in the public policy process. He was appointed by Ontario Premier Kathleen Wynne to chair a panel to make On-

tario "the most open and transparent government in the country." Lenihan writes that "citizens and stakeholders can bring all kinds of knowledge and experience to the table that can greatly enhance a government's ability to make decisions."

Sandra Papatello, now a senior executive at PwC in Toronto, sat at the Ontario cabinet table for 10 years, including as industry and trade minister, which gave her a window on global markets. Papatello references a PwC-PPF report *Agile government: Responding to citizens changing needs*. An overwhelming majority of public servants participating in the survey thought government could be more agile and less risk-averse.

Terry Stuart, head of innovation at Deloitte Canada, considers the challenges of disruptive innovation. As he writes: "The development and application of advanced technology is accelerating at such an exponential rate that people have difficulty coming to grips with the sheer pace of change."

Madelaine Drohan, Canada correspondent for *The Economist* and Prime Ministers of Canada Fellow at the PPF, writes of the explosion of social media and Internet platforms in the news media. The 24/7 news beast has revolutionized the media business, particularly with regard to public policy. But the problem, she writes, "is not too little journalistic output but too much, and the seeming impossibility of being able to sort through it all."

Dale Eisler, senior fellow at University of Regina's Johnson Shoyama School of Public Policy, offers a case study of First Nations and public policy, citing a legacy of failure with blame shared all around. "It is abundantly obvious," Eisler writes, "that public policy

has failed not only First Nations and aboriginal people, but by extension Canadian society at large."

In a Guest Column, former TD Bank Group CEO Ed Clark, recently chair of an Ontario task force on crown corporations, writes that governments "face harder choices in this age of austerity." And in a Verbatim, Caisse de Dépot CEO Michael Sabia asks, "what sets people apart as leaders, in government and in the private sector?"

In our *Canada and the World* section, our lead political writer, Robin Sears, looks at Alberta after the political earthquake. Alberta voters returned a stunning NDP majority government led by Rachel Notley, whose optimism and common sense won voters over, and whose debate performance proved to be a big moment. While she had a lot of help from Conservative stumbles, Notley won the election on her own. "Notley has another asset that is almost unheard of in Canadian politics," Sears writes. "She owes no one anything. This is her victory; not the party's." Now for the hard part—governing.

From London, Contributing Writer Andrew MacDougall considers another stunning political outcome—the majority victory of David Cameron's Conservative government. But now, he writes, Cameron faces two big issues—Scotland and devolution as well as Europe and whether the UK should remain in the EU.

Finally, on the important issue of rail safety, Railway Association of Canada President Michael Bourque recommends that rail safety oversight legislation be amended so that railways can install video and voice systems in locomotive cabins to improve safety.

Enjoy your summer reading on the dock. See you in September. **P**

Canada's Public Service and the New Global Normal of Change

Kevin Lynch

In a world in which constant change is the new normal, Canada must decide whether to be an early adapter and disruptive innovator or be left behind. Among the trends reshaping our world, we need to manage globalization, technology, energy, demographics and governing, all of which demand ingenious policy-making.

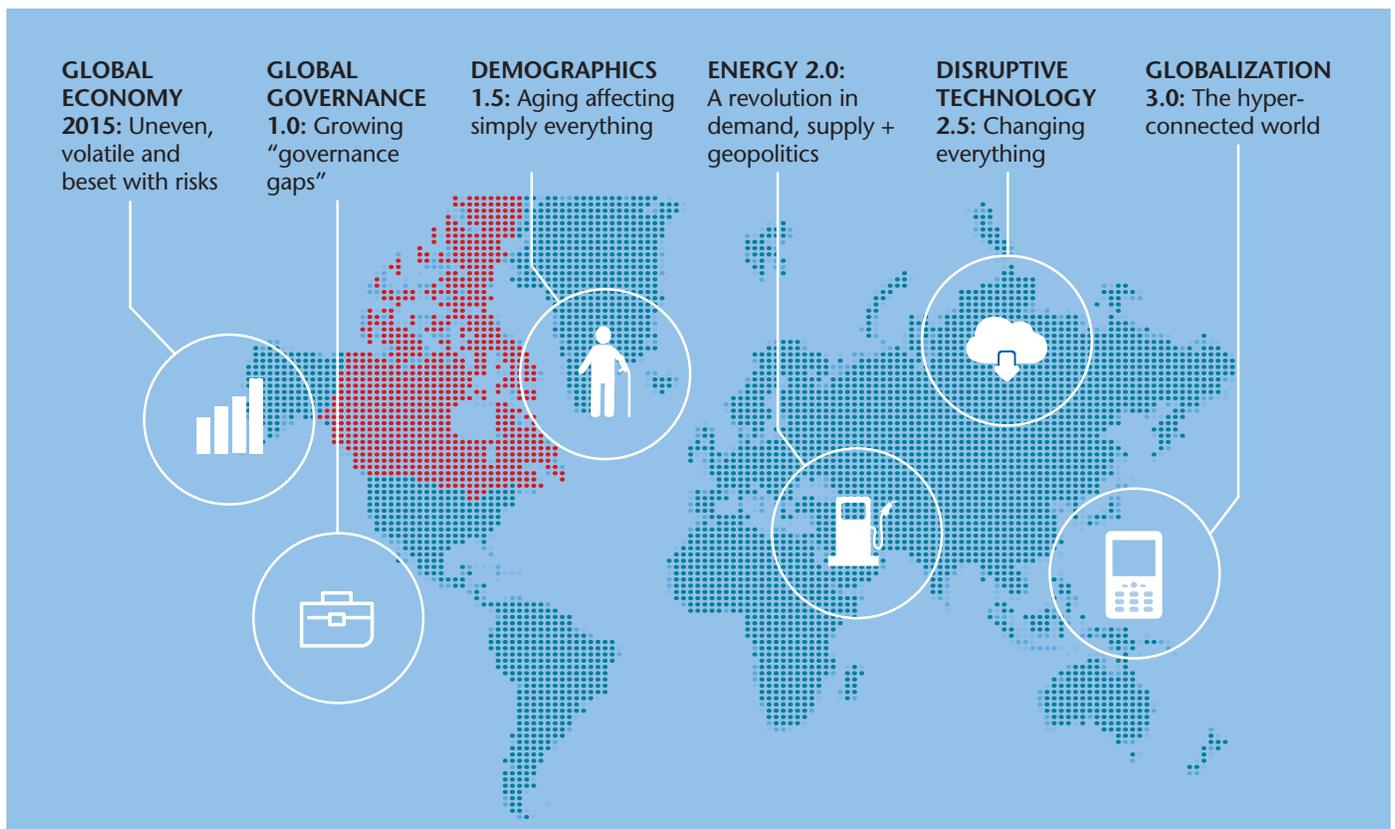
One key factor shaping policy making in the 21st century is the reality that change is now an unrelenting constant. Consider Tom Goodwin's prescient observation (Techcrunch.com, March 2015): "Uber, the world's largest taxi company, owns no vehicles. Facebook, the world most popular media owner, creates no content. Alibaba, the most valuable retailer, has no inventory. And Airbnb, the world's largest accommodation provider, owns no real estate. Something interesting is happening." Indeed it is. Disruptive innovations and globalization are at its core and no sector, including government and public

services, is immune to its impact.

Global trends (Chart 1) are literally reshaping our world, creating a new global normal, and rendering status quo planning a questionable long-term strategy for all firms, in all sectors. But, they are also challenging the status quo in governance, in education, and in public services. Consider these systemic trends:

1 Globalization 3.0 A hyper-connected, two-speed world—with slower growth in developed economies and rapid growth in developing countries—but with rising nationalism and parochialism.

CHART 1: Global trends are fundamentally reshaping our world, including governance and public services. Change is the new constant, adaptation is the new necessity, short-termism is the new risk.



Global governance gaps are growing, not diminishing, in our G20 world. As a mid-sized, very open economy, our self-interest should be more engaged in strengthening global rules-of-the-game. Equally, Canada’s need for trade diversification is self-evident but effective government and business action to that end is not.

- 2 **Technology 2.5** A knowledge intensive world appears headed for a new technology inflection point, with “disruptive innovations” to follow in many sectors. Early and effective adapters will be disproportionate winners. But does Canada have the technology capacity, management skills and entrepreneurship culture to be a disruptor and early adapter, or simply be among the disrupted and a late follower? And, who is worrying about which outcome it will be?
- 3 **Energy 2.0** A revolution in energy supply (technology) and energy demand (2-speed world) is reshaping economies, comparative

advantage and geopolitics. How do we establish the social licence to increase our energy security of demand through diversification to Asia and beyond? Where does the environment fit in the energy revolution, and where is Canada’s national strategy for both energy and the environment?

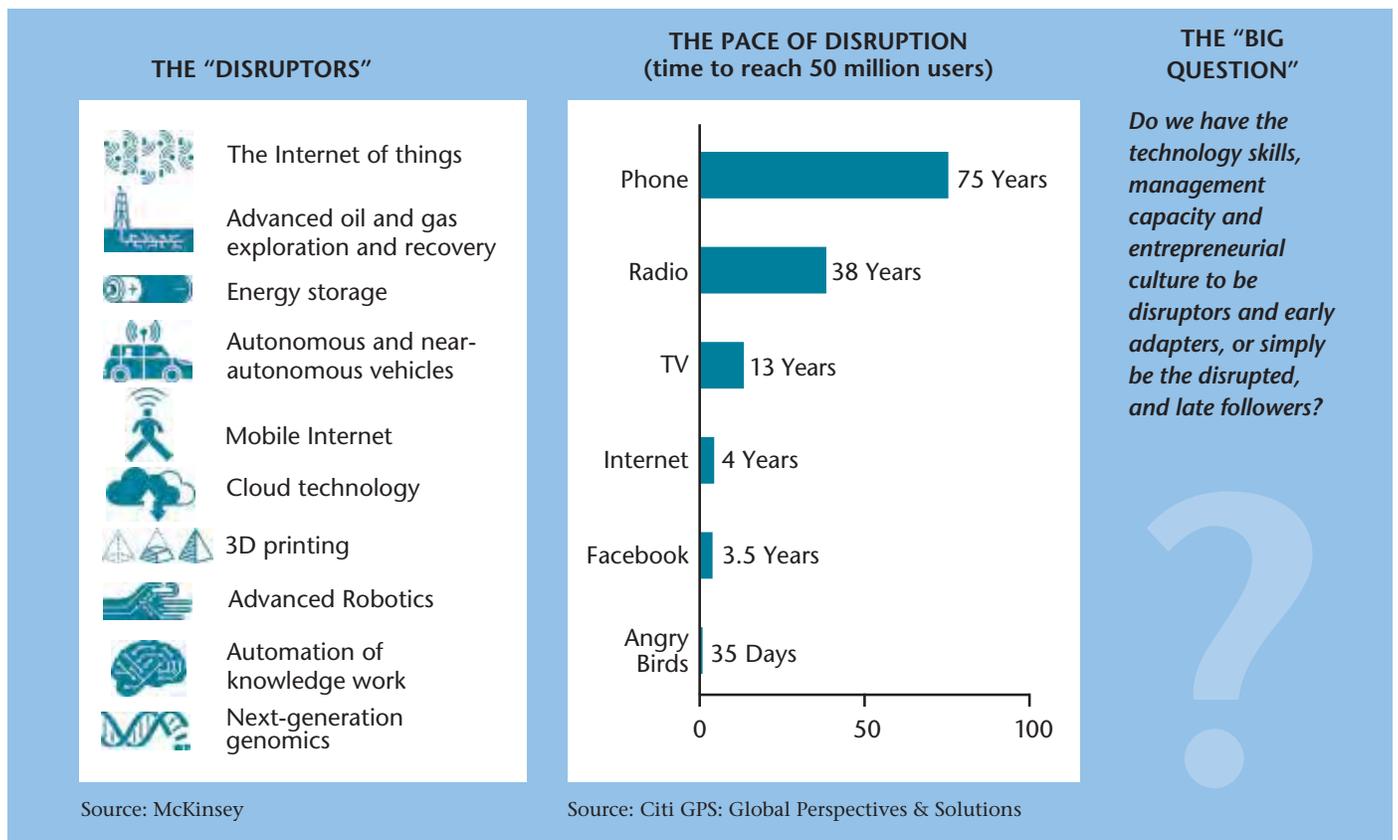
- 4 **Demographics 1.5** An aging population in the West, and now China, is reducing long-term potential growth and putting a premium on talent. But it is also, somewhat paradoxically, shifting political priorities to health and other age-related spending at the expense of education. The only “growth antidotes” to aging are immigration, education and labour force flexibility, and yet what are we doing to mitigate the pervasive economic (and societal) impacts of aging?
- 5 **Governing 1.0** The process of governing and governance in the new global normal faces the contradiction of hyper-connected world markets for goods, capital, tal-

ent, culture, communications and ideas, which know no borders, and today’s sovereignty, which begins and ends with national borders. In attempting to govern past the border to establish and enforce global ‘rules-of-the-game,’ are the international institutions established after the Second World War, from the UN to the World Bank, up to the task? How have these forces of change affected how we govern within our borders? How well are our institutions of governance adapting?

The bottom line of the “new global normal” is that change is the new constant, adaptation the new necessity, and short-termism the new risk. Let’s examine these trends and their implications for governance further.

First, a globalization reality check for Canada. Despite our national myths, Canada is neither a trading nation nor a nation of traders. The reality in a two-speed world is that 90 per

CHART 2: Technology is at an inflexion point, again, and disruptive innovations will result—early adapters will reap disproportionate gains.



cent of our trade is still with the slow growth (OECD) economies, the highest share by far in the G7; nearly 50 per cent of our Canada-US trade is intra-firm not through markets; only 10 per cent of our SMEs trade globally; and, excluding energy, our share of US imports has declined substantially since 2000 (from 18.5 per cent in 2000 to 12.5 per cent in 2012). We need to remember that China, even growing at 6.5 per cent, now adds more to global demand than the United States expanding at three per cent, and yet China accounts for less than 5 per cent of our exports. All in all, not a pretty picture of a medium-sized, open economy that relies on global trade and investment to grow and prosper.

But what are we doing to correct this? We lack a free trade agreement with China (unlike Australia and New Zealand). We lack access for our oil and gas exports to any market other than the US, which is becoming net energy self-sufficient and our energy competitor. We lack a culture of ex-

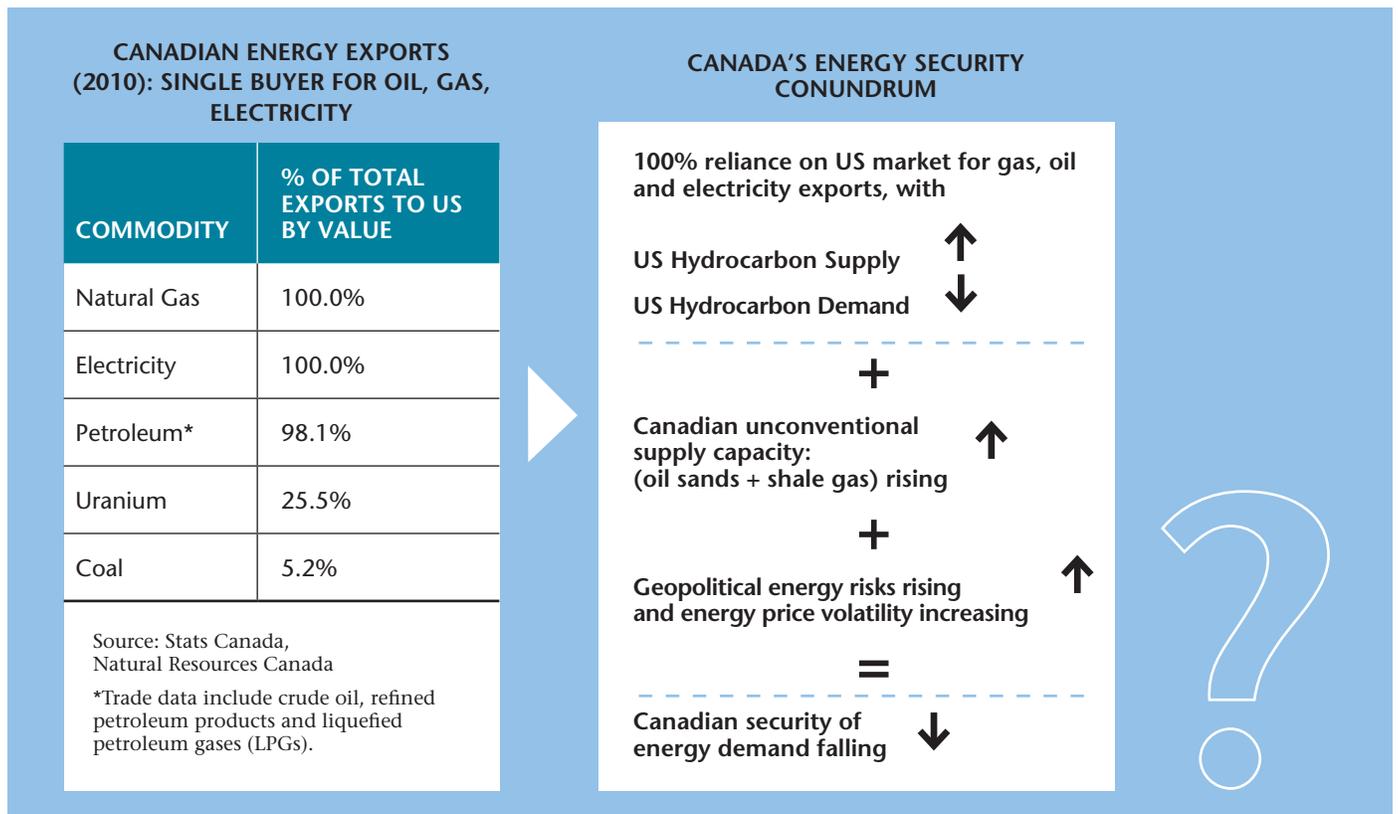
porting in our SMEs, which limits their (and Canada's) growth potential. We lack a productivity and innovation culture in our private sector, which limits our competitiveness as a country, and we have created uncertainty about our foreign investment rules at a time when we need foreign capital and the expertise, networks and access it brings. Not exactly a strategy geared for trade and investment success.

