

# IN THE PUBLIC INTEREST

*My Life in Public Service*

Richard Dicerri



*Review and Reflection Series*

*In the Public Interest: My Life in Public Service* is part memoir, part lessons learned, and part discussion on the challenges faced by senior executives in the public and private sectors in Canada. Former Deputy Minister of Industry Canada, former acting CEO of Ontario Power Generation, and appointee to the Order of Canada in 2017, Richard Dicerni (1949–2023) leaves behind a written legacy of his professional achievements and offers a unique perspective on contemporary preoccupations that senior public servants must confront — atomized stakeholders, the growth of government, the rise of social media, public skepticism, a decline in trust and an increase in fragility — along with suggestions on how to engage strategically with others, communicate with purpose, and earn trust by giving good advice, by being transparent, by being respectful of others’ accountabilities, and by solving problems cooperatively.



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Canada School  
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Canada



Richard Dicerni  
1949-2023

*“Always believe  
something wonderful  
is about to happen.”*

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# FOREWORD

**BY TAKI SARANTAKIS**

This memoir is part of the *Review and Reflection Series* from the Canada School of Public Service. This series helps learners to gain new insights into modern-day issues by reviewing and reflecting on benchmark events, policies, and decisions from throughout the last century.

Richard Dicerni's career spanned a transformative era in government, where the interplay between innovation and tradition helped shape a modernized approach to governance and public policy. His memoir is not just a chronicle of his professional milestones, but is also a call to reflect on the values that underpin public service: integrity, accountability, stewardship, respect, and excellence.

Richard's reflections reveal not only the intricacies of decision-making and public administration, but also the profound impact of collaboration and ethical leadership. By sharing his experiences and lessons learned, Richard invites us to discover our own insights along the way, to find inspiration, and to appreciate the crucial role that public servants play in shaping our society and maintaining the public trust.

At a time when trust and authenticity are more important than ever, this book stands as a testament to the enduring spirit of dedication and service, and a fitting tribute to a proud public servant.

—Taki Sarantakis  
President, Canada School of Public Service

# FOREWORD

**BY CAROLE SWAN**

Richard Dicerni's extraordinary five-decade-long career spanned federal and provincial governments, academic institutions, and the private sector. Over the course of his career, he worked closely with twenty-five ministers and a dozen ministers of state and directly with Conservative, Liberal, and NDP premiers. He practised what he preached: he often said, with a smile, that public servants had to be "serially monogamous" to the party in power. And he was, forging strong and trusting relationships with ministers and premiers of all stripes.

Born and raised in Lachine, Quebec, Richard was a proud francophone from humble roots. His formal schooling was conducted in French and Latin, and he learned English from street baseball games. He was fluently bilingual, and most thought he was a native English speaker. Richard began his career as a political staffer for Liberal Cabinet Minister Robert Andras in the government of Pierre Trudeau. He joined the public service in the early 1970s, becoming the Director of Communications at the Unemployment Insurance Commission. And, as they say, the rest is history. History that you will read about in these pages.

But this is not just a history of his many challenging and interesting jobs. Richard has distilled his many experiences into "lessons" that he believed would be of interest and, he hoped, of help to other public service executives.

Richard was at the vanguard of many significant public policies. A brilliant strategist, he served federal and provincial governments



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of all political varieties, and was at the helm of both a Crown corporation and a media association. He was ferocious about Canada, and played a critical role leading the federal government's strategy in the 1980 referendum on the future of Quebec in Canada. He was also particularly proud of his work on the development of Canada's first National AIDS Strategy. As acting CEO of Ontario Power Generation, he led the corporation through a complex period; as the Deputy Minister of Industry Canada, he played an integral role in policies in the burgeoning fields of telecommunications and science and technology.

Richard retired from the federal public service in 2012, but he was notoriously bad at retirement. In 2014, Richard accepted Premier Jim Prentice's invitation to serve as the Deputy Minister of the Executive Council of the Alberta Public Service. He continued in that job at the request of Rachel Notley when she became Premier in 2015. Richard stayed in Alberta until 2016, when he retired again and returned to Ottawa.

But, of course, Richard never really retired. Back in Ottawa, he took on a number of roles and responsibilities: inaugural Chair of the Management Advisory Board for the RCMP; Chair of the Ontario Energy Board Modernization Panel and then Chair of the Ontario Energy Board; Chair of two federal departmental audit committees; an advisor on the development of a rapid passenger rail service between Quebec City and Toronto — and he continued his connection with Alberta, serving as a board member of Alberta Health Services.

Richard believed passionately in talent management, and provided development and training opportunities for his reports throughout his career. He helped design and taught a course for assistant deputy ministers at the Ivey Business School for almost a decade. Between 2016 and 2020, he served as the Academic

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Director for the Crown Corporations Program at the Institute of Corporate Directors.

Richard was appointed to the Order of Canada in 2017, and recognized in 2018 by the Public Policy Forum as one of its honourees.

Richard's door was always open to public servants at all levels. He was a mentor to many senior public servants, including deputy minister colleagues, who regularly sought out his wisdom. Many a deputy minister and assistant deputy minister came to our home for a coffee and a chat with Richard. All left with invaluable advice from a brilliant strategist. Two of Richard's more memorable pieces of advice to deputy ministers are included in the appendices to this book. The first is a letter to an incoming DM containing Richard's best advice on how actually to be a deputy minister. The second is a letter to a retiring DM, the advice here reflecting Richard's life lessons.

Richard was truly the consummate public servant. He offered fearless advice as a non-partisan problem solver. He knew the country as few others did — knew it from its classic two solitudes and in both official languages. He knew it from both federal and provincial (Ontario and Alberta) perspectives. He served all parties with equal integrity and thoughtfulness, and believed strongly in the need for a strong, non-partisan public service. He was a remarkable public servant, a generous mentor, and a caring friend. He was also fearless, mischievous, super-smart, and curious. He was always motivated by the public interest.

Richard began writing this book in early 2023. Notwithstanding substantial medical challenges, he continued to write up to the end of his life later that year. Alas, Richard was not able to finish revising his manuscript, so that task fell to his former colleagues Paul Boothe, who played a large role in finalizing this manuscript, to Michael Keenan, and to me. Taki Sarantakis, President of the Canada School of Public

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Service, has now brought this book to fruition, just as he promised Richard he would.

Many people have told me that Richard changed their lives — by challenging them, by supporting them, by giving them developmental opportunities. Richard often asked “How will you know when you have succeeded? What does victory look like?” For a public servant, that metric has to be having made a difference — in the lives of the people he challenged and mentored; in the lives of Canadians for whom he toiled so hard in the public interest. Richard Dicerni definitely made a difference.

— Carole Swan

# INTRODUCTION

This book is about my life in public service. It is part memoir, part lessons learned, and part discussion of achievements that made me proud to be a public servant. In embarking on this endeavour, I was encouraged by my wife, Carole Swan, as well as by several former colleagues, who pointed out that I might have a unique perspective on management, having served in senior roles in the federal and various provincial public services, Crown corporations, and the private sector.

I also wanted to leave for my children, Suzanne and Patrick, and my grandchildren a legacy of what I have achieved in my professional life, which, in some ways, was recognized by the honour of my appointment to the Order of Canada in 2017.