On the technology front, the pace and scale of change is picking up, not slowing down, and we ignore at our peril the old adage that objects in the rear view mirror are closer than they appear (Chart 2). In *The Second Machine Age*, authors Erik Brynjolfsson and Andrew McAfee argue that technology is at another inflection point, driven by big data, big computing power, big analytics and adaptive machine learning. Whether it is the Internet of things, autonomous vehicles, mobile Internet, cloud technology, advanced robotics, 3D printing, next generation genomics or advanced

energy generation, this “second machine age” will transform the nature of work, alter who does the work and accelerate the pace of everything we do (to reach 50 million users, TV took 13 years, the Internet trimmed it to four years, Facebook was just over three years, and Angry Birds took only 35 days). But Canada today lacks the focus on break-through research, entrepreneurial culture and constant innovation that attracts talent and capital and networks.

Despite government rhetoric characterizing Canada as an “energy superpower,” the reality is an energy rich country with a growing energy security problem. Our energy insecurity (Chart 3) is demand—not supply—generated. We have a single market for our oil and gas exports—the United States—and it is becoming our competitor rather than an unlimited buyer of our growing energy capacity as we have long assumed.

CHART 3: The Canadian “energy security conundrum”—our biggest (and only) energy market becomes our newest competitor while all energy demand growth is in markets we do not serve. The result: growing Canadian insecurity of energy.



The solution is pretty straightforward—diversification to the rapidly growing energy consumers in Asia, particularly China, is key. But we lack the national energy strategy, broad-based leadership and social licence to achieve this and turn Canada’s enviable energy potential into a reality. We need to shift from parochial debates on “projects and private interest” to a national dialogue on “the public interest” in our energy future, and what it will take to achieve this. Leadership is essential in managing change on this scale as the free trade debate nearly 30 years ago so clearly demonstrated.

Aging demographics affects everything. By 2030, there will be no net population growth from Canadian residents, only by net immigration. By 2020, people old enough to leave the labour market will outnumber those old enough to join it. And the impacts of aging are pervasive and profound:

- Canada’s long-term GDP growth rate will shrink, and its public finances will be strained by this slower growth and age-related expenditures

- Labour policies will confront too few people for new types of jobs, rather than not enough jobs for available workers
- Demand for education seats will decline, demand for hospital beds will increase, and demand for housing will shift
- Policy priorities may differ

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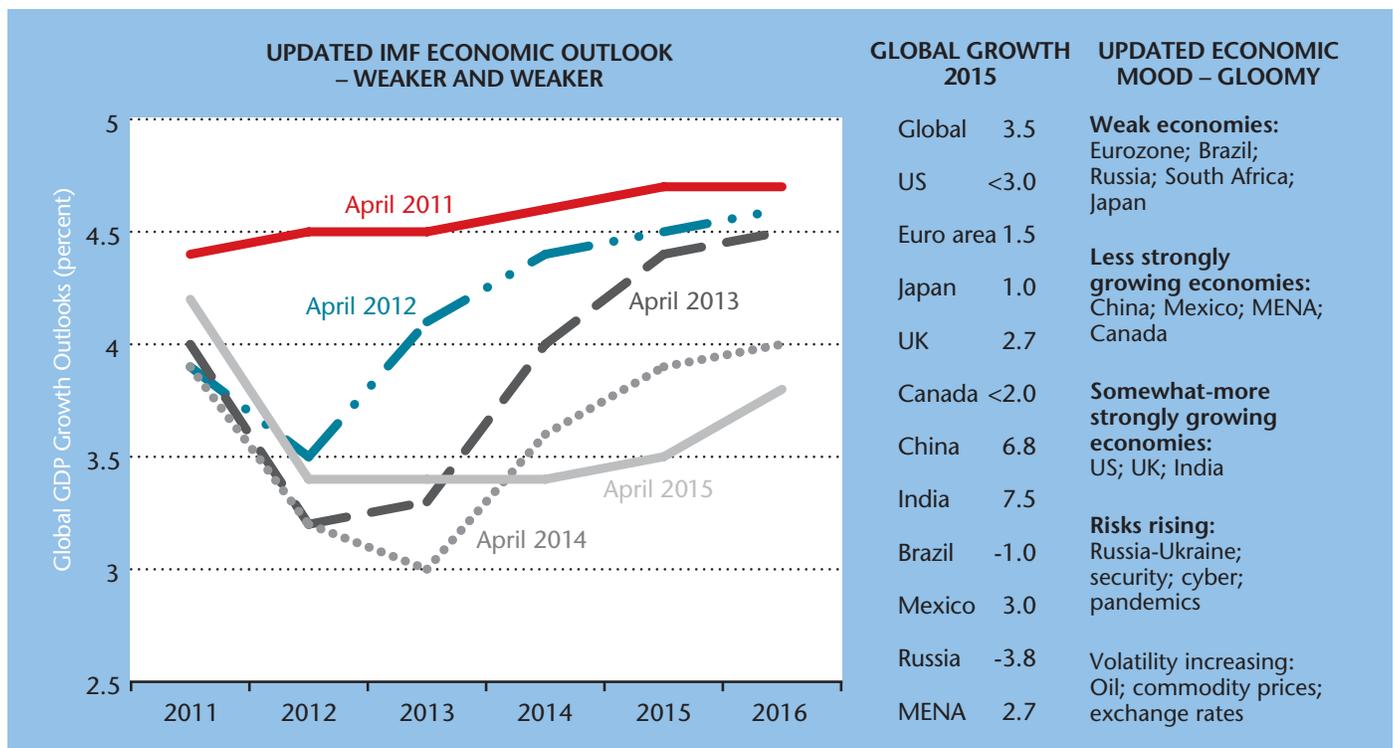
Canada is not unique among Western countries in confronting an aging population. What we should be is uniquely skilful in how we deal

with these issues. And yet, while the challenge is clear, the strategic planning by governments is less than evident. This is surprising, as it is one thing to be caught unawares by unexpected events and quite another to miss clear trends.

Governing, governance and public services are being impacted by these global trends, just like other sectors. A key question for all of us should be: how well are governance and public service in Canada adapting to these global forces of change?

A reasonable starting point in attempting to answer the adaptation question is to look at global governance and our role in it. Why? Because Canada, as a middle-sized economy, is heavily dependent on trade and investment for growth and prosperity, and we need the certainty of clear and enforceable international rules for Canadian businesses and capital to “go global.” And we need the leadership to address a global recovery that remains, according to the IMF, “uneven, volatile and beset by risks” some six years after the global financial crisis (**Chart 4**).

CHART 4: The “new global normal” is a hyper-connected and two-speed world—with a weak and uneven global recovery, rising geopolitical risks and increasing volatility.



As we approach globalization 3.0—a hyper-connected world—we are still operating with global governance 1.0—institutions created in the 1940s and 1950s for a very different world. Are they still “fit for purpose” in the new global reality? That is a bit like trying to compare a 1960s Ford with a 2015 BMW, they both drive but there the similarities end. However, when the issue turns to Canada’s role in the renewal of global governance, the international consensus is that Canada today plays less of a leadership role on global issues than in the past.

The recent Samara book by Michael McMillan and Alison Loat, *Tragedy in the Commons*, paints a picture of unhappy MPs across all political parties who feel that Parliament is not working as it can and should, and

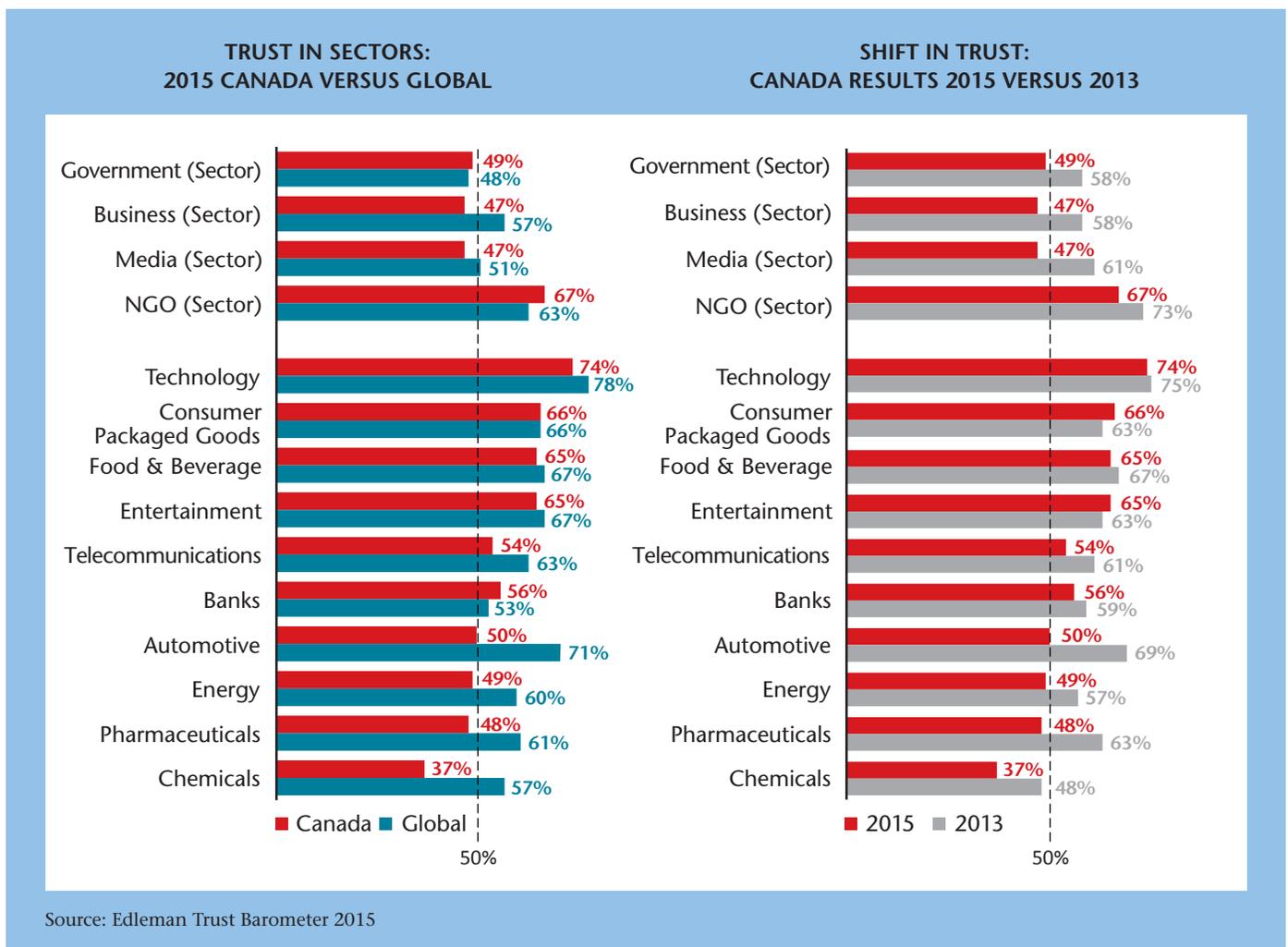
parliamentary committees are dysfunctional. Based on their interviews with over 50 former MPs of all parties, McMillan and Loat observed: “At a time when Canada is facing serious public challenges, we need elected officials who are willing to embrace their jobs, and describe why politics matters. Until we do, we should not be surprised that so few young people consider the political arena a worthwhile place to invest time or an effective way to make a difference”.

A Canadian perspective on how well our Westminster institutions are working comes from the Samara Foundation, and it is not a positive one. Their new “Democracy 360” Report card accords Canada a less-than-stellar grade of “C”, with a federal voter turnout of only 61 per cent,

where only 31 per cent of Canadians believe politics affects them every day, with low citizen engagement in the political process, and where trust levels in politicians and political parties are hovering around 40 per cent.

“As we approach globalization 3.0—a hyper-connected world—we are still operating with global governance 1.0—institutions created in the 1940s and 1950s for a very different world. Are they still “fit for purpose” in the new global reality?”

CHART 5: Public trust matters for managing substantive change and maintaining social license, and Canadian trust levels (business, government, energy sector) have declined recently.



This issue of public trust is an underappreciated element of the “soft-infrastructure” of governing. Public trust in Canada, as measured by the Edelman cross-country public trust barometer (Chart 5), had been well above the US and other Western countries until recently when it fell sharply, led by a decline in trust in government and business which both now have trust levels below 50 per cent.

What about technology and governing? What has been “disruptive” to governing is the combination of advanced communications technologies such as social media with “big data” and data analytics. Political parties have been at the forefront of employing both, particularly in the US, but also in Canada and the UK. Such technologies allow political parties and governments to identify and target segments of voters on micro issues rather than engage the entire body politic on common macro issues. The channels afforded by these new technologies also allow huge degrees of voter segmentation, often leading to short term “issues management” dominating longer term public policy analysis and management, and entrenching short-termism and centralization in the political cycle. These same technologies offer enormous potential to innovate how governments and their public services deliver services in more interactive, proactive and personalized modes.

The public service plays a core role in our Westminster system of government. It is nonpartisan, it is permanent, serving governments past, present and future, of any political party, with equal loyalty and effectiveness, and its appointments are merit-based. It offers evidence-based policy advice to the government of the day, it administers the policies, programs and regulations approved by Parliament on a nonpartisan basis, and it provides the essential services of government. Given its roles, responsibilities, and accountabilities, a Westminster public service should not be mistaken for an administrative service, nor should

“*The public service plays a core role in our Westminster system of government. It is nonpartisan, it is permanent, serving governments past, present and future, of any political party, with equal loyalty and effectiveness, and its appointments are merit-based.*”

it be confused with an American civil service, which is institutionally designed to be partisan and non-permanent at all senior levels.

These same global trends are impacting Canadian public services, both federally and provincially. Demographics—our public services are aging, and recruiting, training and retaining the next generation of public servants, and developing its leaders are a key challenge. The competition for exceptional talent is intensifying, and the public service will be able to attract such talent only if the work environment within government offers the ability to make a difference, help shape policy options and choices, be innovative in service delivery, and do great science. Globalization—a public servant today needs a worldview not a parochial one, an understanding that something happening anywhere in the world can have impacts here in Canada. And technology—innovations in ICT, social media, cloud computing, data analytics and adaptive learning have enormous potential to reshape both the “back office” of government operations and the “citizen-facing” service delivery and interaction functions.

The public service is under stress, both responding to these demographic, globalization and technology pressures and dealing with a challenging governance environment. At a time when Canada faces many longer-term policy issues, there seems to be little demand for public service policy advice. At a time when the private sector is shifting to distributed leadership and entrepreneurship models and risk management, the governance model of the federal government is moving towards ever

greater centralization and risk aversion. At a time when attracting and retaining superb talent to the federal public service is facing stiff competition from the private sector here and abroad, there is ambiguity from the government itself about the importance of government and governance to the economy and society in these transforming global times—hardly motivating to prospective public servants. As leading experts on the public service such as Donald Savoie have stressed, the apparent antipathy of the government today toward the public service may have deleterious long term impacts on the public service as an institution.

There is absolutely no reason that Canada cannot compete and prosper in this new global normal, provided we adapt. Leadership guru Warren Bennis once observed that the difference between leaders and managers comes down to “those who master the context and those who surrender to it.” Government—whether the prime minister, cabinet, Parliament or the public service—has a key role in helping Canadians master today’s context. **P**

Contributing Writer Kevin Lynch, Vice-Chair of BMO Financial Group, is a former clerk of the Privy Council. He is also Past Chair of the Board of Governors of the University of Waterloo, and Chancellor of University of King’s College in Halifax.

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Ontario Premier Kathleen Wynne, speaking to Canada 2020 in Ottawa, is committed to an Open Dialogue on public engagement. Canada 2020 photo, Mathew Usherwood

Raising the Bar on Public Engagement

Don Lenihan

With the advent of social media and the perpetual engagement, instant response and agenda-shifting role it plays in the public discourse, expectations for public engagement in policy-making are arguably higher than they've ever been. Don Lenihan, chair of the Ontario government's Open Government panel, describes how government can manage greater public engagement in an age when transparency and dialogue are fast becoming best practices.

Ontario could be on the verge of changing Canadian politics. Premier Kathleen Wynne wants to find a principled way to give citizens and stakeholders a more meaningful voice in the policy process. To see how and why, let's start with two examples where conventional policy-making has failed.

In the run-up to the Alberta election, Premier Jim Prentice promised to make some tough budget decisions to help the province deal with plummeting oil prices. Albertans were told to brace for the worst.

Prentice then delivered a budget with only modest program cuts, no sales tax, higher personal taxes, and no increases

to business taxes. Reactions ranged from confused to incredulous. Many concluded that Prentice talked a good game, but lacked the instincts of a real leader. And the rest, as they say, is history.

In 2010, New Brunswick Premier Shawn Graham announced that his government would sell New Brunswick Power to Hydro-Québec. The sale would have allowed him to pay off the utility's debt, while freezing energy prices for homes and businesses for five years.

Graham thought it was a slam-dunk, but when he told New Brunswickers, they felt otherwise. Support for the premier and his government collapsed, making Graham the first one-term premier in the province's history.

Prentice and Graham are not the only premiers to make disastrous choices, but I think there is a special lesson here. If they badly misread the public, it was not just on policy, but also on process.

Despite all the talk about tough choices, Prentice saw no reason to ask Albertans what kind of balance they thought was needed or fair—whether, for example, businesses really should get a free ride or if it was finally time for an Alberta sales tax. As for Graham, he declared out of the blue that he was going to sell the province's crown jewel, without giving the public so much as a hint of his intentions. What made these leaders think the public would simply go along with their plans?

In the traditional view, premiers and prime ministers are elected to make such decisions, and they usually do so behind closed doors. That's what Prentice and Graham did. Over the last couple of decades, however, public expectations have been changing. As the world has shrunk and the pace of change has accelerated, issues have become entangled, messy and diffuse. The impact on traditional governance has been profound.

In particular, backroom decision-making has become very risky. Lead-

“ There are just too many factors at play, too many trade-offs that must be made, too many ways that things could have been done differently. In the end, citizens who disagree with the government's approach are often left feeling that the decision was arbitrary or worse, that the government had its mind made up from the start. ”

ers eventually have to explain their choices to citizens, stakeholders and journalists. Trying to walk them through the rationale behind, say, a decision to build a pipeline through an environmentally sensitive area can be a communications nightmare. There are just too many factors at play, too many trade-offs that must be made, too many ways that things could have been done differently. In the end, citizens who disagree with the government's approach are often left feeling that the decision was arbitrary or worse, that the government had its mind made up from the start.

“ Policymaking in the future will require more public involvement. Giving citizens and stakeholders some responsibility for making trade-offs and setting priorities invests them with a sense of ownership of the decisions, which, in turn, ensures transparency and legitimacy. ”

As a result, public tolerance for top-down, backroom decision-making has plunged and is being replaced by a growing appetite for openness, transparency and participation. Whether it is Parliament's secretive Board of Internal Economy or a proposed pipeline across the interior of British Columbia, the writing is on the wall. Policymaking in the future will require more public involvement. Giving citizens and stakeholders some responsibility for making

trade-offs and setting priorities invests them with a sense of ownership of the decisions, which, in turn, ensures transparency and legitimacy.

If governments have been slow to embrace this change, it is because of a misplaced fear that public engagement could turn control of their agenda over to interest groups; or that the “dialogue” will quickly degenerate into a free-for-all that paralyzes decision-making or saddles the government with bad policies.

In fact, a growing body of work shows that when such processes are properly designed and executed, far from undermining good governance, they can make a major contribution to it. Citizens and stakeholders bring all kinds of knowledge and experience to the table that can greatly enhance a government's ability to make decisions. This also ensures transparency.

Governments that resist this trend and insist on doing things the old way risk provoking mistrust, resentment and conflict—and turning the next election into a referendum on the leader's governance style. Ask Prentice or Graham. Had they taken the right steps to engage the public beforehand, things might have turned out very differently.

But once a leader decides to engage people this way, how much of a say should they get? There is no single answer to this question, no one-size-fits-all approach to public engagement. There is a range of possibilities here, which goes from a simple opportunity to express a view to having the authority to veto or make important choices, and various options in between.

If the choice between these options is not to be arbitrary or capricious,

there must be an authoritative and principled way of matching the right process with the task, which brings us to Ontario.

In October 2013, Premier Wynne announced a nine-person Open Government panel to develop recommendations to make Ontario “the most open and transparent government in the country” (full disclosure: I chaired this group).

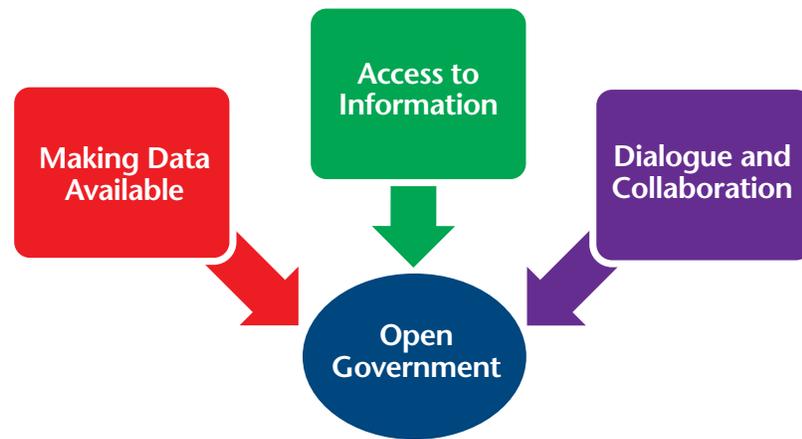
“Open Government” is an international movement dedicated to using new digital tools to strengthen government transparency and accountability, foster evidence-based policy, and engage citizens and civil society organizations in the decision-making process.

In Canada, Open Government is defined through three separate streams of activity: Open Data, Open Information, and Open Dialogue. Open Data calls on governments to make their data holdings available to the public to support transparency and evidence-based decision-making. Open Information calls on governments to advance freedom of information. Open Dialogue recognizes the need to engage the public more directly in the policy process, especially through the use of digital tools. In this view, Open Government results from the convergence of these three streams. (see Figure 1)

Now, Open Information has a long history in Canada and abroad, especially through Freedom of Information legislation. And over the last five years, the Open Government movement has made much progress on Open Data. Rather than re-invent these wheels, the Wynne government asked the Ontario panel to spend most of its time thinking through the issues around the third stream, Open Dialogue. As the discussion progressed, its critical role in Open Government became increasingly clear.

The three streams are not just different aspects of Open Government. They are also identified with relatively distinct communities of practitioners, each with its own history, interests and skills:

Figure 1: Three streams to Open Government



- Open Data attracts individuals and organizations with expertise in digital technology and its capacity to collect, share and integrate huge amounts of data
- Open Information is the cornerstone of transparent and accountable government, from freedom of the press to FOI legislation, and is especially important to journalists, political activists and policy advocates
- Open Dialogue is part of a long tradition of citizen and community engagement and calls for greater public involvement in policymaking, especially through digital tools

The emerging lesson from these discussions is that, if Open Government is to succeed, it requires a pooling of knowledge and skills from these three communities. The movement needs technology people, data analysts, journalists, political strategists, facilitators and community activists. Getting these different communities aligned and working together to advance the goals of Open Government is a huge task. If real progress has been made on Open Data, the priority now is to advance Open Dialogue through innovative forms of public engagement.

In its final report, *Open by Default*, the panel addressed this need by calling on the Ontario government to launch a series of demonstration projects to test and explore different forms of dialogue and engagement; and to systematize the learning into a policy

framework that could guide future development of Open Dialogue processes across the whole government.

Deb Matthews, Deputy Premier and Minister for Open Government, recently confirmed the Ontario government’s intention to act on this recommendation. According to Matthews, the Wynne government is preparing to take “an important step toward Open Dialogue with the development of a public engagement framework... We will also launch a series of demonstration projects...to engage Ontarians in how to move forward on some of our core priorities.” (See “Canada 2020 Open Government Forward,” by Deb Matthews, in *Setting the New Progressive Agenda*, at Canada2020.ca). Matthews’ project is set to be launched by the end of 2015.

This appears to be the first time a major government anywhere has committed to such an Open Dialogue project. The Wynne government thus looks poised to raise the bar on Open Government for the movement as a whole. A lot of people will be watching with interest. **P**

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Rebranding the Public Service

David Mitchell

The public service has a reputation problem. While many of those negatives are both outdated and exaggerated, the conventions that once defined the role of public servants have been over-written by the realities of perpetual election campaigns, the 24-hour news cycle and realignments in the responsibilities of political vs. bureaucratic staff. As Public Policy Forum President David Mitchell argues, today's public services offer a compelling challenge for the innovators of tomorrow.

Imagine you're a senior public servant, currently approaching the conclusion of your career. A bright young person whom you truly care about—a family member, a recent university or college graduate—asks for your advice. “I'm thinking of applying for a government job and pursuing a public service career and I'd very much value your honest opinion.” What would you say?

Not sure? Try the question on a bureaucrat you know. I've actually done this many times over the past year in different parts of Canada. And the answers have been revealing. In fact, this has emerged for me as a kind of litmus test on the state of the public services in our country.

Before I share what I've learned, let me provide a bit of context.

Let's face it: the public service has a reputation problem. The idealism that may have attracted previous generations to work in government has dissipated. The conventions that previously defined the role of the public service have also changed. For example, the growing numbers of political staff in ministers' and prime minister's offices increasingly seem to be doing work that traditionally was delegated to the public service. No



PPF President David Mitchell. PPF photo

longer are public servants focused on developing policy options for elected governments and taking medium to longer-term perspectives on the big challenges ahead. Instead, the public service often seems to have become more of an administrative service, implementing policies and decisions that they haven't directly contributed to. What's worse, public servants are now increasingly blamed when things go wrong.

Of course, the role of government has grown increasingly complex. Globalization, new technologies and huge demographic changes are leading to a re-evaluation of what citizens expect from the state. And while more authentic forms of public engagement are necessary, governments seem reluctant to experiment and are averse to taking risks. The private sector, not-for-profit organizations and institutions of higher learning are more inclined to innovate, especially with the use of new technologies.

Governments don't make it easy on themselves. As a result of numerous accountability measures implemented in recent years, including the Values and Ethics Code for the Public Sector, the Policy on Conflict of Interest and Post Employment, the Public Servants Disclosure Protection Act, bureaucrats are spending much of their valuable time on process. And while this has led to smarter management, it raises questions about why we need a permanent, professional, non-partisan public service.

“ Let's face it: the public service has a reputation problem. The idealism that may have attracted previous generations to work in government has dissipated. The conventions that previously defined the role of the public service have also changed. ”

The explicit efforts to implement austerity measures over the past number of years, including downsizing and fis-

cal restraint, have also had side effects. Cutbacks, often across the board, don't recognize or reward productivity where it exists in government. Senior executives in the public service have often needed to focus their attention on managing staff cuts in their departments and lowering the expectations of external stakeholders.

Elected governments have pursued their agendas with an expectation that the professional public service will loyally implement policies. However, we're now seeing the emergence of permanent political campaigning in Canada (an unwelcome influence of American politics). With fixed election dates, 24/7 news media cycles and the pervasiveness of social media, elected governments are increasingly calling upon the support and advice of political advisers. After all, the public service was neither built nor structured for non-stop political campaigning.

Under these circumstances, how can the public services of our country attract, retain and harness the talent of a new generation of leaders? How can they compete with other sectors in the national and global search for talent?

Clearly, the strategic shifts and culture changes required represent very big challenges. Yet, I notice anything but complacency as I survey the senior ranks of the public service across Canada. Virtually every province and territory has recently been engaged in program reviews, core mandate analyses and new forms of employee engagement. At the federal level, the most significant public service engagement program ever initiated in our country, *Blueprint 2020*, is now entering its third year, with impressive momentum and commitment. A great deal of concerted effort is being made to reposition—or rebrand—the public services of our country.

The task ahead isn't going to be easy. It will require dedicated and persistent leadership. And it will also require some committed political champions.

And while the reputation of the public service may be tarnished, this doesn't need to be permanent. After

“ At the federal level, the most significant public service engagement program ever initiated in our country, *Blueprint 2020*, is now entering its third year, with impressive momentum and commitment. A great deal of concerted effort is being made to reposition—or rebrand—the public services of our country. ”

all, a reputation is simply a snapshot at a moment in time; it's what other people say. In my view, a more important question is: what does the public service say about itself? I'm referring to its brand. Its promise. Different from reputation, the public service brand needs to be clearly and credibly articulated. And it requires some reach, some ambition for the future. As the Clerk of the Privy Council, Janice Charette, noted in the message accompanying her recent annual report, the public service of Canada “can never be satisfied with the status quo—we must always make room for new ideas, new realities, new business models and new developments.”

As a non-governmental organization, the Public Policy Forum has the privilege to work with all levels of government in Canada. As a keen observer of our public services, I can confidently say that that the energy currently being devoted to strategic realignment and managing generational change is truly impressive. What's more, very few career paths offer the range of opportunities or challenges that can be found in government. And these jobs provide a chance to have a real and lasting impact on our fellow citizens, communities and country.

Rebranding the public service requires continuing outreach and active engagement. Public service leaders need to be involved in promoting the potential for rewarding careers—and helping to make them happen. People want to work for leaders who are passionate about what they do. Those who take pride in their work instil the same attitude in others. To build an attractive workplace environment, public service leaders must

value people, listen to their needs and nurture talent. By engaging and empowering employees, the public service can support innovation and increase productivity, leading to greater impact and public confidence. All senior managers today need to be passionate talent scouts, always alert to high potential recruits, internally and externally. This essential task can't be the responsibility of the human resources department alone.

Yes, the task is a bold one: reclaiming the public services of Canada as employers of choice for a new generation of leaders. I believe, such a repositioning—or rebranding—is ambitious, timely and necessary.