In the first seventeen chapters, I review the jobs I have undertaken in the course of my career, and offer insights I have gathered over the years, often with the assistance of hindsight, which apply to many situations executives in government and Crown corporations face every day.

In the last chapter, I identify new challenges that senior public servants today have to confront in a significantly more complex environment than I had to deal with in my career. There are many reasons for this, including social media, increasingly atomized stakeholders, significant growth in the number and role of staffers in minister's offices, and the purposeful, if at times accidental, drift toward the empowerment of central agencies. Officials also now face a more skeptical public than I ever did — trust in institutions is declining and increasingly fragile.

## INTRODUCTION

Wicked problems — problems that cannot be solved, only managed — abound, including national and regional reconciliation with Indigenous communities, climate change, lagging productivity and competitiveness issues in relation to the United States, to name just a few. These challenges are as acute as ever. What has changed is that the environment within which public senior executives must do their job is much more fractured and polarized.

Finally, I offer suggestions on how to deal with some of these challenges. I do believe there is merit in a back-to-basics approach regarding public administration, an approach that includes focusing on getting things done, engaging strategically with stakeholders, communicating with purpose, and ensuring that metrics, outcomes, and milestones are part of all policies and programs.

A fundamental ingredient required to make the system work is trust. Trust is a currency that cannot be purchased or transferred. It has to be earned every day, every week, every month. It is earned by giving good advice, by being transparent, by being respectful of respective accountabilities, and by solving problems cooperatively. Without mutual trust and respect, it is a long day for everyone.

# CHAPTER 1

## **MR. ANDRAS'S OFFICE, 1969–1973**

I was born in Lachine, a suburb of Montreal, in 1949. All of my education was in French. My undergraduate degree was completed at Collège Sainte-Marie, one of three undergraduate institutions run by Jesuits (the others were Brébeuf and Loyola). My university years coincided with several key societal initiatives by the Quebec government, including the establishment of a department of education, which would wrest control of education from the Catholic Church; Hydro-Québec, which would be owned and managed by Quebecers; and the Quebec Pension Plan, distinct from the federal plan.

In the fall of 1969, I went to Ottawa to study law at the University of Ottawa. After a few months, I realized that I wanted to do something else. Since I had signed a lease, I had to find employment, and after several unsuccessful interviews for very different jobs, I landed a position as a research assistant in the office of the Honourable Robert Andras, Minister without Portfolio, responsible for what was then called Central Mortgage and Housing Corporation (now Canada Mortgage and Housing Corporation, CMHC).

Ministerial offices in those days were small: an executive assistant, a communications person, a couple of assistants, and one or two researchers. I would be assisting Carol Mahood, who was the legislative assistant. I began on December 1, 1969, and fate intervened almost immediately. Carol had taken the month of January off for a well-deserved holiday. On the last day of January, she sent a telegram advising the Minister that she had fallen in love and was not coming back. Dan Coates, the Minister's executive assistant, suggested that

I take on Carol's job. I was thus promoted to be the new legislative assistant, with a focus on Parliament, Question Period, the government caucus, and Quebec.

I continued to work for Mr. Andras for the next three and a half years as he moved in 1972 to Consumer and Corporate Affairs and then to Employment and Immigration. This rather longish tenure — the average term in a minister's office then was around two years — was due to two factors. I had planned to leave in the early summer of 1972, after an anticipated spring election, as I had been accepted for a graduate program at the London School of Economics starting in the fall. But the election was delayed from the spring to the fall, and out of loyalty to the Minister, I felt I could not leave. Instead, I would stay through the election and leave after a few months. The second factor was the election result: Liberals 109, Progressive Conservatives 107, New Democrats 31, Social Credit 18. This promise of a volatile Parliament made it difficult, if not impossible, for a minister to recruit new staff: the times were too uncertain for people to want to move to Ottawa. So, I stayed.

A ministerial assistant is in a great place to learn. The job provides a vantage point from which to see how large organizations work, how the decision-making process occurs, and how priorities get set. Throughout my career as a senior government official — in Ottawa, at Queen's Park, and in Alberta — I always sought to recruit into the public service the best and brightest assistants who toiled away in a minister's office, whether the minister was Liberal, PC, or NDP. My rationale was that former ministerial assistants always brought a sense of urgency to getting things done. They easily grasped the horizontal perspective: they were able to connect the dots concerning the impact a given proposal would have across the board. Large bureaucracies often live in well-meaning silos, or separate compartments. Both as an assistant deputy minister (ADM)

and as a deputy minister (DM), I was always sensitive to capture by “groupthink,” where everybody agrees with one another inside the comfort of their silo. Having former political staffers around always helped me to see the bigger strategic picture.

### **SENIOR OFFICIALS IN ACTION**

Since Mr. Andras’s office was relatively small, I, as a ministerial assistant, was given many opportunities to learn about other aspects of government life — particularly seeing DMs and ADMs in action. During my term, I observed, and learned from, Gordon Osbaldeston, who became Clerk of the Privy Council; Jack Manion, who became Secretary of the Treasury Board; Allan Gotlieb, who became Deputy Minister of Foreign Affairs; and Roger Tassé, who became Deputy Minister of Justice. These experienced senior officials had a solid grasp of the public interest and the need to stick to their own swim lanes — their responsibility for their own areas. I also saw how they related to ministers and to assistants in ministers’ offices.

Not all the lessons I learned were enjoyable. A couple of weeks after I took over as the Deputy Minister of Employment and Immigration in April 1973, Allan Gotlieb invited me to lunch at the Château Laurier. I assumed he wanted to pick my brain about the minister and the department, since I was quite active on a wide range of dossiers. My assumption was flawed. At the end of a very pleasant but quick lunch, Mr. Gotlieb informed me that this was the last time he and I would ever communicate directly. Under no circumstances should I ever write to him or seek to contact him. From then on, I would deal only with his executive assistant. He also described a series of other measures regarding our future relationship. He sensed that I was not terribly pleased by this collapsing of my “power,” so he quickly noted that “everything I have just said, Bob totally agrees with me. We discussed it when Bob and Fran [Mrs. Andras] came over for dinner last night.” That was game, set, and match.



The power pendulum had swung too far in the direction of the minister's office. It needed a course correction.

I learned other lessons about the public service. Mr. Andras had made a compelling case to Michael Pitfield, then Deputy Secretary at the Privy Council Office (PCO), that the government needed to get its act together on urban affairs, especially as, at the time (1970), 75 percent of Canadians were urban dwellers. The Minister had argued that the government — via the transport department (airports and train stations), public works (big federal buildings), CMHC (urban renewal programs), and other agencies — was having a significant impact on cities. The impact, however, was uncoordinated, so a policy ministry needed to be established that would not have program delivery responsibilities, but instead would coordinate federal actions.

In another part of Ottawa, the science and technology sector was describing similar circumstances and the horrible consequences of uncoordinated activities, reinforcing the need for a new approach. Consequently, in the October 8, 1970 Speech from the Throne, two new ministries of state were announced, and, in June 1971, Parliament approved the creation of a Ministry of State for Urban Affairs. The Minister and his office were quite energized by official Ottawa's blessing of their desire to bring about more rational decision-making on urban policy. Hopes were high that future policy decisions affecting cities would be discussed at the federal level and then, as warranted, at summit meetings of the federal government, the relevant provincial government, and the city. Provincial governments, however, managed to contain their enthusiasm for this new federal entity.