Now, to return to the advice requested by that bright young person. I asked numerous senior public service leaders how they might respond. While these were private conversations, I have no difficulty in telling you that initial reactions were quite negative. No one wants to see a bright, promising career launched by heading down a cul-de-sac. However, upon reflection and with a bit of discussion, the responses generally changed to something along these lines: “Well, it's going to be different than it was in the past. And it's going to be very, very challenging. But we're going to need smart, committed and innovative people more than ever...” **P**

David Mitchell is President and CEO of Canada's Public Policy Forum. He is a former vice-president for external affairs and fundraising for three Canadian universities, a former member of the British Columbia legislature and a former Deputy Clerk in the Saskatchewan legislature. david.mitchell@ppforum.ca

Astute Strategist	Empathetic Facilitator	Pragmatic Technophile	Catalyzing Agent	Prudent Manager
<ul style="list-style-type: none"> • Understands complexity • Possesses broad knowledge • Is a quick thinker • Has good judgement 	<ul style="list-style-type: none"> • Builds relationships • Communicates effectively • Finds common ground • Manages expectations 	<ul style="list-style-type: none"> • Embraces innovation • Continues learning about new technology • Seeks opportunities to leverage technologies • Understands risks 	<ul style="list-style-type: none"> • Adapts to change • Drives outcomes • Seizes opportunities • Motivates others to act 	<ul style="list-style-type: none"> • Manages budgets • Is business savvy • Takes a balanced approach • Is resourceful
Persuasive Entrepreneur	Shrewd Diplomat	Fearless Adviser	Passionate Talent Scout	Inspirational Team Captain
<ul style="list-style-type: none"> • Has a curious mind • Thinks creatively • Believes that change is possible • Knows how to sell an idea 	<ul style="list-style-type: none"> • Possesses political acuity • Is thick-skinned • Manages multiple priorities • Is a good negotiator 	<ul style="list-style-type: none"> • Filters relevant information • Provides honest advice • Has integrity • Understands when to push and when to step back 	<ul style="list-style-type: none"> • Is enthusiastic about work • Plays an active role in talent management • Values leadership at all levels • Embraces and leverages diversity 	<ul style="list-style-type: none"> • Leads by example • Demonstrates authenticity • Has a positive attitude • Is a team player

A Top 10 List for Public Service Leadership

Sara Caverley

In order for Canada to remain competitive as a nation, Canada's public service must compete for the most creative, nimble minds of each generation. Even in an era of globalization and universal connectivity, formulating and communicating public policy requires a highly specialized skill set. The profile of the perfect public servant is nothing like the dusty cliché.

Will leadership in the public service of the future require different skills than it does today? The impending sea change of leadership in Canada's public service requires an influx of talent from younger generations. But new realities demand 21st-century leadership competencies that aren't considered to be in abundance today.

More than a process or structural change, a high-performing public service requires an ongoing investment in people—a pipeline of new talent to shape innovative and impactful public services across the country. But who are the next generation of public sector leaders?

In our discussions across sectors, the Public Policy Forum explored a broad range of capabilities, including acquired skills and innate attributes.

Rather than a definitive list of top skills, we've developed a select grouping of leadership profiles. What follows are combinations of the kind of competencies that will be increasingly required across our future public services.

1 Astute strategist: An agile public service needs leaders who can manage complex situations involving multiple interests, perspectives and implications. More valuable than specialists now are generalists, with well-rounded backgrounds and strong analytical skills. Effective leaders have good judgment and a proactive, strategic approach that involves building support and seizing opportunities for change.

2 Empathetic facilitator: Collaboration across the public service requires leaders who are skilled at

mobilizing employees and breaking down silos to achieve common goals. However, leading in a horizontal environment may be less about competencies and more about accepting shared power and appreciating different viewpoints. Public service leaders need empathy to understand what motivates others and humility to embrace collaboration both inside and outside government.

- 3 Pragmatic technophile:** To harness new tools that support agile government, the public service needs leaders who embrace innovation, develop technological fluency and build organizational capacity. Savvy leaders are practical and strategic about new technology, and weigh costs against benefits to ensure the greatest return on investment. Appreciating these trade-offs, they can best determine how to leverage technology to adapt to changing needs.
- 4 Catalyzing agent:** A fluid public service needs flexible, enterprising thinkers committed to achieving outcomes, regardless of the obstacles ahead. When faced with multiple barriers to change, strong leaders determine what's feasible and plant the seeds for buy-in. They can rally support around a shared vision with the ability to build trust, establish respect and empower others.
- 5 Prudent manager:** Business acumen has become more important for public sector leaders in the climate of austerity. Effective leaders balance out the tension between managing budgets and supporting innovation. They are pragmatic and proactive in developing smarter business strategies to maximize talent, resources, partnerships and opportunities across and outside government for sustainable impact.
- 6 Persuasive entrepreneur:** An innovative public service needs creative thinkers and lifelong learners driven by a desire to do things better. Enterprising leaders seek new avenues for improvement by asking questions and ex-

ploring what's possible. They break down complex ideas and convince others of the best course of action. They understand the issues, are passionate about their vision and resonate with their audience.

- 7 Shrewd diplomat:** Leading today's public service demands more political acuity. Leaders need to understand the interplay among public perceptions, stakeholder positions and government priorities. They must excel at negotiating both inside and outside government, and be adaptable to political and media scrutiny. This also requires a more pro-active, practical approach to limit unnecessary risks and contain potential crises.
- 8 Fearless adviser:** Public service leaders must be willing to speak frankly about the issues, provide honest, nonpartisan advice and have the courage to make tough decisions. However, they need to know when to push for change and when to step back. Strong leaders demonstrate integrity and help build a healthy organizational culture based on trust and respect.
- 9 Passionate talent scout:** Public service leaders need to be involved in rebranding the public service, recruitment and developing future leaders. Talent acquisition is not just for HR anymore. Good leaders care about their work and convey that passion to others, inspiring interest through broad outreach and instilling pride through meaningful engagement. They build teams with complementary skills and expertise, harnessing all types of diversities and different perspectives.
- 10 Inspirational team captain:** Public service leaders need to foster a healthy workplace environment, be accessible and demonstrate that employee engagement is a priority. They must lead by example, challenge the status quo and encourage risk-taking. The attitude, emotional intelligence and likeability of good leaders are shaped by empathy, authenticity, self-awareness and a genuine concern for the wellbeing of others.

Good public policy depends on the capacity of the public service to fill these key competency profiles. While there's no shortage of applicants for the public service, maintaining a high-performing organization depends on talent management strategies that effectively respond to shifting demographics and intensifying competition.

Although new competencies are emerging, a number of the skill sets highlighted here—such as the prudent manager and inspirational team captain—represent traditional leadership qualities that remain relevant. These profiles capture a blend of expertise, experience, soft skills and traits that may not all be found in a single leader, but could provide the criteria for building a well-rounded leadership team.

Because organizational transformation demands collective effort, leadership development across the public service will help ensure that real change can be implemented at all levels and sustained over the long-term. This means challenging the hierarchical culture endemic in most bureaucracies to maximize talent and knowledge.

The public service must also ensure that performance management and professional development contribute to greater productivity and innovation. But more importantly, leveraging talent within the public service requires a genuine commitment to engaging employees, investing in their development and providing them with opportunities to make a real impact.

The role of the public service is changing. Like any large organization, it needs to remain relevant and resilient by modernizing practices and transforming culture. Given its far-reaching impact, all Canadians have a stake in ensuring that the public service is adept, flexible and forward thinking. **P**

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Stretch Goals: A Case for Government Agility

Sandra Pupatello

Agility in government requires one element that has, ironically, been in short supply in this globalized, hyper-connected environment: a tolerance for risk within the public sector. But as former Ontario minister and current PwC leader Sandra Pupatello writes, solutions are already in the making.

On the topic of government agility, there are some agreed-upon facts. For one, Canada's public sector is, by measures, becoming more agile. Citizens expect seamless, integrated services brought to them in the ways they see fit. These challenges are starting to be met. Second, stakeholders agree that governments need to do more to become increasingly more responsive to the needs of the public. The world is being shaped by technology and ever-increasing globalization. Everyone must do more with less, however, so governments require efficient and effective ways of delivering on services. And third, there are plenty of ideas on the table, but ultimately no one is quite sure just how to kick start a widespread change.

In the context of the public sector, the current environment contributes to a slower pace of change. There is a low public tolerance for error, and a high avoidance of risk within the public service; every action has its equal and opposite reaction. Unfortunately for Canadian governments, that means that transformation into agile, responsive service faces challenges.

Should we even want agile government? Overwhelmingly, the belief from within the public service, is "Yes". In fact, in a recent report jointly produced by PwC and the Public Policy Forum—*Agile government: Responding to citizens' changing needs*—91 per cent of respondents said they believe that agility is achievable. And 75 per cent of participants said that the public service needs to be less risk-averse in order to be more agile. So, what concrete things need to happen to bring about a less risk-averse culture in government?

Someone asked me: "Is there a single way to shift into an agile frame of mind? Can a government just say, 'This is what we're all about now'?"

In short, no. But there are ways to make what's already happening more obvious. The reality is, governments have been dealing in risk all along, though by small measures relative to what occurs in the private sector.

In the private sector, a CEO might say "we're going to try something new, and we don't know what the result will be just yet; we might even fail." The CEO can fairly safely plant that signpost in the ground, and as a re-

ward, they'll be labelled as an innovator and a forward-thinker. If a government leader shows that level of bravery, the public response is usually in the form of swift backlash concerning misspent tax dollars. Government appeases public anger by trying to guarantee outcomes, and thus, stays on a narrow course, void of flexibility and innovation. This is obviously contrary to the whole idea of agility being able to provide a more nimble, responsive service base, which 75 per cent of the report respondents say is necessary for success.

Governments are very calculated about their risk-taking ventures. Public perception about how money is being handled is critical. But what if a government announced that they would be earmarking a percentage of their annual budget for risk? Governments have to make thousands of decisions every year, across many ministries and services. They aren't always going to go right. If these service areas could be allowed to have a budgetary amount that could, as a loss, be accounted for, then perhaps the public would feel less affronted by the way our tax dollars were used. Government "waste" could become government "risk".

The term "working in silos" is often applied to the operation of government. Ministries, working autonomously, can miss opportunities to cooperatively achieve their own individual goals. By working alone, they can also miss the ultimate benefit—and purpose—of effectively serving their public. I have seen a highly effective collaborative approach in action while working with the Ontario provincial government. In the late 2000s, the medical devices sector worked with the government on a cross-ministry participation project. Leadership in each ministry that impacted on the medical devices community came to the same table, at the same time. The ministries of health, finance, Treasury Board and Ministry of Government Services, for example, were in the room together with representatives from industry. In this format, procurement processes, for example, could be addressed with government services,

and at the same time the health officials could hear about the regulatory environment and assessment of new medical devices.

Everyone received information in the same way at the same time. No one could claim to misunderstand what the real issues were that broadly affected the sector in question. In a unified approach, we committed to coming back to the table with solutions to key issues. In committing to do the best for the client, government created a bridge between service perspectives, programs and policy to move business forward. The resulting model is Ontario's MaRS EXCITE program, highly lauded within the medical devices community.

The action was repeated with various sectors and industries. The results were transformative, for business and for government. The Open for Business strategy was the result, successfully helping to drive business in the province of Ontario. In terms of agile thinking, one of the greatest benefits this brought to the government was to transform it from a feeling a need to deflect criticism to being a facilitator of tangible progress.

A third area that the PwC / Public Policy Forum Report touched on was that of increasing mobility between private and public employers; that this should be encouraged.

It is common in the private sector to see workers go off on a secondment; gather new skills and new experiences. Government needs to do better in having public service workers move across different service areas to gain broader experiences. As well, having government employees work on secondment within the private sector would be hugely beneficial.

The benefits are not merely a broader understanding for the public sector employee of what makes the private sector tick. There is a critical cross-pollination element as well. The relationship and skills building back and forth between private sector and public can be of great service to both sides, and should be explored more often than it is.

“ Governments are very calculated about their risk-taking ventures. Public perception about how money is being handled is critical. But what if a government announced that they would be earmarking a percentage of their annual budget for risk? ”

An increased level of cooperation and communication between elected officials and public servants should also been seen as less of a taboo than it is. As the PwC-PPF report points out, successes should not always be the spoils solely of elected officials, nor should failures always be scapegoats borne in the rank and file of the public service. The current conversation tends to be about an elected government delivering on election promises on the first try, with anything less seen as a failure. Risk and innovation can become part of an embedded culture that educates the public about the usefulness of letting elected officials and hired employees deal with one another more freely.

A spin-off benefit of strengthened relationships between private and public sectors would also likely be increased working partnerships between the two sides. This is a factor in increased agility. Private Public Partnerships (PPPs) are nothing new, but the arrangements aren't always celebrated. More often than not, these arrangements should be lauded as effective cooperation between excellent oversight bodies (government) and an innovative, flexible workforce (private enterprise).

The dated perspective of “them and us” is a roadblock to being able to marry the very best of effective project management with risk-enabled private enterprises. There is a highly sophisticated process of procurement around PPPs. Whomever is selected to do business with government should be regarded as highly competent in the eyes of the public, and the government should be prepared to stand side-by-side with their private partners to echo that sentiment. From the Confederation Bridge in the east to the Port Mann replacement in the west, PPPs have successfully de-

livered infrastructure projects across multiple levels of government and private enterprise. There can be more transparency, more excitement and positive feeling toward these types of projects. I hope eventually, we'll be looking at the future's 'business as usual' as yesterdays 'risks'.

At the end of the day, there's one conclusion: Canadians expect a responsive, intelligent, modern public service. They expect a trim, efficient system where costs are considered and more is done with less. This transformation will only occur at the expense of old beliefs about how the public sector ought to go about its work. We know that the public sector of the future needs to transform into a nimble, tech savvy service to truly be able to respond to the needs of the citizenry which it serves. To do this, old ideals about how a government should operate must be shed. The workforce has to be given the social license to transform into a creative, innovative and adaptable entity.

Canada is often held up globally as a top example of a modern democratic society. But there is more we can do to build on that reputation. The difficulty lies in determining the true catalyst for change. Will it be a government showing courage with a public declaration of embracing risk? Will it be a swift, dramatic change in public perceptions around government should act? Regardless, now is the right time to encourage these momentous shifts, to spark the change that everyone agrees is needed. **P**

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The Age of Disruptive Innovation

Terry Stuart

Canada's economy, like others around the world, is facing rapid advances in technology. The incredible disruptive potential of these changes—including, but not limited to, artificial intelligence, advanced robotics, networks, advanced manufacturing and collaborative connected platforms—clearly demonstrates the need to be prepared.

Disruption is coming—and Canadian firms are not prepared.

The way Canadians live and work is about to change profoundly. Rapid advances in technology are poised to disrupt many of the sectors that anchor Canada's economy. The impact will be felt across the country—and Canadian businesses are not prepared for it.

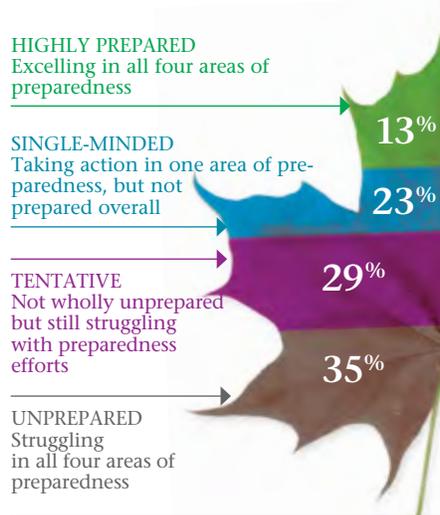
Disruptive innovation has the potential to impact each and every firm, no matter its size, sector or location. The development and application of advanced technology is accelerating at such an exponential rate that people have difficulty coming to grips with the sheer pace of change. Among the key factors propelling these advanced technologies is the exponential growth in computer processing power—and, in turn, the staggering drop in the price of computer chips. In 1992, one would pay \$222 for a million transistors; today the cost is \$0.06.

Advances in technology have also increased the rate of business growth—and business failure.

Since 2003, a new company has reached a \$1-billion valuation every three months in the United States. Yet the time it takes to reach that valuation has shrunk considerably: Shopify took nine years; Slack took one.

As businesses are growing more quick-

ly, they are also exiting much more quickly. In 1960, the average lifespan of an S&P 500 (Standard & Poor's) company was 56 years; by 2014, it had dropped to almost 15 years.



In the public sector, governments across the country are grappling with disruption from technology both in terms of regulatory and legislative frameworks that may no longer speak to the technological experience of today, and in terms of the way they do business. The advent of e-government offers both challenges and opportunities as jurisdictions all over the world imagine new ways to connect with and empower their citizens.

Advanced technologies are driving the disruptive innovations that will bring significant and permanent change to Canada's business landscape. In a recent report released by Deloitte, *Age of Disruption—Are Canadian Firms Prepared?*, five technologies were identified for their considerable disruptive potential: artificial intelligence, advanced robotics, networks, advanced manufacturing and collaborative connected platforms. Whether profound change comes from these specific technologies, others, or some combination that has yet to be seen, the incredible disruptive potential of these five will illustrate the importance of being prepared.

For over a year, Deloitte studied the Canadian economy to better understand whether or not firms have what it takes to withstand significant technology-driven disruption. As part of this research, 700 business leaders across Canada were surveyed to gain their insights into the issue.

Each firm's performance was evaluated in four areas that are vitally important to disruption preparedness:

- **Awareness:** understanding changing technologies, the accelerating pace of change and the potential for technology-driven disruption in the firm's industry and business environment;
- **Culture:** the extent to which a firm promotes, encourages and provides incentives for innovative behaviours and practices;
- **Organizational agility:** the ability to rapidly redeploy systems, assets and people to address external opportunities or threats; and
- **Effective resources:** the technology, human capital and financial assets that firms can use to enable change.

Based on results from the survey, Deloitte discovered that a mere 13 per cent of Canadian firms can be considered highly prepared for disruption, 23 per cent are prepared in one area, but not others, 29 per cent have started, but are struggling with their overall preparedness efforts, and, most disturbingly, 35 per cent are completely unprepared.

The implications are dramatic. More than four out of five Canadian businesses are not well-prepared for disruption.

Compounding the essential lack of preparedness is the fact that a large number of firms—almost half—believe themselves to be more prepared than they actually are. This “perception gap” is based on firms reporting a lack of substantive activity in key areas of preparedness, while simultaneously arguing that they are, in fact, prepared.

To improve preparedness, consider looking to Canada’s best-prepared firms. One survey result that was particularly interesting was the diversity of the 13 per cent of highly prepared firms themselves. They do not fit a single mold. They represent firms from every sector, of all shapes and sizes. From a large bank to a small bakery, these firms are as diverse as Canada. However, there is one important similarity: they are all taking concrete steps to ready themselves for disruption from a future that can only be imagined.

By understanding what sets Canada’s highly prepared firms apart from their peers, it is possible to identify how the country’s numerous, poorly prepared businesses can change. It has already been stated that the highly prepared firms excel in all of the key preparedness areas: awareness, culture, agility and resources. Yet, it was also discovered that these same organizations exhibit attitudes and behaviours of highly productive companies, as identified in previous studies on Canadian productivity. Specifically, highly prepared firms do the following:

- Remain committed to research and development investment, and more than half of them plan to boost R&D spending over the next five years;
- Are more likely than their peers to focus on national or international markets, which brings them into contact with new ideas and approaches and gives them a different perspective on how to create and sustain success; and
- Were almost 25 per cent more

likely than unprepared firms to report revenue growth over the past five years.

The implication? Investments that can improve a company’s productivity today can enhance its preparedness for the wave of technology-driven disruption tomorrow.

After reviewing the data, it becomes clear that Canadian firms, be they private, public, or non-profit, can take concrete steps to dramatically improve their capacity to anticipate, respond to and capitalize on the disruptive storm that is coming:

- Cultivate awareness: Creating sensing engines to identify and assess the forces that have the potential to disrupt a business or industry better positions a firm to take action today to prepare for disruption’s impact tomorrow;
- Build the right culture for preparedness: Developing a resilient, innovative organizational culture can help companies withstand disruption in the future, and also offers important benefits today;
- Foster organizational agility: Embracing new ways of working and making decisions can help firms avoid becoming mired in the bureaucracy that can bring change to a screeching halt; and
- Develop effective resources: Investing in advanced technologies and using resources effectively can increase companies’ resilience in the face of change. Acquiring and deploying the best people, technology, and financial resources can help firms become more competitive as they prepare for future disruption.

While it can be difficult for governments and academic institutions to directly influence the actions taken by Canadian businesses, Deloitte’s report asserts that both can take steps to support firms in their preparedness journey. Areas under government influence, like education or immigration, can have a significant impact on the way companies in Canada prepare. Some key areas of focus are:

- Evolve education at all levels: Governments must use their funding and regulatory levers to encourage a shift in how Canada’s students are educated at the elementary, secondary and post-secondary levels, embracing new education practices, models and partnerships. It is also crucial to begin educating students on what is possible in the new economy, discussing new technologies and business models.
- Alter protectionist regulations in Canada’s visa regime. The government must review its visa processes to ensure our companies can compete with their worldwide peers for the best global talent. Improving the speed and efficiency of the application process is a start, but governments must also resist the tendency to establish protectionist policies that make it more difficult to work in Canada than in many other countries.
- Redesign post-secondary institutions into vibrant, diverse learning zones. Canada’s post-secondary education system was built at a time when only a small proportion of people attended university. At that time, highly specialized learning, housed in silos and based on static curricula, proved a successful format for producing successful students. However, the past 50 years have seen unparalleled change, and our education system must adapt.
- Invest strategically in building true business ecosystems. Governments must work to deepen the impact of existing clusters of businesses and help them transform into full-fledged ecosystems that support and promote business. While having a cluster in every major Canadian city is an excellent goal, what’s needed now is a transition from clusters to world-class business ecosystems.

Canadian firms are facing serious, significant challenges in their preparedness for disruption. But they also face incredible opportunities to improve their productivity and to become better prepared for what is to come. **P**

Terry Stuart is Chief Innovation Officer of Deloitte Canada.



Parliament Hill, where ideas become law. In looking at supply and demand in public policy, writes Mel Cappe, “what we are building here is a model of the market for ideas.” Tourism Ottawa photo

Supply and Demand for Ideas and Evidence in Public Policy

Mel Cappe

It used to be that the public service had unique sources of data and privileged access to ministers. That is no longer the case. The market in ideas is now highly contested and very competitive. The days of whispering in a minister’s ear and launching a new policy initiative are long gone. Former Clerk of the Privy Council Mel Cappe looks at how public policy is formulated in 2015. One major change? If you have ideology you don’t need evidence.

In trying to develop a “policy on public policy,” we should think about two things: the production function of public policy and the use to which the product of public policy is put.

In the case of the production function: What are the factors of production? How are they transformed through a production function? And what are the outputs we are trying to achieve? From this we can derive a supply function of public policy.

We should then turn to the use to which the product is put and look at

how public policy is applied. Essentially, what we are building here is a model of the market for ideas.

In considering the use of the output, we have to consider the increasing complexity of the nature of the problems we face. Then we have to take into account the increasing complexity of the solutions to those problems. This increases the marginal value of analysis and evidence in addressing them.

Let's look first at the internal capacity of the public service to do serious work in the production of evidence and applying it to policy analysis and development. It used to be that the government telephone book (anachronistically, a large, bound, paper document with everyone's name, position and telephone number in it, weighing about a kilo) had someone with "policy" in their title on every page.

“ In the Government Electronic Directory System among the departments beginning with the letter A (essentially, Aboriginal Affairs, Agriculture and ACOA) there are 554 people with the word “policy” in their title. There are literally thousands of people who do policy work in the Government of Canada. ”

In the Government Electronic Directory System among the departments beginning with the letter A (essentially, Aboriginal Affairs, Agriculture and ACOA) there are 554 people with the word "policy" in their title. There are literally thousands of people who do policy work in the Government of Canada. The capacity on the production side is actually quite high. And

“ What are the factors of production? How are they transformed through a production function? And what are the outputs we are trying to achieve? From this we can derive a supply function of public policy. ”

with programs like the Advanced Policy Analyst Program, the Recruitment of Policy Leaders and other departmental elite recruitment programs, the public service actually has significant ability and capacity to do serious work developing an evidentiary base for policy development and doing evidence-based, policy analytic and policy development work. Departments like Finance, PCO and especially Employment and Social Development Canada and Industry Canada still have significant policy shops, with highly trained, sophisticated and very clever analysts with graduate degrees from top flight universities from around the world. The Clerk has made recruitment and policy her priorities.

However, the public service is no longer the privileged source of policy analysis and advice. Rather, the policy production function is broader and deeper than in the "good old days". Academia, NGOs, industry associations, think tanks, the private sector, consultants, law firms, public intellectuals, lobbyists, media and non-profits often do serious analytic work that can make huge contributions to the public policy debate. It used to be that the public service had unique sources of data and privileged access to ministers. That is no longer the case. The market in ideas is now highly contested and very competitive. The public service still has to play its role of filtering out the private pleadings and applying the broader public interest test, but the days of whispering in a minister's ear and launching a new policy initiative are long gone.

Now let's look to the demand side of the market. Who are the *demandeurs*

of policy analysis and policy development. In the elaborated model, one could articulate a sophisticated structure of electoral politics, political parties, Parliament, and prime ministers through ministers leading to a demand curve for ideas in the market for public policy. It used to be that a scribbled question by the Minister in the margin of a memo would lead to dedicated research projects and elaborate modelling to determine the answers.

However, that requires ministers to ask policy questions before they find policy solutions. It requires prime ministers to be open to evidence convincing them of the importance of the issue at hand, an analysis of the effects of the problem on Canadians, and the development of policy options and approaches that could be elaborated to deal with the problem.

This model presumes ministers and PMs asking questions before they have answers: has violent crime increased or decreased in Canada and why? It presumes that we would invest in data collection with quality assurance to ensure that we know who we are, the problems we face and possible policy avenues to address them: for instance, a long form census instead of a voluntary national household survey.

In this model, the demand curve of ideas in the market for public policy is robustly shifted out and to the right. It still slopes downwards, but it values ideas. The marginal value of the last idea is significantly positive. Unfortunately, now that ministers ask fewer questions and demand less of their public servants, the marginal value of the last idea is very large. But

it is not actually leading to increased use. Curiosity is a prerequisite for vigorous public debate.

The more that ideology plays into the picture, the more that answers are provided before the questions are posed. If you have ideology you don't need evidence.

“ The public service has maintained a high level of analytic capacity ... so far. But if the muscle is not exercised, sclerosis and paralysis will set in and the muscle will atrophy. There is a feedback effect or interdependence between supply and demand. ”

What we have observed over the past number of years is a deterioration in the demand side of the market in ideas. The public service has maintained a high level of analytic capacity ... so far. But if the muscle is not exercised, sclerosis and paralysis will set in and the muscle will atrophy. There is a feedback effect or interdependence between supply and demand. Hiring of high quality analysts will become more difficult. The good ones will leave. The quality of their work will deteriorate and ministers will feel vindicated in not calling on the service's advice.

The same will apply to those who produce the evidence. Whether it is in Statistics Canada or in the science community inside government, the production of evidence on which policy should be based will be in decline. When I was DM at Environment Canada during Program Review in the mid 1990s, we preserved the science and cut deeper in service: a courageous decision of the minister of the day, and the correct one. The

nature and essence of the public good was clearly in the science.

As Daniel Patrick Moynihan famously said, everyone is entitled to his own opinion, but not his own facts. If the overwhelming scientific consensus of the Intergovernmental Panel on Climate Change (including scientists from Saudi, Qatar and Venezuela) is that climate change is anthropogenic, it is not up to the minister to find a lone denier and justify inertia by saying it is in dispute.

And you must think about the production function for the creation of science and scientific evidence. Quality scientific research requires scientists to publish their research, to reach out to their collaborators and competitors and subject their results to public and peer challenge. This is inherently a public scientific process.

“ I firmly believe that the government of the day should always encourage its scientists to engage with their colleagues and the public about their research. However, I am equally convinced that government should prohibit scientists from getting into the realm of public policy debate. That is the role of ministers in our Westminster parliamentary democracy. ”

I firmly believe that the government of the day should always encourage its scientists to engage with their colleagues and the public about their research. However, I am equally convinced that government should prohibit scientists from getting into the realm of public policy debate. That is the role of ministers in our Westminster parliamentary democracy. One

can make a clear distinction between the science and the policy. The cod expert in Fisheries and Oceans actually does not know enough about other groundfish, about aquatic ecosystems and about human use of the resource to actually speculate on cod policy and the total allowable catch for cod.

The scientist should be doing what he or she does best and that is advise on the state of the cod and factors at work that affect them, then let the rest of the scientists in DFO and the policy analysts integrate it with what will happen in the larger domain.

The resolution of the competing demands on the resource make the science an important evidentiary basis on which to ground a decision. But the decision itself is not a scientific one, but rather a political one. People will say “it's just politics”, but politics is a good thing. Decision-making in the presence of uncertainty, political dynamics, and competing interests requires a ministerial, not scientific decision.

Quality public policy requires a fine understanding of the nature of the problems that afflict us, of the impacts of alternative policies and an analytic basis for informing public policy. This requires a robust evidentiary basis for the market in ideas. It requires a vigorous, analytic and highly educated public service to do the analysis. And most importantly, it requires ministers who will ask tough questions, be open to the evidence and be prepared to make their decisions informed by that evidence and analysis. **P**

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"The problem," writes Madelaine Drohan, "is not too little journalistic output but too much, and the seeming impossibility of being able to sort through it all." Dreamstime image

Reports of the Death of Journalism Have Been Greatly Exaggerated

Madelaine Drohan

Despite media fragmentation, the proliferation of cat videos and the shrinking of human attention spans, there is still a demand for the type of journalism that informs public policy in a digital world. How it is delivered and who consumes it is changing. The difficulties that traditional media organizations are experiencing in the digital world should not be conflated with appetite for in-depth, forward-looking news.

You could almost hear the collective groan from journalists across North America last April when news broke that Rob Kuznia, winner of a 2015 Pulitzer Prize for local reporting, left journalism for public relations because he couldn't pay his rent. Kuznia's story stood out against the flood of bad news about closures and layoffs at once dominant media organizations in the US and Canada. If someone with enough talent to win such a prestigious prize could not make a living wage in journalism, what hope was there for anyone?

Anyone with an interest in good public policy and the belief that an informed electorate is essential to a strong democracy should sit up and take notice. If Kuznia's career choice sounds the death knell on the type of journalism that informs public policy, we are all in trouble.

Fortunately, the headlines do not tell the whole story. They focus on the bad news of traditional media organizations struggling and sometimes failing to find a successful business model in an increasingly digital world; on the viral spread of celebrity stories, cat videos and sensationalist news; or on the possibility that consuming digital content is diminishing the traditional audience for such content. Douglas Coupland, a writer, artist and thinker, says the digital world has given rise to omniscience fatigue (the ability to find the answer to almost any question makes information boring). A recent Microsoft report said goldfish now have longer attention spans than the average human being.

For readers, viewers or listeners of serious journalism, it is a time of plenty. Never before have they had access to such a cornucopia of stories, videos, documentaries and analyses on every conceivable topic from anywhere in the world. The problem is not too little journalistic output but too much and the seeming impossibility of being able to sort through it all.

This fragmentation of the news has its downside. It threatens to shrink the common pool of information we share. The risk of rising partisanship among groups who gravitate to like-minded sources may be overblown. Research by the American Press Institute indicates it exists more among older people than the young, whose wide circle of friends in the digital world exposes them to alternate views. Still, sharing common pool knowledge is essential to inform and provide a frame for healthy democratic debate. Fragmentation of the news means a less all-encompassing national conversation about issues, if indeed that ever existed.

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The waning clout of traditional media organizations has also upended the relationship between policymakers and the media. Traditional media organizations were gatekeepers, sorting through the news of the day and presenting what editors deemed important on the front page of the newspaper or in the top items on radio and television broadcasts. As gatekeepers they had a role in the policymaking process, although there is some argument about how large a role they played. Still, media organizations identified problems, encouraged public debate, searched for evidence and critiqued finished policy. They informed engaged citizens.

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This ability to set the agenda for a national conversation has not completely disappeared. At a roundtable convened by the Public Policy Forum in May to discuss the future of serious journalism, participants agreed that the front page of *The Globe and Mail* or the *Toronto Star* was still important real estate. But it's no longer the

only game in town. News no longer waits for the morning newspaper, the nightly broadcast, or sometimes even for journalists. When Prime Minister Stephen Harper shuffled his cabinet in July 2013, he announced the changes first on his Twitter account.