To implement this brave new world, the Minister and his staff held the view that the deputy minister of the new ministry had to come from outside the current group of Ottawa-based public

servants. Vision and imagination were the key attributes that the new DM had to have. In contrast, the Clerk of the Privy Council, Gordon Osbaldeston, made the case that internal coordination responsibilities would require a seasoned executive who knew how Ottawa worked. Notwithstanding the Clerk's polite but firm recommendation not to recruit from outside, Mr. Andras's view prevailed. The new DM would be an energetic academic who shared in the vision. A key element of his job would be to "educate" his fellow DMs about the inherent importance of a robust and coherent urban policy.

The fact that he was not a seasoned senior deputy minister like those of Transport Canada and Public Works did not inform his approach. As well, DMs started sending replacements to the regular coordinating meetings and then substitutes for the replacements, which alas did not materially affect his approach to the implementation of his mandate. Visionaries rarely benefit from the insights gathered via lateral connections. It would take eight years before the bureaucracy declared victory and the ministry was abolished. Throughout this period, provincial governments — which have constitutional authority over cities, towns, and villages — demonstrated a singular lack of interest in engaging with their federal planning counterpart, and did not criticize its demise.

As I look back, I draw two lessons from these incidents. The first is the importance of talent management. Excellent executives can make bad organizational charts, and fuzzy programs work in the public interest. Less-excellent executives will mess up the best policy and the best organizational chart. The recruitment of Mr. Andras's preferred candidate as DM undermined the goal of an integrated urban policy. The second lesson is that fundamental realities should not be treated as inconvenient facts. Provincial governments were not keen on relinquishing their constitutional responsibility for municipalities. Decision-making in each order of government is complex

and often contentious. The dream of having all three orders of government come to a mutually acceptable decision within a reasonable time frame is a noble dream. It just is not practical or doable.

### **DEALING WITH CROWN CORPORATIONS**

Mr. Andras was initially a minister without portfolio: he did not have a department. He did have responsibility, however, for the oversight of CMHC. As Mr. Andras's staff were unable to deal with actual departmental officials, it is easy to understand why we treated CMHC officials the same way. The fact that CMHC's president and executive vice-president reported to a board of directors was not, in the eyes of the minister's office, a compelling reason not to relate to them as senior departmental officials.

In hindsight, the President of CMHC at the time, Herb Hignett, and the Executive Vice-President, Jean Lupien, showed tremendous patience and responsiveness in dealing with the minister's office. They were doing their best to manage within an arm's-length accountability framework that was unfamiliar to me and my colleagues in the minister's office. Only later, when I was chief executive officer of a Crown corporation and had to deal with the minister's office on a frequent basis, did I come to appreciate that Crowns are established with an arm's-length relationship for a reason. The lesson here is that participants should always seek to respect their fundamental roles.

### **DEALING WITH PARLIAMENTARIANS**

Politicians' jobs demand their attention on almost a 24/7 basis. I have a tremendous amount of respect for all individuals who stand for office. The general public does not recognize the number of special birthdays for family members or friends that are missed because duty called. The public does not always appreciate that politicians have families and kids who cannot help overhearing media reports

that their parent is incompetent or stupid or lazy or lacks integrity. The general public also does not always accept the fact that most politicians work hard and are trying to do the right thing according to their political and moral compass. This is a burden all politicians must carry.

As a ministerial assistant, I had the opportunity to meet and work with many backbenchers. In general, the exchanges were polite and professional. The MP would stress the importance of recognizing the insightfulness of his brief, and request appropriate consideration. This would apply to both policy development matters and program delivery situations. Some caucus members, however, took different approaches. One, after a Christmas lunch, asked me to walk back with him to his car. He opened the trunk and casually mentioned that the case of twelve bottles of Canadian Club Rye was a Christmas present for me. My look of utter bewilderment, supported by my babbling in some incoherent language, may have tipped him off that I was not comfortable with his present. We left on amiable terms. Perhaps in those days that was how business was done in some quarters.

### **DEALING WITH OPPOSITION CRITICS**

As the minister responsible for housing, Mr. Andras had two official critics: Lincoln Alexander for the PCs and John Gilbert for the NDP. When they were recognized by the Speaker during Question Period, I would have immediate palpitations: Have I briefed the minister appropriately? Have I missed something? These moments of anxiety did not, however, prevent me from establishing a solid and cordial rapport with both of them. The Minister welcomed this and encouraged me to sustain these relationships. While they were political competitors, they were not enemies to be treated with a scorched earth policy. In a similar vein, I became friends with Murray Cooligan, who was the executive assistant to the Leader of the Official Opposition, Robert Stanfield.

It was a different time, when the competition in Parliament was not a blood sport. Maintaining appropriate relationships with representatives of the opposition is a practice I continued in various other jobs, including as Deputy Minister of Industry in Ottawa and Deputy Minister of the Executive Council in Alberta. These types of informal connections always contributed to enhancing the quality of the discussions and reducing potential vitriol.

Minority governments tend to focus more on the short term because, if today is not well managed, there might not be a tomorrow. Fragile minority governments tend to stress decision-making and the relationship between the body politic and the public service. Gordon Osbaldeston once told Minister Andras that the minister's and his department's interests were aligned in 90 percent of the cases. In a minority government, that percentage is lower, and everyone has to factor in that reality when making decisions.

### **DEALING WITH THE CONSTITUENCY**

Cabinet ministers are MPs elected to represent a constituency; few individuals become a minister if they are not an MP. Mr. Andras's constituency was in Thunder Bay, Ontario. In 1972, since he was quite engaged in the national election campaign and spending very little time in Ottawa, it was decided that I could best assist him by being available to him in Thunder Bay. This permitted me to deal with him on departmental files when he was there, and gave me an opportunity to understand more completely who the minister was, who his friends were, and why he had gone into politics (in 1965). I also found out that, like me, he too had been born in Lachine. A cabinet minister once told me, "never forget, every cabinet minister comes from somewhere," a remark that sought to impress upon me that a minister has views, values, beliefs that are shaped in many respects by the constituency he represents, by the friends he has, by the experiences that he had prior to getting into politics. These

create a framework within which the advice he receives from officials is integrated. This explains in part why a minister from the same party may take a somewhat different approach than his predecessor on the same file with the same set of officials. The constituency roots of a minister should never be lost sight of in formulating advice.

### **DEALING WITH THE MEDIA**

One of my first lessons was how the media worked. In the summer of 1970, I was supporting the Minister in several business meetings in Winnipeg. In addition to the meetings, because it was Manitoba's centennial year, the Minister had been invited to join other VIPs and individuals on a paddle boat cruise on the Assiniboine River. After a while, I spotted a journalist from *The Globe and Mail* with whom I had a passing acquaintance in Ottawa. It was a beautiful warm and sunny afternoon. We chatted away about the government, the goals of the emerging new Department of Urban Affairs, the weather, and so on. All in all, it was a very pleasant afternoon spent with a smart, engaging reporter.

The following morning, my heart temporarily stopped when I started reading the gist of our discussion as a page-one, above-the-fold article. Very fortunately, I was not identified by name, but referenced only as a senior government official. I had forgotten — perhaps I did not know — the golden rule of defining the terms of engagement with the media: is this on or off the record or for background? That afternoon, I had just been subjected to a crash course in media relations. The Minister's executive assistant (EA) properly admonished me and suggested I seek counsel in the future from our communications person, who was a former *Toronto Star* reporter. The EA added: "Talking to the media is not bad. Just know what you are doing, why you are doing it and what is the expected outcome."

# CHAPTER 1

## LESSONS

I left the employ of Mr. Andras in the summer of 1973. Over the course of three years and nine months in the minister's office, I learned a great deal, made some useful contributions, and visited the fountain of humility to drink a cup from time to time. Looking back, I developed a better appreciation for:

- *the media*: they have a job to do. It is important when talking with the media that the rules of engagement be clearly established at the front end and there be clarity regarding the desired outcome;
- *senior officials*: they want to help their minister succeed; some are more creative and responsive than others, but lack of perceived competency should never be confused with disloyalty — respect and trust between senior officials and ministerial staff is a must;
- *Crown corporations*: they are set up to operate at arm's length from the government for a purpose, and while special circumstances may warrant a more activist role for the minister/shareholder, this should only be temporary — it is important to respect the fundamentals of accountability;
- *talent management*: since a suboptimal candidate can undermine many worthwhile policy initiatives, solid talent management is key to successful implementation; and

## CHAPTER 1 (1969-1973)

- *parliamentarians*: the great majority of MPs seek to enhance the public interest; ministerial advisors thus need to have constructive and professional relationships with parliamentarians from all sides of the House.



# CHAPTER 2

## **THE UNEMPLOYMENT INSURANCE COMMISSION, 1973–1975**

In the summer of 1973, I was appointed Director of Communications of the Unemployment Insurance Commission (UIC). Over time, my responsibilities expanded to include the Secretariat of the Commission and the Official Languages Directorate. In 1975, I was promoted to the position of Director, Planning and Evaluation, Quebec Region.

### **DIRECTOR OF COMMUNICATIONS**

Over the winter and spring of 1973, the Chairman and President of the UIC, Guy Cousineau, and I developed a good working relationship. We trusted each other. At one point, he asked if I had thought of leaving the minister's office and joining the public service. More specifically, would I be interested in the job of director of communications at the UIC? I was understandably thrilled that he had recognized my many talents. This assumption was tempered somewhat when he mentioned that he had offered the job to eight other people who had turned him down. I was more like the bottom-of-the-pile candidate since he had run out of alternatives. Notwithstanding the circumstances, I accepted enthusiastically.

The UIC was in a rather sorry state. During the 1972 election campaign, a number of UIC recipients in Alberta had formed a "UIC ski team." This was not the type of corporate sponsorship the UIC wanted. The existence of the UIC ski team confirmed that there was an abuse problem. If there were people getting UI when they should

not have, there were also many people who legitimately needed UI, but, due to system failures, were not getting it. To correct this unfairness, the UIC established a parallel payment process that would operate manually as distinct from computer-generated cheques.

The only problem was that there was no real capacity to reconcile the manual and computerized systems. The parallel systems led to thousands of overpayments. Overpayments, in turn, led to the creation within UIC of a new Benefit Control Division with a mandate to recover overpayments. Unfortunately, this system also had flaws that sometimes led benefit control officers to attempt to recover monies that had been paid properly. Overall, these problems made for consistent and horrible media stories. No wonder eight people had turned down the opportunity to be the director of communications.

### **RELIABILITY OF REPORTS**

To get a better handle on the challenges facing the organization, I visited local UIC offices in Belleville, Kingston, and Peterborough. All three district managers had been with the Commission most of their career. In the Kingston office, we discussed the weekly report that described the number of claims processed and the number waiting to be processed. The report compared the week's performance to the previous week's. Overall, the situation looked under control until the manager removed from his drawer a pile of about ten applications. Another drawer yielded a similar volume of unprocessed claims. All managers had taken it upon themselves to adjudicate a certain number of claims because the staff was overwhelmed by the volume. Apparently, this underreporting was quite common, as subsequent office visits would confirm. These claims would at some point re-enter the system. In this way, public servants were taking steps to meet their obligations to unemployed Canadians.

The manager then proceeded to provide a bit of a history lesson to explain how this had come about. In 1971, on the recommendation of Minister Bryce Mackasey, the government had passed the most comprehensive reform of the *Unemployment Insurance Act* in its history. Given the forecast of increased unemployment in 1972, the government pressed to implement the changes quickly, prior to the election. Unfortunately, training for the new program — for the forms to process the claims and for the computer systems — was not totally ready when the new legislation came into force. Moreover, the UIC did not have sufficient employees to deal with the major spike in the number of claimants due to the rise in unemployment and the increase in the number of claimants now eligible as a result of the legislative changes.

It would take eighteen months to recover from the tsunami of claims. Throughout this period, we suffered from the unreliability of the management reports.

### *Human Resources 101*

In one of my early moves as a manager, I came to the conclusion that my twenty-five-person group would benefit from a reorganization. I briefed the President, Guy Cousineau, who thought it made sense but suggested I run it by Gerry Nielsen, who was the Director General of Human Resources (HR). Gerry also saw merit in the changes but thought I should discuss it with the director of classification. The director made a few suggestions, but referred me to the classification officer. Having presented my thoughtful reorganization to three executives, I was quite hopeful that I could seal the deal with the classification officer. He listened intently to my pitch, took copious notes, and undertook to get back to me in a couple of days. A few days later, he sent me a detailed critique of my plan that totally

emasculated it. I was getting an initiation into the Hay System of job classifications and the power of the classification high priests.

It was a humbling experience, and I lost a lot of face with my team. But it was a lesson that stood me in good stead when I undertook organizational changes later in my career.

A few points remained with me after this episode. The first was the need for a clear, easily understandable rationale for the organizational change — that is, why would this be better? The second was that governments operate in large bureaucratic spaces and need rules in order to function. HR rules, such as classification, are among those rules.

### **CORPORATE SECRETARY**

In 1974, I was promoted to the position of corporate secretary. The Unemployment Insurance Commission was a tripartite organization with a commissioner representing labour interests, another commissioner representing business interests, and the chair representing the public interest. As corporate secretary, I supported the work of the Commission and over time became a kind of secretary-general to the chair. This provided a very special vantage point to contribute to the strategic decisions being made at the UIC.

The other noteworthy aspect of being the corporate secretary was that my name appeared on all UIC cheques beside that of the chair. My uncles and cousins in Montreal who were recipients were deeply impressed and did not cash all of their cheques. They wanted to show it to their friends. I had made my family proud.

Included in my new portfolio was responsibility for the Official Languages Directorate. Every department had such a directorate, whose mandate was to identify the linguistic profile of all jobs, facilitate language training, and oversee implementation of the new *Official Languages Act*.