Social media have given politicians the ability to talk over the heads of journalists directly to their intended audience. They are not alone. Companies, advocacy groups, think tanks, academics—just about anyone can use social media to tell their story the way they want it to be told. In the digital world, journalists no longer have a quasi-monopoly on information. This was inevitable, although few saw it coming. The Internet has allowed upstarts in other industries—think Airbnb with accommodation or Uber with taxis—to cut out the middleman. Why should journalism be any different?

Senior civil servants, once the traditional source of policy advice to ministers, have also seen their role as gatekeepers diminished in the digital world. This is partly because of the deluge of information. And it is partly because policymaking itself has undergone a radical shift in the last decade or so, which may also be related to changes in the media.

Policymaking in Canada was once a much more deliberative process, where royal commissions were given mandates to dig into a particularly thorny problem, examine the evidence, research potential policy solutions and come up with recommen-

dations for government. The media played a role, sometimes sparking the commission but also reporting on the hearings, the final report and government follow-up or lack thereof. That era has ended. The last royal commission, an investigation led by Supreme Court Justice John Major into the bombing of Air India Flight 182, reported in 2010. The current government has fiercely resisted calls to set up a commission to investigate missing and murdered aboriginal women. The closest we have come recently to in-depth study of a public issue is the Truth and Reconciliation Commission, which was set up as part of the settlement of a class-action lawsuit.

Policy now appears to arrive ready-formed from the top without the underlying thinking and framework used in more deliberative policymaking. The media role in this new method of policy delivery is almost purely reactive. Journalists inform the public after the fact. Public debate is curtailed and sometimes non-existent. This trend began in the waning years of the last Liberal government and has reached full flower under the Conservative regime. A 2011 assessment by Don Drummond of Queen's University found that the policy shops of various government departments had been pared to the bone during the budget cuts of the 1990s and only partially restored.

Critics suggest policy now reflects the preoccupations of ministers and is based more on political considerations than on policy concerns. A case in point is the Conservative government's focus on crime legislation—more than 30 crime bills have been passed since 2006—at a time when crime rates are falling.

Yet the media are partly responsible for this state of affairs. The advent of the 24-hour news cycle means it is not just journalists going without sleep and having to respond to events on the fly. One participant at the roundtable spoke of the need for political staff to respond almost

instantly to news, even if it broke at 11pm, for fear it would “grow tentacles” overnight.

There is little room in this world for thoughtful examination of problems and long-term policy research. “The 24-hour news cycle has dramatically altered the willingness of politicians and their staff to engage in a slower process,” says David Dodge, former governor of the Bank of Canada and a former deputy minister of finance. The constant need to respond to the issues of the day also means traditional policymakers have less time to devote to longer-term thinking.

“ There is little room in this world for thoughtful examination of problems and long-term policy research. “The 24-hour news cycle has dramatically altered the willingness of politicians and their staff to engage in a slower process,” says David Dodge, former governor of the Bank of Canada. ”

But just as there are many more sources of “news” there are also more sources of policy ideas. Think tanks and policy schools at universities have stepped into the gap left by government, doing longer-term research and producing recommendations for policy change. For example, two papers on potash taxation from the School of Public Policy at the University of Calgary prompted the Saskatchewan government to review its rules.

Business interests, either alone or as part of an association, are also actively involved. We caught a glimpse of this when Finance Minister Joe Oliver told a parliamentary com-

mittee that his decision to include a job credit for small businesses in the 2014 fall budget update was based not on departmental analysis, but on research done by the Canadian Federation of Independent Business.

Lobbyists are hardly a new phenomenon, but they may have more clout in the changed policymaking environment. For journalists, they represent an important audience and a source of news.

What of the general public? Research done by the American Press Institute shows the stories with the longest online life, which keep bringing viewers back to a site, are those that involve original ideas, show evidence of enterprise in the reporting, and have value for the reader. Having a story that no one else has thought of and that answers a question important to the reader is the most important thing media organizations can do to drive their engagement with customers, says Tom Rosenstiel, executive director of the institute.

If original content showing enterprise alone were the answer, Rob Kuznia, the Pulitzer Prize winner, would still be reporting for the Daily Breeze in Torrance, California. Yet the difficulties his former employer and other traditional media organizations are experiencing in the digital world should not be conflated with a diminishing appetite for serious journalism. The demand is still there. Journalists and their employers just need to find their niche in the digital world and figure out how to make it pay. That's not an easy task. But neither is it impossible. **P**

Madelaine Drohan is the 2015 recipient of the Prime Ministers of Canada Fellowship given by the Public Policy Forum. She is also the Canada correspondent for The Economist and a regular contributor to the Economist Intelligence Unit.



The election of Perry Bellegarde as the new AFN chief provides an opportunity to “re-set the relationship,” writes Dale Eisler. Here, Bellegarde delivers a keynote to a Canada 2020 symposium on First Nations. Canada 2020 photo, Matthew Usherwood

First Nations and Public Policy:

A LEGACY OF FAILURE WITH BLAME ALL AROUND

Dale Eisler

The relationship between the federal government and Canada’s First Nations and aboriginal peoples has been fraught with misjudgment, mistrust and injustice for as long as our nation’s history has been recorded. The findings of the Truth and Reconciliation Commission needs to be a turning point that helps shape a national commitment to right the wrongs of the past and chart a new path forward.

There has been no greater failure of public policy in Canada than the inability of successive governments to deliver social and economic justice for First Nations and aboriginal people. Given the facts, it’s long past time for serious soul searching by all involved.

The social and economic evidence is stark and overwhelming. Aboriginal people represent 4.3 per cent of the Canadian population and their numbers are growing faster than the general population. Yet by virtually any measure, the majority are a people apart, disconnected from the mainstream of the Canadian economy and society.

They suffer from an unemployment rate more than double (14.6 per cent vs 6.3) the national average. Their educational outcomes lag far behind those of other Canadians. Only 40 per cent of young adults living on reserves have completed a high school education. The completion rate climbs to 70 per cent for off-reserve First Nation students, compared to a Canada-wide completion rate of 88 per cent. Only 8.7 per cent of First Nations Canadians have a post-secondary degree, compared to 26 per cent for the rest of the population. With education more critical than ever in today's economy, the outcome is predictable. In far too many cases, First Nations people face a life of grinding poverty. It's a truth reflected in other ways, not the least of which being that First Nations and aboriginal people account for more than 23 per cent of people in custody in federal institutions, a number that has grown 43 per cent in the last five years.

This is not to say there haven't been extraordinary individual and collective successes of First Nations and Aboriginal people. There have been, which makes their success all the more remarkable considering the historical, social, economic and systemic barriers they have faced.

As you might expect, this all translates into dreadful social outcomes that are visible across Canada. Unfortunately, often the worst results are most evident in rural and remote First Nations and aboriginal communities, where poverty, social dysfunction and a lack of opportunity can be a part of daily life. The vast majority of Canadians are either not exposed to that reality, or if they are aware of it, can keep it out of mind because they don't witness it on a regular basis.

Every so often, though, the reality of life for many First Nations and aboriginal people intrudes on the conscience of Canadians. But never has the emotional impact been greater than with release of the summary report of the Truth and Reconciliation Commission into residential schools.

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The horrific consequences of a public policy that destroyed generations of First Nation families by stripping them of their dignity and identity - with the consequences still evident today—should haunt Canadians. It amounted to what Supreme Court Justice Beverley McLachlin, as well as Truth and Reconciliation Commissioner Justice Murray Sinclair and others have explicitly termed “cultural genocide.”

“ It is abundantly obvious that public policy has failed not only First Nations and aboriginal people, but by extension Canadian society at large. ”

This intrusion on the Canadian conscience has happened too with the growing national focus on missing and murdered aboriginal women. Even more compelling are recurring cases of child poverty, neglect and the failure of social service agencies to adequately protect children that come into their care. In Saskatchewan, the province's Children's Advocate Bob Pringle has chronicled in heart-wrenching terms the suffering and death of children, many of them of aboriginal ancestry, in the care of an over-burdened child welfare system. The most recent was the death of a six-year-old boy at the hands of a 10-year-old. In Canada, the aboriginal youth suicide rate is six times the rate for non-aboriginal youth.

It is abundantly obvious that public policy has failed not only First Nations and aboriginal people, but by extension Canadian society at large.

Despite annual funding from the federal government of \$6.8 billion in 2014-15—almost \$6.7 billion flowing as grants and contributions—the living conditions for many First Nations people remain bleak.

The causes of this reality are documented and deeply rooted in our nation's history. They reach back to the first contact between First Nations people and European settlers. From the signing of treaties or encroachment without treaty, colonization through the creation of reserves, attempts to assimilate and ultimately eradicate aboriginal culture and history through residential schools, we all see the result. It is played out now as First Nations struggle to break free from that history by asserting their treaty rights and establish the mechanisms for sustainable self-government.

All that we know. The challenge is to find a path forward that finally begins to change what is a stain on the Canadian conscience.

A good starting point would be to accept collective responsibility. There is plenty of blame to go around. That is not to suggest all the public policies applied through the decades were done with malicious intent. Certainly in some cases they were, as documented by University of Regina historian James Daschuk. In his award-winning book “Clearing the Plains” Daschuk describes the “politics of starvation” that were used as a state-sponsored weapon against the Plains First Nations. But many other decisions were taken based on what people thought were appropriate at the time, however misguided and ill-conceived they might appear now.

But before a new path can be set, there needs to be strong and clear-minded

leadership. That means a willingness to admit failure by all involved and a commitment to not repeat the mistakes of the past.

The foundation for effective public policy is public credibility. Credibility is based on trust, and trust begins with a belief that all those engaged in the issue are willing to admit their mistakes, take their share of responsibility for past failures, learn from them, and demonstrate a willingness to work collaboratively to tackle what are daunting challenges. Apportioning responsibility for the state of First Nations and aboriginal Canadians is always a delicate subject. But reconciliation requires it.

The guilt and responsibility must be shouldered by non-aboriginal society and governments. The loss of land, culture, language, way of life and identity, as part of being a colonized people, has led to today's reality for many First Nations people and communities. There have been some efforts to admit mistakes and accept responsibility. Chief among them has been the Truth and Reconciliation Commission itself and \$1.6 billion in financial compensation that was offered to survivors of the residential school system.

But as part of reconciliation contemporary First Nations and aboriginal leaders need to recognize their own challenges. With many First Nations lacking any serious economic base, many are effectively welfare communities. In some cases, the result is grossly unequal distribution of wealth, with chiefs and members of band councils using their positions to allocate financial resources to themselves and others they designate. This type of behaviour is far from unique to First Nations, but is more visible because of the lack of economic opportunity so many face. Indeed, the Idle No More movement was at least partly driven by grassroots discontent with existing First Nations leadership.

With the election of Perry Bellegarde as the new National Chief of the As-

sembly of First Nations, there's an opportunity to reset the relationship. A cornerstone of Bellegarde's agenda is the recognition of treaty rights as the foundation for building a new relationship between First Nations and non-aboriginal Canadians. He talks about the creation of an independent Treaty Commissioner as an arbiter to ensure historic and legal obligations are met. Bellegarde also points to the "fiscal gap" that separates First Nations people from other Canadians. It becomes evident in child poverty rates in First Nations communities almost double the national average, where First Nations children receive 22 per cent less funding for child welfare services than other Canadian children. "We are caught in a system that has First Nations administering our own poverty," Bellegarde says.

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Clearly, addressing the fiscal gap is part of the answer, but only part. A new way forward must tackle the need to improve educational outcomes for First Nations. Until First Nations students can access the same quality of education as non-aboriginal students, real, transformational change will not occur. The collapse last year of the federal government's attempt to reform First Nations education dealt a damaging blow to relations with First Nations. But rather than inhibit further attempts at on-reserve education reform, it should serve as a catalyst for both sides to redouble efforts. Former Prime Minister Paul Martin's Aboriginal Educational Initiative, which focuses on giving First Nations and aboriginal kids a chance at a quality education,

is one example of a possible model for a path forward. There's no doubt that successful reform of First Nations education will be costly. But as the bumper sticker says: "If you think education is expensive, try ignorance."

Another critical dimension of the answer is real and sustainable economic development. First Nations need access to their own-source revenues that come from investment and entrepreneurship, or potentially sharing of natural resource revenues. As Chief Clarence Louie of the Osoyoos, B.C. First Nation says, the most important thing First Nations people need is jobs. Without employment, there is little hope. "Every child should wake up with one parent going to work. A working parent is the first role model we need," says Louie.

These are all worthy and urgent policy objectives. But the first step down the road to real progress and meaningful change begins with the admission of past failures. The time has come to accept collective responsibility for the missteps of past leadership that have bequeathed our country such a sad legacy.

Canadians, both non-aboriginal and aboriginal, need to hear that from their leaders. Until they do, there won't be the necessary good will and public pressure to finally overcome the grim past and hopeless present of so many of our citizens. Now is the time for good will to emerge on all sides and with it a focus on public policy that actually, finally, makes a difference. **P**

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Guest Column/Ed Clark

Making Government Work

ing rates of female participation in the work force fed a period of extraordinary growth. Politicians in all parties had the resources to embrace the same mission statement: find a problem to fix and make the world a better place. A lot of good came from this period, including Medicare and Old Age Security.

Government matters. Political leadership matters. And the civil service matters.

Together, they not only help create a society that makes us proud, but also an environment that supports an economy strong enough to allow us afford it.

Public health care is an obvious example. Embedded with the Canadian values of fairness and equality, it contributes to a standard of living and quality of life envied around the world. In concert with our public education system, it ensures social mobility and better economic performance.

However today's public sector faces a huge paradox: driven in part by our aging population, demand for government services is growing rapidly. But a shrinking labour pool and slowing domestic economy are putting downward pressure on its revenue streams and constraining its ability to act.

If we want to preserve the programs that matter most to us, we must be prepared to jettison ideology, deal with the real issues and pursue solutions that work in the modern world.

Many of us grew up in a different world. Back in the 1960s and 1970s, productivity gains, the recovery in Europe, the baby boom and grow-

But governments face harder choices in this Age of Austerity. Not just managing in a world of scarcity, but also dealing with forces that can make society less fair. The combination of technological change and globalization exacerbates income and wealth inequality, and decreases social mobility.

Today there's a growing divide between what governments can afford to do, and what they have promised to do. And because our population has a limited willingness to tax themselves, we need to take a hard look at the kind of government we want and can afford. How can we adapt to the times, promoting economic growth and preserving social cohesion for generations to come?

This challenge places a big responsibility on our civil servants. They're expected to do more with less; to think of innovative solutions; to re-engineer the delivery of government services; to manage change. They have to think boldly, but remain firmly focused on what's genuinely doable. Guided by evidence and in pursuit of the best solutions, they need to stand up to political pressure and constantly ask: "what if", "why not", and "is that actually possible?"

In short, we need a civil service willing

to look at all our institutions, public and private, to see how we can leverage two of Canada's advantages—we know how to co-operate and we're not ideological—to build the kind of knowledge-based clusters necessary to compete in the 21st century.

In my volunteer capacity with the Ontario government as well as the city of Toronto, I have the opportunity to work closely with officials at both the provincial and municipal levels. I can tell you we're fortunate to have political leaders who value their civil servants as advisers and operators. And we have civil servants who are, themselves, smart, dedicated and enormously hard working.

This bodes well for all of us. It gives us flexible and dynamic government, willing to change when the world around us does.

But the onus isn't all on the civil service. People in the business community must recognize the role and contribution of government, and those who manage it. They must support the discussions and decisions required for our society to keep pace with an increasingly complex world. And they must lend a hand, sharing their own expertise to make better ideas a reality. **P**

Ed Clark is the former president and CEO of the TD Bank Group. In 2014, he was named one of the Top 50 Performing CEOs in the World by the Harvard Business Review. At his retirement in November of last year, he was by named by Ontario Premier Kathleen Wynne to oversee a task force on Ontario Power Generation, Hydro One and the Liquor Control Board of Ontario.