A word of context. The implementation of the *Official Languages Act* in the federal public service was one of the most successful culture change undertakings ever attempted. Three individuals provided strategic leadership for this effort: Gordon Robertson, Clerk of the Privy Council, Gordon Osbaldeston, Secretary of the Treasury Board, and Edgar Gallant, President of the Public Service Commission. In the 1960s, the federal public service was basically an anglophone organization. This was particularly true for the senior public service. Francophones were always at a disadvantage.

Robertson walked the talk by temporarily leaving his job as Clerk of the Privy Council to go to Quebec City with his family to learn French. Over time, the public service became more bilingual. This evolution paved the way for the recruitment of executives like De Montigny Marchand, who had been the Secretary General at Université de Montréal and went on to become Deputy Minister of Foreign Affairs; and Gaëtan Lussier, who left his job as Deputy Minister of Agriculture in the Quebec government to become the federal Deputy Minister of Agriculture.

The senior federal bureaucratic leadership in the 1970s took numerous initiatives and risks to achieve the desired outcome of having a federal public service that reflected the linguistic duality of the country. There is much talk these days about organizations' requiring cultural change and the tremendous amount of time that will be required to achieve the transformation. This need not be the case. One only has to look to the work done in the seventies to transform the federal public service. It did not take a generation.

### **THE MONTREAL REGIONAL OFFICE**

In the spring of 1975, Guy Cousineau talked to me about getting regional experience. He specifically mentioned a new job that was being established in the five regional offices. This would be a promo-

tion to the senior executive group. After a few days of cogitation, I agreed to his offer to become the director of planning and evaluation for the Quebec Region. Guy was pleased, and mentioned the next step would be a meeting/interview with Bert Wisking. In the 1970s, appointments to the executive ranks were made by the Public Service Commission on the basis of advice from Mr. Wisking, who was the Director General of Senior Personnel. Given my unusual career path, Mr. Wisking had told Guy that he would welcome an opportunity to get to know me before he put forward his recommendation to the Public Service Commission. I was told that Mr. Wisking had three options: he could recommend, not recommend, or kick the ball down the road — not ready yet. This new step caused me a not insignificant amount of anxiety.

At the end of the day, Mr. Wisking went with the first option: to recommend my appointment. At that moment, I was not especially pleased about having to get my appointment approved by Mr. Wisking, but I later saw the merit of having a gatekeeper for entry into the executive ranks, and in subsequent jobs I sought to institutionalize a variation of Bert Wisking's role. In the 1970s, Bert Wisking was a reliable and trusted advisor to deputy ministers, who still had the ultimate accountability for the hiring of senior executives.

I started my new job in Montreal as the Director of Planning and Evaluation in June 1975. I decided to commute from Ottawa rather than relocate.

The mandate and accountabilities of my new job were a bit fuzzy. As part of a broader organizational change, all five regions of the UIC now had a director of planning and evaluation. There was a lot of consultation with the other four directors with a view toward clarifying our mandate. This was going to be an ongoing challenge.

In the short term, however, the regional director wanted me to focus on an immediate problem in our computer room. The UIC was a big cheque-writing machine that depended a great deal on large mainframe computers to spit out the cheques. Our staff in the computer room had advised management that, at a certain point in the near future, it would stop working on and with the computers, as the computer manuals were all written in English. Staff argued that these should be available in French. Given the possible national repercussions, I contacted Jean-Jacques Noreau, who was Deputy Secretary of the Treasury Board with responsibility for official languages.

A few days later, a new “problem” surfaced. Staff members were saying they could not turn the computers or the lights on or off because the on/off switches were all in English. It is important to note that these events were taking place in the context of an intense societal debate about the French language and culture. The Assemblée Nationale had recently passed Bill 22, an act to make French the only official language in Quebec. Bill 22 was the first legislation on language; it would not be the last. The legislation was extremely contentious, with some arguing that it did not go far enough, while others argued that it went too far. Our staff, even though they did not manifest any political affiliations, was not immune to these debates.

The important objective from our side was to keep the dialogue going, since the computer room was the beating heart of the regional office. We set up formal discussions with the union and some informal back channels. Since this was growing into a national problem affecting many departments, we proposed kicking the issue upstairs to the Treasury Board Secretariat. Our union supported this approach, and agreed to suspend practices that negatively affected operations. In 1977, after lengthy negotiations, the federal government announced a new policy that included an \$800 bilingualism bonus for incumbents of jobs designated as bilingual. Staff officially

## CHAPTER 2 (1973-1975)

recovered the ability to read the on/off switches. The process of sending out cheques to unemployed Canadians was not affected during these discussions.

I found the meetings with the twenty-six directors of our district offices to be quite engaging. It was eye opening to get their take on the usefulness of guidance from head office and on how they saw their role in the community. As stimulating as that was, it underlined the reality that I was no longer in head office. If I wanted to get anything done that required a blessing from head office, I had to convince my superior, Director General Pierre Gadbois, who in turn would need to convince his superior, the regional operations assistant deputy minister. Depending on the proposal, it would then be shopped around to the appropriate assistant deputy minister. This was somewhat frustrating and debilitating.

I missed being in Ottawa for both personal and professional reasons, and I left the UIC job in the spring of 1976.



# CHAPTER 2

## LESSONS

Looking back at my time at the UIC, I developed a number of insights.

- *The importance of reliable reports:* The weekly backlog reports were flawed and did not capture operational reality. In large, decentralized organizations, the integrity of operational updates needs to be validated from time to time.
- *Culture change:* The federal government went through a massive cultural change when the *Official Languages Act* was promulgated and implemented. Cultural change can occur if there is both a political will and a public service commitment to make this happen.
- *Local offices:* Large organizations with many layers in the organizational chart run the risk of seeing reality through their head office lenses. District managers in Ontario and Quebec provided meaningful insights into the application of the law, the recipients, and the uneven usefulness of head office guidelines.
- *Talent management:* Bert Wisking played a critical role in the talent management of senior executives in the federal public service. Over time, as numbers grew, this responsibility was, understandably, delegated to deputy ministers. There is merit, however, in thinking about the gatekeeper concept in departments for individuals who enter the executive ranks and those who are promoted to the assistant deputy minister rank.

- *Leadership:* Guy Cousineau, who was Chairman and President of the UIC, had been appointed in 1972 as the crisis started unfolding. He worked relentlessly to improve the performance of the organization. These steady but slow increments of progress gradually turned the organization around. This made my job as director of communications quite a bit easier as good news started to dribble out. Moreover, we were able to avoid scoring in our own net. For example, the director of the Benefit Control Division proposed to have his agents carry guns. He argued that organized crime was involved in the abuse in UI operations and that his men needed guns to protect themselves against these really bad guys. Guy sent me a copy of the note. He was strongly inclined to deny this request but wanted a second opinion. I reinforced his view, and said it would be unwise to have our UI officers carry and potentially use guns. The request was denied. A communications nightmare was avoided.

# CHAPTER 3

## **LOTO CANADA, 1976–1977**

I was, as usual, in Ottawa for the weekend. I was strolling in the ByWard Market when I bumped into Guy Cousineau. Guy wanted to talk, so we sat down to have a coffee. He had just lost a turf war with another deputy minister, Allan Gotlieb. The Privy Council Office had decided that there was merit in merging the Department of Manpower and Immigration with the Unemployment Insurance Commission. There was much to be said for such a merger. It made a lot of sense to better serve the clients by having one integrated office to provide all the services an unemployed person would need. Both organizations had huge, decentralized operations as well as significant head office operations that could be consolidated. Both organizations also had fundamentally the same clientele. The new organization would provide job counselling, training, and income support while individuals were looking for a job or being trained for one.

The downside for the officials was that there would be redundancies at all levels, including two DMs, two policy ADMs, two human resources ADMs, two chief financial officers, and so on. Contrary to the staffing requirements for Noah's Ark, only one of each was needed. The first person to go was the extra deputy minister. Mr. Gotlieb was a more seasoned deputy, and he got the nod to be the first DM of the new department. Guy Cousineau was appointed the first president of Loto Canada, a Crown corporation established to take over from the Canada Olympic Lottery, which would cease to exist after the 1976 Montreal Olympics.

On the spot, Guy offered me a job and the opportunity to help launch the new organization. I would become employee number 001. Guy was a bit vague, however, about specific accountabilities. From a career perspective, it was not self-evident in a town that prized policy and strategic skills how experience in selling lottery tickets would enhance my career potential; moreover, my familiarity with the industry was very much limited to buying a \$10 Olympic Lottery ticket for every draw. But the job had two major advantages. First, it was located in Ottawa. I had indeed grown tired of the weekly commute from Lachine and of staying with my lovely parents in the very same room I had when I went to primary and secondary school as well as university. I was twenty-seven years old and wanted to reclaim some autonomy. Second, I would avoid the turmoil that always occurs when large bureaucracies are integrated. I accepted Guy's offer on the spot.

### **SETTING UP THE ORGANIZATION**

My first task was to develop a transition plan for the Canada Olympic Lottery organization, which had been set up to help finance the expensive Montreal Olympics. The Olympic Lottery was one of the instruments established to generate revenue; the days of very lucrative TV contracts were not yet part of the Olympic culture. The Lottery was successful beyond any expectations and produced huge profits. Unfortunately, even these huge profits were not enough to offset the Olympic overbudget expenditures.

The business model was starkly simple: there was only one product, a \$10 lottery ticket. The prize money included a top prize of \$1 million. The winning ticket was selected at the end of a televised variety show on a Sunday night. The ratings for the show were spectacular. The sales plan was also fairly simple: sales were divided into two major streams. The first stream was through the banks. All chartered banks were authorized to sell the \$10 ticket; their share

of the revenue was 20 percent: a dollar for managing the wholesale function and another dollar for managing the retail function — that is, the sale.

In parallel, there was also a small business stream. Wholesalers were responsible for establishing a retail network to sell tickets in specific geographic districts. The network was broadly based, and consisted of corner stores, pharmacies, convenience stores, and so on. The financial allocation was the same: a dollar for the wholesale seller and a dollar for the retail seller. There was no limit on how many districts a wholesaler could have. A few wholesalers made a lot of money selling lottery tickets.

After a few weeks, Loto Canada President Cousineau made some organizational and structural decisions. Olympic Lottery personnel who wanted to join Loto Canada could do so at their current compensation and remain in Montreal. This was somewhat contentious since the level of pay was quite a bit above the Crown corporation range and had included a top-up to compensate for their time-limited employment. This would not be the case with Loto Canada, but Loto Canada needed their institutional memory to ensure continuity and success. The difficult decision was made to grandfather in all existing employment agreements. The alternative, recruiting individuals in Ottawa with lottery experience, was a nonstarter.

On the other hand, there would be no grandfathering of existing distributorships. While the geographic boundaries remained more or less the same, everyone would have to apply via a transparent process, document their financial competency, post a bond, and convince the three-person committee (which included myself) of their worthiness. This decision caused a major uproar. The former managing director of the Olympic Lottery, who had personally recruited many of the distributors, thought we were crazy and would put the whole enter-

prise at risk. Existing distributors who anticipated an end to their lucrative agreement also vehemently disagreed, and lobbied elected officials to reverse what they saw as an overly bureaucratic process. The Minister of Industry, who was responsible for Loto Canada, totally supported the new corporation. This was my first encounter with the Honourable Jean Chrétien and his trusted assistant Eddie Goldenberg. They attached great importance to managing these processes with the highest degrees of integrity and transparency.

### **ACCOUNTABILITIES**

My accountabilities as executive vice-president included selecting the production house that would pull together the TV show; liaising with government on all matters of interest, including how much net revenue the government wanted; participating in the interview panel for distributorships; and acting as media spokesperson, which included doing radio hotline shows. I did one show. It terrified me.

The rest of the summer and fall was focused on building the organization, getting lottery tickets safely printed and distributed across the country, and fretting over the TV show. Since Loto Canada was a federal Crown corporation, the show had to be bilingual in terms of both presenters and entertainment. Fortunately, the production company we had hired, Champlain Productions from Montreal, was very sensitive to this question. They quickly signed up Ginette Reno to be the special performer and Jacques Fauteux to be the co-host along with Joyce Davidson.

The first draw took place on December 5, 1976, at the Hamilton Arts Centre. It was the only venue we could get on such short notice that could accommodate a TV production house and a big live audience. We sold all of the lottery tickets available by December 1. We were off to a great start.

On December 5, I had a seat in the production truck between the producer and the director. At about 9:20 pm, the director started speaking sharply to the two co-hosts. Their on-air repartee was entertaining, but it was taking up valuable seconds that were not accounted for in the scenario. The producer helpfully pointed out that, apart from sports, very few shows were live. The lottery show was one of those rare exceptions. He further explained that live shows always had challenges finishing on time. It was now 9:30 pm, and the director's tone was getting increasingly anxious. We were behind schedule. The producer explained the importance of reclaiming that time because the deal with the network was for one hour, and at 10:00 pm the network would stop broadcasting from Hamilton Place. I was starting to understand the director's angst. If he did not recoup the lost time, the only people who would witness the draw for the \$1 million ticket were the audience in Hamilton. The rest of Canada would miss it. And my burgeoning career in show business would come to a crashing end.

I said to the producer that, with thirty minutes left, surely he could find the time. My seatmate calmly explained that we really did not have 30 minutes because a lot of the time was already spoken for: four minutes of commercials, eleven minutes for set musical pieces, including the Ginette Reno segment. Fortunately, the director and producer knew what they were doing, and they found the missing seconds — thereby permitting all of Canada to see the million-dollar draw. The director explained to me during the post-show reception that he had firmly spoken to the co-hosts via their ear pieces. He explained that they would not be kept on for the next show, and that new co-hosts would be found if the show did not finish on time.

The second show was held in February 1977 in Regina. By this time, all systems were humming and there was no drama. Tickets again sold out. The TV production crew also improved. This was to be my last show. I left Loto Canada in early spring 1977.