Verbatim/Michael Sabia

Thinking Differently

The job of government was defined in terms of its “efficiency.” And the emphasis placed on the minimal “must do” instead of the aspirational “can be”.

Of course governments have to demonstrate good stewardship of public resources. But if all they do is *count* change, it limits their ability to *effect* change.

The fact is when big problems arise — whether it’s a financial crisis like 2008 or a tragedy like Lac Megantic — people’s first instinct is to look to government for a solution.

Yet opinion researchers tell us that people are increasingly disappointed with our collective response to the issues that matter most—income inequality, health care for the aged, climate change. They’re withdrawing from public affairs and wondering if we still have the ability to tackle big challenges. To do big things.

And that’s important.

Because big, pan-societal issues like climate change are not going to yield to individual effort. There are no apps for those. We still need institutions that can bring together ideas and organize responses big enough—and comprehensive enough—to make a difference.

So what to do?

Well the answer is not to turn the clock back to a time when government thought it could solve a problem unilaterally. It’s not about bigger government versus smaller government. It’s about *different* government.

One that moves away from a manager’s obsession with doing things better to a leader’s focus on doing *better* things. Like fostering innovation. Being open to new ideas. Encouraging experimentation. Rewarding risk-taking. And, frankly, accepting failure as a condition precedent to success.

The good news? There’s lots of creative thinking coming from leaders—especially at the local level. Case in point: Medellín, Colombia. In 1992, one of the most dangerous cities in the world. Today? One of the world’s most innovative—in its architecture, its transportation systems, schools and libraries.

Or here in Canada. The Winnipeg Boldness Project. A neighbourhood-based, early childhood development initiative. Government, non-profit foundations and aboriginal leaders coming together to address a complex social issue. One child at a time.

There are other examples. The creativity driving Boston’s Office of New Urban Mechanics. The mission of New York’s Innovation Delivery Fellows to execute new ideas.

Yes, all small steps. But, they’re a start.

In today’s world, progress comes incrementally. Step by step, sometimes one step back. Until you make a breakthrough. And then another. No silver bullets. No more once-and-for-all solutions.

Fortunately, young leaders are really good at this. They’re used to working collaboratively. Interactively. Iteratively. Across networks. Tackling problems through an open source world.

Governments need to catch up. We need them to operate differently. To put a priority on imagination, invention, and innovation.

And it starts by thinking differently. **P**

Michael Sabia is President and CEO of the Caisse de dépôt et placement du Québec. He is a former CEO of BCE, and a former senior federal official in the Privy Council Office. Adapted from his address as an honouree at the Public Policy Forum annual dinner in Toronto on April 16.

What sets people apart as leaders, in government and the private sector?

They all think differently about what they do. They question. They innovate.

Why does it matter? Because of the world in which we live, and the nature of the challenges we face: A world in which innovation and creative destruction are the norms—and motors—of our times. A world where technology and the sheer volume of data are setting a pace of change unlike anything we’ve seen before.

Innovations that destroy businesses as fast as they create new ones. Think of 3-D printing. Truly revolutionary—affecting everything from the manufacture of airplane engines to the future of regenerative medicine.

In *this* world, the only way to harness change—the only way to lead—is to think differently.

That applies as much in government as it does in business or anywhere else. But here’s the paradox. At a time when creativity is relentlessly driving change in so much of our world, many would limit government to managing their way through rather than working with others to solve problems.

It started in the 1980’s and 1990’s, when we decided governments needed to become “more like businesses”, adopting the metrics—and vocabulary—of corporations. Citizens became “clients”. Compliance replaced creativity.



Premier Rachel Notley at the swearing-in of her cabinet on the steps of the Alberta Legislature on May 24. A new day for Alberta. Flickr photo, Connor Mah

Alberta After the Political Earthquake

Robin V. Sears

On May 5, Alberta voters decisively swung the province from the predictable outcomes of more than four decades of Conservative rule to a stunning New Democratic victory. Losing the election wasn't easy for Jim Prentice and governing won't be easy for Rachel Notley. But, as veteran NDP strategist and policy sage Robin Sears writes, the Notley premiership is poised to shake things up in Alberta and beyond.

In an era when polls as election predictors are less reliable than weather forecasts, Rachel Notley and her team were wise to resist even private predictions of election victory. After all, many public polls had the last two Alberta election results badly wrong. Her senior communications guru, Brian Topp, had watched in horror as British Columbia voters made fools of the pollsters in that province in 2014.

Still, they could be forgiven the small private smiles they permitted each other on the final weekend, as one poll after another made unanimous the consensus that devastation was ahead for the oldest one-party government in any developed democracy in the G7.

It is already hard to remember the sense of inevitability that surrounded the Prentice government's future success only months ago. The new premier had landed in the midst of the mess created by the implosion of the Alison Redford government. He came with apparent confidence, vision and a clear game plan. He imported seasoned players from Ottawa and elsewhere to help rebuild and renew the wheezing 44 year-old Alberta Conservative regime.

But he and his advisers forgot one essential truth: Canadian voters only return governments that old with some frustration, and only when two things are true—the alternatives are hopeless, and the old guys demonstrate that have the ability to deliver a new vision. Rachel Notley was immediately obvious as a very serious challenger and the Prentice vision got old quickly. The Alberta Tories saw a nasty fall and winter ahead as oil and commodity prices tanked and then decided prudence dictated they get a new mandate before the roof fell in on the economy. Seasoned pundits muttered approvingly of the strategic wisdom of a spring election.

There is another axiom political veterans are fond of: "When the wheels begin to fall off, they all fall off, one after another." The Prentice juggernaut's wheels began to get wobbly early on, but it was not obvious until much later. A new leader of an aging party in power always needs to perform a very delicate piece of political jujitsu—he must signal that they are new, and the past is past, without appearing to trash the *ancien regime*. However enthusiastic your core activists are about you and your promise of renewal, they resent suggestions that they were dummies to have been supporters of the previous gang.



Conservative Leader Jim Prentice and NDP Leader Rachel Notley at the leaders' debate which produced a defining sound bite when Prentice told her: "I know math is difficult." PC Alberta Facebook photo

Sadly, Prentice failed this test as well, saying that not only was he expert on the mistakes that had lead Alberta to its current sad state, but it was not *his* fault, it was...yours. His "look in the mirror" line in March was a stunning example of someone who had been away from the hard discipline of politics and campaigning for too long.

“ There is another axiom political veterans are fond of: “When the wheels begin to fall off, they all fall off, one after another.” The Prentice juggernaut’s wheels began to get wobbly early on, but it was not obvious until much later. ”

Two strategic blunders of magnificent scale put paid to a smooth path to re-election. The first was the sleazy game of wholesale floor crossing he engineered with Wildrose Leader Danielle Smith last December and the second was a bizarrely tone-deaf budget in late March completely at variance with the pre-budget signals he had been carefully seeding weeks in advance.

When Smith and eight of her Wildrose colleagues “took the Queen’s shilling”—just weeks after they had been passionately excoriating the Alberta Conservatives in a series of by-elections—the province collectively gasped at the effrontery of both the turncoats and their new patron.

Then there was a budget that had been teased for weeks as being tough on spending and likely to require some hard choices. Instead, it offered \$7 billion in deficit spending despite new fees and taxes, and little coherent messaging about how the government would dig itself out of the deepening oil revenue hole. It was dead on arrival.

A friend and worried adviser of the premier’s, reflecting on these missteps on the eve of the election call, asked gently if Prentice felt that his “skates were sharp enough” for the tough game ahead. It was a prescient caution. It was seven years since Prentice had fought an election. He had rarely fought a competitive campaign in his life. His friend was of an age to recall John Turner’s shooting star return to politics and saw some of the same rusty performance risks.

The TV debate was proof of the adviser’s wisdom.

Harried and verbally outpointed by

Notley almost from the opening minute, in response to his opponent's attack on his tax revenue claims Prentice said with clear exasperation, "I know math is difficult...." It was a John Turner moment: patronizing, sexist and proof of serious political rust. To make matters worse, Prentice was factually—and mathematically—wrong.

The poll numbers began to swing heavily against the Conservatives and their response got increasingly erratic and vicious. A ham-fisted attempt to scare Alberta voters with horror stories from other Canadians' experience of NDP governments blew up in the Tories' faces when the Orange team's war room deluged social media with happy memories of New Democrat achievements from several provinces. Election night was one of those defeats that looked inevitable by the morning after, but was nonetheless stunning on the night.

Notley has inherited a somewhat poisoned political chalice. If oil prices were still happily at \$100 heights, she would have still have faced the legacy of decades of fudged and avoided problems. Alberta has Canada's most centralized, rigid and expensive health system. It has a school and university sector whose budgets have grown faster for longer than any in Canada. Despite efforts in the good years to diversify, its economy remains critically dependent on oil and gas revenues, which account for more than 22 per cent of provincial GDP.

The Notley government has, however, been granted responsibility for the public fisc at a time when oil and gas revenues will have fallen by nearly half in a matter of months. Notley came to power on a political tidal wave. Sadly for her young and green young cabinet colleagues, they arrived after an economic tidal wave had wrecked the provincial economy. As that economic tide continues to recede, it will reveal to just what degree infrastructure was poorly managed in the good years.

“*Notley has another asset that is almost unheard of in Canadian politics: She owes no one anything. This is her victory; not the party's, not the labour movement's, not local party organizers.*”

Unless international oil markets rise dramatically, it will be a grim Year One ahead for Alberta and the new government. This is not a challenge that New Democrats have not faced before. With the exception of the Rae government in Ontario, their record of facing bad times coolly and with discipline is pretty good. Tommy Douglas turned Saskatchewan back from bankruptcy, Roy Romanow had almost as bad a deficit mess handed to him on election night and performed with similar discipline—with Brian Topp at his side, as he is at Notley's now as head of the premier's office—but not without serious political pain along the way.

The heart of the wickedly challenging balancing act a government must perform when its revenues are sliding and the weak economy is pushing up social costs at the same time is how much to cut without pushing the economy down even faster. Borrowing heavily and pushing stimulus spending to put a brake on the decline is a huge gamble. The Harper government was lucky in its stimulus spending gamble, as revenues climbed back quickly. The Rae government was clobbered when theirs didn't.

An additional challenge for the Notley team is that you would need to be nearing retirement age to remember the last time—more than 30 years ago—that the Alberta economy had to struggle with a similar sideswipe by global energy prices.

If your whole life experience is that this year will outperform the last one, the dramatic shift to managing decline can be paralyzing. It will take very adroit political management to help Alberta's hospital managers, school boards and municipal leaders

understand that they will need to do more with less.

However, the new government has several very powerful assets. First is the reservoir of good will, one of unusual depth, even for a massively elected new government. Alberta voters in every community, every social class and generation voted for Rachel Notley. They remain deeply angry at the Tory legacy and they want her to succeed. They are keenly aware of the economic challenges ahead and want confident, optimistic leadership to plot the path back to happier times. But as every politician discovers sooner than they can imagine, political honeymoons are always short and often end abruptly.

Notley has another asset that is almost unheard of in Canadian politics: She owes no one anything. This is her victory; not the party's, not the labour movement's, not local party organizers. Yes, courtesy and convention require that she never say that. Publicly the victory must be a collective achievement.

Her government's launch was flawless—a celebratory picnic introducing a small, 12-member cabinet. She is importing real talent from everywhere in the province and across Canada to beef up the ranks of the bureaucracy and ministers' offices. Her sunny style has wrong-footed the few provincial business and political leaders foolish enough to grumble publicly about the new government's plans.

Her role beyond Alberta will get very big very quickly, however, even as she struggles to get a grip on managing Canada's third largest provincial economy. In July, the premiers are committed to delivering on a prom-

ised national energy strategy. Alberta will be a crucial hinge vote in how far they collectively go on climate change, carbon pricing, and national co-operation. That decision, and the sales efforts the premiers will collectively make to defend it against Ottawa's very different vision will also feature the new Alberta premier.

Within weeks after that will come the federal election, during which New Democrats federally will look to their new star for support as they launch their first serious attempt at winning nationally.

And again, with a break of only weeks, Alberta will need to decide what role to play in the Paris meetings of world leaders seeking a consensus on climate change. She and her fellow premiers may be accompanying a new Canadian prime minister, himself with only weeks on the job. It is a mind boggling set of cross-pressures for any

government, let alone one on a steep learning curve about how to govern, struggling to shore up a flailing economy, and joining a set of discussions when their partners are already well on their way to decision.

But it would be unwise to bet against this improbable Alberta premier.

She has had an excellent formation for the role—the daughter of Alberta's pioneering NDP leader, Grant Notley, whom she watched battle the odds for years to establish his place in the province's history. The child of a strong, socially, politically and intellectually confident mom, Notley was immersed in the political debates and social currents swirling across Alberta as a young girl. A lawyer with a strong reputation as a negotiator and experience in government as a young official in B.C., her career has prepped her well for the challenges of political leadership.

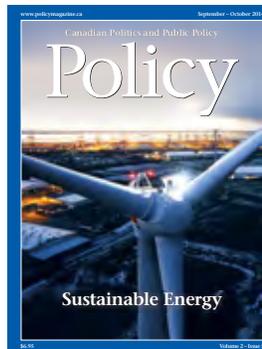
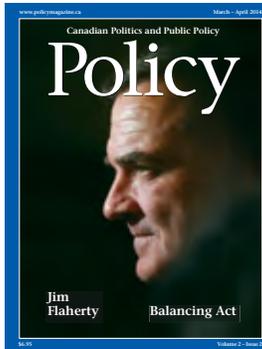
Alberta voters saw and were clearly taken by the compelling smile and a sunny confidence Notley brings to every stage. It's an optimism grown out of beating adversity, not out of vanity; out of a lifetime of meeting and overcoming challenges, not innocence.

As leaders similarly endowed—Tommy Douglas, Ronald Reagan, Peter Lougheed—knew well, that kind of serenity grounded in the confidence of tough life experience will help get you through many a political storm, and can serve as the foundation of a long and successful career. **P**

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British Prime Minister David Cameron outside 10 Downing Street following his majority victory in the May 7 election. The Prime Minister's Office, Flickr photo

To Succeed in His Second Term, Cameron Must Solve Two Big Problems: Europe and Scotland

Andrew MacDougall

In the 1972 campaign classic, "The Candidate", Robert Redford's unexpectedly victorious senatorial candidate asks his campaign manager the perfect post-upset question: "What do we do now?" It's a moment more resonant with first-time candidates than incumbents, but it may well have been on David Cameron's mind on May 8. After his stunning upset, Cameron now faces looming existential crises over Scotland's future in the United Kingdom and Britain's future in the European Union. From London, political veteran Andrew MacDougall offers some potential answers.

The passage of time has done little to dampen the shock of the United Kingdom's May 7 election result. Despite months of polling predicting a hung Parliament and attendant political and market instability, the people of the United Kingdom instead returned Prime Minister David Cameron to Number 10 Downing Street to helm a majority Conservative government.

Armed with his majority, Cameron now has the luxury of ignoring his political opponents; if he keeps his side united he will control the legislative agenda. To succeed in his second term, howev-

er, David Cameron must do a much better job of managing a backbench he has, to date, largely ignored.

With his opposition either facing leadership or internal strife, Cameron is reaching out to cement his position both within his party and the country. To wit, the engine of government is already in gear: a new cabinet has been appointed and a Queen's speech outlining the government's agenda has been delivered.

Cameron has returned key figures to marquee posts to implement his agenda: George Osborne remains Chancellor of the Exchequer; Theresa May remains Home Secretary; Philip Hammond will again handle foreign affairs; and Michael Fallon retains his post as Defence Secretary. There is also continuity in other key departments: Jeremy Hunt once again leads at health; Iain Duncan Smith at the Department of Work and Pensions; and Nicky Morgan returns to Education.

Now that he has his team, Cameron must now get on with business. Having ruled out a third run for prime minister, he must deliver key manifesto policies before succession talk overtakes his final term.

The government knows that the elephantine questions of Scotland and Europe could soon be squashing whatever long-term legislative agenda it has planned.

Cameron moved quickly to turn last year's Scottish referendum victory into a plan to temper Scottish nationalism by offering English MPs English votes for English laws. While immensely popular with his party, it appeared to put party before country.