## CHAPTER 3

### LESSONS

Looking back on that year at Loto Canada, a few lessons stand out. I got to see, up close and personal, what happens when private interest meets public interest. The initial Olympic Lottery wholesalers were convinced they had something close to proprietary rights to their districts since they had built up the retail network. The fact that they had secured these territories without any form of transparent public process was not in their view a compelling argument. Nor was the argument that tickets basically sold themselves, demand always outstripping supply. There was no risk of ever losing money. Guy Cousineau held firm, however, and took the risk of confronting the “bullies.” The risk was not insignificant, since Loto Canada depended on wholesalers to move two thirds of the product; the banks looked after the other third. At the end of the day, many existing wholesalers were interviewed and selected, but some were not and were replaced. Guy held the view that the public interest was precious and should not be sacrificed for potential efficiency gains.

Another lesson learned from my time at Loto Canada was the usefulness of working toward deadlines and having measurable outcomes. Such circumstances do not occur frequently to public servants. With Loto Canada, it was evident to all if results were or were not achieved. Metrics are important.

The third lesson was about organizational development. This is not a science, but an art. Guy had to balance compensation anomalies with operational exigencies when defining the employment strategy of migrating the Olympic Lottery staff to Loto Canada. It was a compromise.



## CHAPTER 3 (1976–1977)

I apprised Guy in the winter that I had been approached to undertake a “unity job.” He strongly encouraged me to pursue it.

# CHAPTER 4

## THE CANADIAN UNITY INFORMATION OFFICE, 1977–1980

In April 1977, I was appointed Director General of Communications at the Canadian Unity Information Office (CUIO). I stayed at the CUIO until June 1980, a month after the referendum in Quebec.

### GETTING STARTED

As a result of the election of the Parti Québécois (PQ) on November 15, 1976, the federal government had appointed a new Deputy Secretary for Policy Coordination in the Federal Provincial Relations Office (FPRO): Paul Tellier. Paul was a young but experienced official. His mandate was to develop a strategy for the federal government vis-à-vis the PQ's promised referendum and to provide policy coordination in the years leading up to the referendum. He recruited six advisors to assist him. Five of the six were to generate and oversee policy; the sixth, Pierre Lefebvre, had a dual mandate: to be a policy advisor and to set up a communications shop. Pierre hired me to establish and build the communications function.

The initial challenge was to build up capacity quickly — there was no time to waste. The individuals who were available on short notice, however, were not necessarily the best ones. I gave myself three to four months to develop the organizational chart and do the staffing. During that time, I interviewed dozens of potential recruits and tweaked the organizational chart to dovetail it a bit more to the candidates I wanted to recruit. The final organizational chart ended up a blend of best design and the specific people I wanted to hire.

I landed on four directors: Terry Kelleher to head media relations and editorial content, Richard Berger to head policy and analysis, Diana Monnet for research, and Jacques Robichaud for travelling expositions and audio-visual content. I was glad I had waited to find the right people. This was a superb team, and I worked closely with them for the next thirty-six months. When staffed up, the whole group comprised about thirty people. The following year another director, André Contant, a well-respected advertising executive from Montreal, was added to head up advertising.

### **1977: THE FIRST PRODUCTS**

During the first year, the focus was on developing products on three major themes or communications objectives: enhancing knowledge and appreciation of Canada, explaining the concept and benefits of federalism, and describing the activities and programs of the federal government. We stayed away from anything that was explicitly associated with the referendum. We had to consolidate the base.

We developed a number of key products, including twenty easy-to-read brochures that touched on characteristics of federalism and comparisons with other federal regimes in the areas of equalization and the division of powers. Additional brochures highlighted the programs and activities of the federal government in each of Quebec's ten administrative regions except for Montreal and Quebec City, for which separate campaigns were launched. We subsequently developed travelling exhibitions for rural areas of Quebec showing the federal government's contributions to local communities. Drawing upon this material, we also developed kits for individuals who wanted to speak in support of Canada. Brochures also explained federal government programs aimed at different segments of the economy, such as agriculture, small business, and the arts, and of people, such as senior citizens and youth.

To enhance the appreciation of Canada, we increased the Quebec market of Tourism Canada’s advertising campaign to encourage Canadians to visit all the great places in Canada. We also developed a new, more patriotic video to accompany the singing of “O Canada.” The video was used at major sporting events and by networks when signing off at the end of their broadcasting day.

We also started building up our research capacity. We tracked and catalogued by theme all pro-independence statements made by high-profile separatist leaders, and enhanced our analysis of survey results. This was helpful in shaping the content of our various communications products.

### **1978: RAMPING UP**

In the new year, we took our communications efforts to the next level.

We determined the top twenty arguments that were being made in support of independence, and drafted substantive rebuttals and responses to all. After some tweaking based on focus group results, we distributed the final product to unity groups, MPs, and other federalist speakers.

We also launched a book club. The CUIO purchased an advertisement for four consecutive weeks on the back page of the weekend magazine that was distributed by every newspaper in Quebec. The model was inspired by the Book of the Month Club. Instead of books, we featured the brochures we had developed in 1977. This initiative was launched for two reasons. First, research had shown that federalist voters felt inadequately informed about the cause they were defending. The various brochures helped to fill that gap. People just had to fill in the request form to receive the brochures. Second, we needed to develop a mailing list to reach the quiet NO voters, starting with our list of book club members. Coupled with a mailing list from the Quebec-Canada unity group, this allowed us to reach over 250,000 residences in Quebec.

We also concluded that we needed to start advertising, and initiated a request for proposal with various Montreal-based ad agencies. Unfortunately, no agency responded, concerned about being so closely associated with the federal government's communications effort leading up to the referendum and about a potential backlash from the provincial government. One agency suggested we start our own agency. After some discussion, we pursued this approach, prudently. It was important that the opposition parties, especially the Progressive Conservatives, be comfortable with the initiative. In order to address this delicate issue, I asked a friend of mine, Pierrette Lucas, who knew Brian Mulroney quite well, to organize a meeting with Mr. Mulroney in Montreal.

Over lunch at the Ritz Carleton, I provided an overview of our ongoing activities and the ad agency problem. I envisioned a very, very small agency: a president, a vice-president, a financial person, and a generalist. The specific work would be outsourced to various trusted suppliers. To ensure that the agency did not create a problem for anyone, I said I would welcome suggestions for the VP job. Mr. Mulroney fully supported the idea, and said he would connect me with Rodrigue Pageau, a well-known and respected Quebec conservative. In the following months, I interviewed several candidates for the job of president of our agency, Les Communicateurs Unis, and Monique Vallerand was the choice. A few weeks later, having spent some amount of time convincing Treasury Board staff that it was okay to award an advertising contract to this new firm, the CUIO signed its first contract with Les Communicateurs Unis. Monique Vallerand interviewed candidates for the VP job and staffed up the agency. To enhance our advertising capacity, André Contant was seconded to the CUIO from Loto Canada. Overall, this was a rather unorthodox way of proceeding, but given the lack of alternatives and the sense of urgency, it was the right decision.

The advertising initiatives were modest at the outset. Maps of all Quebec cities were reproduced with markers to identify federal government offices. The title of the ad was: “The Federal Government at Your Service.” The goal was to demonstrate visually the significant and tangible presence of the federal government in various communities. The ad was placed in the Metro stations in Montreal and in all major shopping centres across the province.

In 1978, we launched a radio campaign to rebut the major criticisms the separatists were offering. The approach taken was a soft sell: two Quebecers chatted about certain issues and the contribution the federal government was making to addressing the issues.