Despite Scotland sending 56 Scottish National Party MPs to Westminster, the Caledonian contingent will exert little or no influence on the formal parliamentary agenda. The SNP will get the devolution measures proposed by Lord Smith's Commission, and no more.

No matter the final shape of Scot-

“ No matter the final shape of Scotland's deal, it is clear Britain will eventually need to have an adult conversation about finding a new, more equitable constitutional arrangement. ”

land's deal, it is clear Britain will eventually need to have an adult conversation about finding a new, more equitable constitutional arrangement. In post-election remarks Cameron said his plans are to “create the strongest devolved government anywhere.” He'll have a long way to go to match jurisdictions like Canada, however, where the provinces have control over taxation, health, education, and the implementation of justice.

Cameron won't, however, want to get bogged down in extended constitutional wrangling at home; he's got treaty change with Europe on his agenda and the result here will frame his legacy as prime minister.

Thanks to the rise of the UK Independence Party, the prime minister must attempt to lance the Eurosceptic boil that sits on the body politic of the United Kingdom. Cameron hopes that, by offering and winning a referendum, he can remove the European question from the British political agenda for years to come.

The war will unfold over two battles: the referendum itself; and the preceding negotiation to secure “a better deal” from Europe.

Here, the unexpected majority election result has greatly strengthened Cameron's hand. Even with a slim majority he holds a stronger position than he would with a coalition partner at this side. Every single Tory ran on a manifesto pledge to offer the British people a choice on Europe. As a result, every single European leader knows that a reckoning is coming and that it is in their interest to sweeten Cameron's pot ahead of a vote.

While the so-called “four freedoms”—the free movement of persons, goods, services, and capital—won't be up for negotiation, there is room for movement on other fronts. Cameron knows he won't be able to placate the hard-line group of 60 or so of his MPs that want out of Europe no matter what; his task will be to put something substantive on the table for the remaining 270 in order to try to claim victory.

“ If Cameron has his way, he will secure his deal with Europe as soon as possible. The longer the process drags out, the more his hold over his caucus weakens, and the more impact it has on his overall program. ”

The shape of the ensuing deal is widely presumed to be immediate concessions on issues like migrant benefits, with eventual, albeit ill-defined, treaty change at some unspecified future moment.

The main challenge in this *pas de deux* will be to keep the entire negotiation from looking like a stitch-up. The rebellious Conservative backbench knows it isn't likely to get significant European treaty change, but it will need to feel that its interests are being pursued with maximum sincerity and vigour by the government.

If Cameron has his way, he will secure his deal with Europe as soon as possible. The longer the process drags out, the more his hold over his



Prime Minister Cameron meets with French President François Hollande at the Élysée in Paris, as part of a post-election tour of four European capitals to launch his EU re-negotiation talks. Flickr photo

caucus weakens, and the more impact it has on his overall program. He has promised a referendum by the end of 2017 but would greatly prefer to hold it in 2016. So, it turns out, would Bank of England Governor Mark Carney, the Canadian whose job of calibrating British monetary policy is made infinitely harder thanks to the political instability caused by haggling over Europe.

And if he gets it wrong, Cameron will forever be the leader who sleepwalked Britain out of Europe. He will curse the day he won the election no one ever predicted he'd win outright.

In addition to the Labour Party and Liberal Democrats, the other group who indisputably got the election wrong were the pollsters.

Month after month, pollsters published polling showing a dead heat between Labour and the Conservatives. Come election night, 36.9 per cent of Britain's pulled the lever for Cameron, versus 30.4 per cent for Labour Leader Ed Miliband.

What happened? In a word: Scotland.

Here, the Scottish Sgian Dubh cut two ways: it took away 40 Labour seats in

Scotland and gave David Cameron a powerful talking point at the doorsteps of middle England.

From the moment it became clear Miliband and Labour couldn't govern without an SNP assist, Cameron had his route back to 10 Downing. For the last two weeks of the campaign a dedicated team of Tory volunteers took to the streets of target seats and pounded the SNP nail into Labour's coffin.

“ From the moment it became clear Miliband and Labour couldn't govern without an SNP assist, Cameron had his route back to 10 Downing. For the last two weeks of the campaign a dedicated team of Tory volunteers took to the streets of target seats and pounded the SNP nail into Labour's coffin. ”

The Conservative campaign was absolutely ruthless in its portrayal of

a weak Miliband in hock to the big-spending Scottish nationalists. This attack neatly piled on voters' pre-existing views of Miliband as a nebby wonk who was unprepared for the hard choices of government.

The external polls might not have caught the swing in key marginal seats, but Conservative campaign guru Lynton Crosby's internal polling did. While Labour continued to talk about their much vaunted target seat strategy, the Conservatives went ahead and executed theirs to perfection.

The reward? A troubled United Kingdom.

Nothing derails a political agenda like an existential crisis. The prime minister faces two—Europe and Scotland—in this, his second term. They will be the fight of Cameron's political life and will define his legacy. But they will hardly be his only battles.

Britain's finances remain in a parlous state. A lack of productivity threatens the long-term recovery of the economy. The armed forces are threadbare. Syria is in flames and ISIS' terror is spreading ever wider. Vladimir Putin's revanchism shows no signs of abating. Greece could yet send the European Union down the drain. And then there are the usual nagging scandals of government: misspending, inept performance by ministers, and tin-pot rebellions.

David Cameron's leadership will be tested to a degree with which he is unfamiliar. He must approach Europe and Scotland with strategy, and not his usual bag of tactics. If he displays leadership and marshals his allies he can win both fights.

In so doing, he would cement his place in history and leave the Conservatives as the dominant party in a United Kingdom. **P**

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In Camera: Why Locomotive Cabs Need Video and Voice Recorders

Michael Bourque

Canadians, like citizens the world over, have grown grimly familiar with the incalculable value of cockpit voice recordings to determining the causes of airline disasters. Canadian railways are united in wanting to install similar technologies in locomotive cabs. The government of Canada says the technology needs more study. The Railway Association of Canada says, “What’s to study?”

For more than two years, Canada’s railways have been advocating for the right to use a proven technology to prevent accidents. Not only will this technology improve our understanding of accidents after they occur—it will save lives by helping to prevent them in the first place. Locomotive video and voice recording (LVVR) systems can be installed in locomotive cabs, so that railways can identify and eliminate factors that contribute to accidents. But under the current *Canadian Transportation Accident Investigation and Safety Board Act*, railways are not permitted to use this technology for safety management purposes, even though they are required by law to have safety management systems.

LVVR systems are proven and available now, and Canadian railways are ready to install and maintain them at their own expense. So—why are we not implementing this safety enhancing technology? In the US, many railroads, including Canadian National

and Canadian Pacific, are moving ahead, working with their employees and unions to address privacy concerns. Indeed, the latest railroad to announce that it will employ the technology is Amtrak, following the recent fatal Philadelphia derailment.

And in Canada? We’re “studying it,” under the joint direction of the Transportation Safety Board of Canada (TSB) and Transport Canada. Which leaves Canada’s rail industry asking: “What’s left to study?”

According to the TSB, “A number of railway accident investigations in North America have led to findings, recommendations and other safety communications that have identified human factors as an underlying safety issue.” Often, the human behaviours and interactions at issue in accidents are those that occur in the operating cab of the train’s locomotive. Examples include distraction, speeding or other unauthorized operation, or failure to follow signals. These are some

of the same factors observed in many highway vehicle accidents.

It is easy to understand how recorded information would be of great value to investigators after an accident has occurred. Consider the importance of the cockpit voice-recorder information to an aviation accident investigation (or indeed, to reflect on the recent Amtrak derailment in Philadelphia, in a situation where the locomotive engineer himself can’t recall the events leading up to his fatal over-speed operation of a train).

Both the TSB, and its US counterpart, the National Transportation Safety Board (NTSB), have issued recommendations calling for railways to use LVVR technology, for both investigative and preventative purposes.

There is no doubt that this technology will assist investigators when human factors have played a role in an accident. And there have been many: Chatsworth, Calif. (2008—25 fatalities); Burlington, Ont. (2012—3 fatalities); the Bronx, N.Y. (2013—4 fatalities); Philadelphia, Pa. (2015—8 fatalities); to name a few. More importantly, the very presence and use of this technology, as part of government-mandated railway safety management systems, would help prevent accidents from occurring.

Some critics have questioned how this could be. First, LVVR would allow for immediate review of incidents such as emergency brake applications, speeding and passed stop signals, all of which can now be observed in real time by other locomotive and wayside systems. LVVR would also act as an additional layer of audit and testing, as required under each company’s mandatory safety management system. By their very presence, these systems would also discourage unauthorized activities that distract the crew members’ attention from their duties, such as the use of cell phones or other personal electronic devices. They could also be linked to new technologies to help identify early signs of fatigue. And, finally, they could be used to highlight



The high-tech interior of a CN locomotive. The addition of voice and video recordings, writes Michael Bourque "would help railways identify and eliminate" causes of accidents. CN photo

training, ergonomic, equipment, or procedural gaps when systemic issues are observed.

“ When required by the TSB, a regulatory agency such as Transport Canada that is conducting an investigation, or a law enforcement agency, the recorded information would be subject to strict chain of custody requirements. ”

Understandably, railway operating employees and the groups that represent them have legitimate privacy concerns about the use of such recorded information. Canada's railways are committed to ensuring that recordings are only used by the TSB for accident investigation, and by authorized railway personnel for legitimate safety management purposes. As with any untried tool, the final procedures for the use of LVVR information in Canada have yet to be written. But the industry believes that certain fundamental principles should apply.

First, access to the information must be tightly controlled and only used

within strict guidelines. Local management would not have direct access to this information.

Second, when required by the TSB, a regulatory agency such as Transport Canada that is conducting an investigation, or a law enforcement agency, the recorded information would be subject to strict chain of custody requirements.

Third, the hard disks currently available for use with these systems are automatically over-written in about a week. In the absence of an incident or audit, the recorded information would be disposed of within a short timeframe.

Fourth, the review of recorded information would necessarily be limited. It would be focused on risk, or on an incident or trend basis. One example would be to focus on areas where both freight and passenger trains operate at high speed. Another would be to review any time an emergency brake application is made, or where a signal is missed. Some random audits could be used to improve safety. The idea would be to use this technology in concert with other systems to add yet another layer of safety to railway operations.

Practically speaking, the use of on-board cameras is no more invasive than having a railway supervisor ride

the train, listen to radio communication or review videotapes of yard operations. And LVVR is a proven technology. A recent study conducted at San José State University's Mineta Transportation Institute followed some 20,000 transit buses equipped with audio-video equipment. The study found that the technology resulted in a 40 per cent reduction in collisions per million miles travelled, and a 30 per cent reduction in passenger injuries. They also reported findings of up to a 50 per cent reduction in unsafe driving events.

“ Practically speaking, the use of onboard cameras is no more invasive than having a railway supervisor ride the train, listen to radio communication or review videotapes of yard operations. ”

Canada's freight and passenger railways would like to install LVVR systems in their locomotives. But on-board recordings are currently privileged and can only be used for post-occurrence investigations by the TSB. Legislative change is required in order for railways to be able to use this technology to prevent accidents and increase safety.

“What's left to study?” Perhaps how many accidents we've prevented, after we install these devices.

Let's get on with installing this life-saving, injury preventing, and environment-protecting technology, in keeping with the recommendations of the TSB and the NTSB. People of good will can work out any privacy concerns, just as we have done for locomotive event recorders, yard cameras, and forward-facing locomotive video. In the meantime, safety comes first, particularly when the safety of many is in the hands of a few. **P**

Michael Bourque is President and CEO of the Railway Association of Canada.

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Route	Nombre de départs par jour	Distance	Temps productif en train	Temps non productif en voiture*	Coût du voyage en voiture**	Coût du voyage en train (à partir de seulement)	Économies pour le contribuable (voyage en train)***
Ottawa ↔ Toronto	Jusqu'à 16	450 km	3 h 52 min	4 h 34 min	467 \$	44 \$ ¹	423 \$
Ottawa ↔ Montréal	Jusqu'à 12	198 km	1 h 47 min	2 h 27 min	227 \$	33 \$ ¹	194 \$
Ottawa ↔ Québec	2	482 km	5 h 23 min	4 h 39 min	488 \$	55 \$ ¹	433 \$
Toronto ↔ Montréal	Jusqu'à 17	541 km	4 h 42 min	5 h 30 min	562 \$	44 \$ ¹	518 \$

¹ Les employés du gouvernement du Canada profitent d'un rabais de 10 % sur les meilleurs tarifs pour tous les trains et classes de VIA Rail Canada. Valable si vous voyagez par affaires ou pour le plaisir. Des conditions s'appliquent. Pour plus de renseignements, communiquez avec les services de TPSGC.

* 30 minutes ont été ajoutées au temps total du voyage en voiture afin d'inclure les retards dus au trafic et au mauvais temps.

** Le coût du voyage en voiture est calculé selon la formule suivante : (Taux de 0,55\$/km établi par le Conseil du trésor pour l'Ontario pour une voiture conduite par un représentant du gouvernement X distance parcourue) = coût en \$ du voyage en voiture + (taux horaire moyen d'un employé gouvernemental de 48\$/h selon un salaire de 100 000\$ par année, y compris les avantages sociaux X durée du voyage) = coût total en \$ pour le contribuable.

*** L'économie réalisée par le contribuable en voyageant en train est calculée selon la formule suivante : Coût du voyage en voiture – coût du voyage en train = économies pour le contribuable.

CANADA'S
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DU CANADA

ANNUAL WESTERN DINNER

The Peter Lougheed Award for **Leadership in Public Policy**

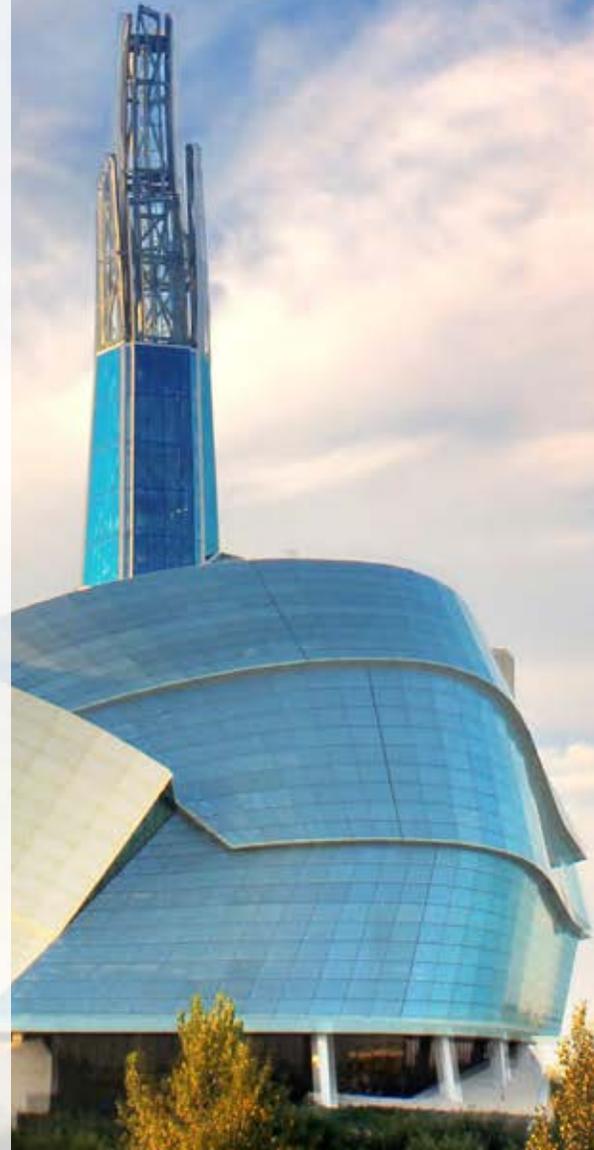
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- **Gail Asper**, President and Trustee, The Asper Foundation
- **Lloyd Axworthy**, past President, University of Winnipeg and former Minister of Foreign Affairs
- **Gary Doer**, Canadian Ambassador to the United States and former Premier of Manitoba
- **Paul Moist**, National President, Canadian Union of Public Employees
- **Justice Murray Sinclair**, Chair, Indian Residential School Truth and Reconciliation Commission

October 8, 2015

**Canadian Museum
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