The advertising agency also developed and proposed a more aggressive campaign. Upon reflection, the view was that it would be inappropriate for the federal government to run it. One alternative discussed was to offer creative content to the Pro Canada Foundation, and in spring 1978, a presentation was made to the Foundation’s board, which included Claude Castonguay (Laurentian Bank), Antoine Turmel (Provigo), and Jean de Grandpré (Bell) — all CEOs of large Quebec-based companies. After some deliberation, they agreed in principle. Les Communicateurs Unis now had two clients. The Pro Canada Foundation went on to develop several campaigns, with the super tagline *Le Canada, j’y suis, j’y reste*.

In 1978, we undertook new outreach initiatives. Some were planned. For example, we made connections with the various unity groups that had sprung up across the province and to key academics such as Maurice Pinard, who gave invaluable insights about polling results and target groups.

Some initiatives were fortuitous. For example, on one of my weekly visits to Montreal, I attended a Montreal Chamber of Commerce speech by former Premier Robert Bourassa. A few weeks later, I attended a seminar M. Bourassa was giving at the Université

de Montréal. The following month, I participated in a roundtable at Harvard University about the forthcoming referendum; M. Bourassa also attended. The following day, I flew back from Boston to Montreal and was seated beside M. Bourassa. I introduced myself and described what I did for a living. I said that, in all likelihood, we were the only two individuals who had attended his Chamber of Commerce speech, his Université de Montréal seminar, and the Kennedy School roundtable. This quickly got his attention. He said very positive things about Paul Tellier and the work he was doing. He then added that he would like to do more but was constrained because he did not have any researchers to assist him. If I could provide some help, he said, he would gladly take on Jacques Parizeau, the PQ Finance Minister, in a series of debates across the province. I quickly offered to facilitate the required assistance via Luc Bastien, who was known to Bourassa. Luc had been Raymond Garneau's executive assistant when he was Minister of Finance in the Bourassa government, and was now an employee of the CUIO based in Quebec City. This airplane connection was the beginning of a wonderful relationship that lasted well past the referendum.

During 1978, it was becoming clear that the Quebec government was using governmental advertising programs indirectly to enhance the support for the YES campaign. For example, the government had launched a campaign to encourage people to wear their seat belt in cars. The tagline was *On s'attache au Québec* — a nice play on words.

Nineteen seventy-eight was also the year the message was improved qualitatively. Research indicated that we should emphasize two themes in particular. The first was language and culture, as protecting the French language and culture was a key concern for all francophone Quebecers. Messaging thus started to focus on statements made by various ministers in the PQ government that, with the passage of Bill 101, the French language and culture would

be protected and safeguarded. These types of statements permitted the question: if the French language and culture are protected within a Canadian framework, why incur all of the risks and potential economic downsides of separation?

The second theme was the meaning of a YES vote. Research indicated that up to 20 percent of the population believed that, if Quebec left the federation, Quebecers would still send MPs to the federal Parliament, that Quebecers could still have a Canadian passport, and that Quebec could still use the Canadian currency. This was a perfect example of having your cake and eating it too. Polls also indicated that support for total independence was in the low 20 percent range. It was important to drive home the point that a YES win would have consequences.

The strategists for the YES side were reading the same polls. Rumours were circulating that they would commit to a second referendum after the negotiations. All dreams were possible in the nation-to-nation negotiations post-referendum. The messages were sharpened. Separation from Canada was Article 1 of the Parti Québécois platform. It was the goal. Visuals, articles, brochures were produced to drive home the point that separation from Canada was the ultimate goal, everything else was a temporary way station. The separatists were trying to slow walk their way toward independence. There was a need to present the consequences of separation as clearly and starkly as possible.

The 1976 election set something of a Canadian record by having the PQ go from 6 seats to 71 out of 120 seats. This dramatic turnaround was replicated some forty years later when Rachel Notley went from 4 seats to 54 seats out of 87 in Alberta. These two seismic political changes had one similarity: an incumbent government with competency and integrity challenges. This fed a desire for change. The major difference was that the PQ was also proposing



for consideration a new, undefined constitutional framework. It did not showcase article 1 of its platform as “independence.” Instead, it proposed a gradual approach with check-ins, via referendums, with the Quebec population. They knew that Quebecers would never buy into a straight-up vote on independence. As a result, they initiated a meandering path. Some people in the independence movement, such as Pierre Bourgault, leader of the Rassemblement pour l’indépendance nationale (RIN), and Jacques Parizeau, were separatists and proud to say it. But “pragmatists” such as Claude Morin, former Deputy Minister and now Minister of Intergovernmental Affairs, knew they did not have the numbers to win a referendum on independence. The pragmatists prevailed. This led to the longest and most complex referendum question ever posed to voters. On such a fundamental matter, I thought the PQ owed the people of Quebec a clearer, simpler, and more definitive question. They chose not to put one forward.

### **1979: HITTING THE PAUSE BUTTON**

There was going to be a federal election in 1979, so, out of an abundance of caution, the advertising endeavours were dialed back. After the election, which the PCs won, the new minister was Bill Jarvis, an MP from southern Ontario. He was understandably very prudent on matters regarding the forthcoming referendum. Unfortunately for the government, only two PC MPs were elected in Quebec; the Liberal Party had 67 seats there.

Given this reality, the government commissioned a comprehensive public opinion survey from Decima Research to assist it in developing an appropriate strategy. The President of Decima was Allan Gregg, one of the most astute pollsters/strategic advisors I ever encountered. The results of his survey were available in early December. We were starting to plan the briefings on the survey results when the government fell on December 14. Ministers, advi-

sors, and Allan himself had to turn their attention to the forthcoming February 18 election. Allan, who was the pollster for the PC Party, had not been tasked with doing field work by the party since the May election, so he had to crank up his team very quickly over the Christmas holidays.

Interestingly, the projected results of Gregg's survey on the referendum were very close to the actual May 20 results.

### **1980: THE FINAL LAP**

On February 18, 1980, Pierre Elliott Trudeau won another majority government. In Quebec, the Liberals won 74 out of 75 seats. This complicated the life of Claude Ryan, who was Leader of the Quebec Liberal Party and leader of the NO Committee as defined by provincial legislation.

Jean Chrétien was appointed Minister of Justice and ministerial lead for the forthcoming referendum. There were not that many days left before the referendum: rumours projected the date to be in the second half of May.

After a series of quick briefings, Chrétien's office set up a meeting with Claude Ryan in Montreal. Eddie Goldenberg, his trusted aide, and I accompanied the Minister to the meeting. Pierre Pettigrew, Yvan Allaire, and Pierre Bibeau accompanied M. Ryan. Chrétien and Ryan were two proud and intelligent politicians who had reached this critical point in their careers via different routes. Chrétien had been an MP since 1963, and had fought in seven general elections. Ryan, who had had a phenomenal career as the Editor-in-Chief of *Le Devoir*, had won one by-election. This fact did not prevent Ryan from asserting himself at the meeting as the leader of the NO forces. At some point in the meeting, Chrétien pointed to me as the contact person for Ryan's associates regarding information materials and polling results. The latter point was of great interest to

the NO team since Ryan had declared that the NO committee would not be wasting any money on surveys and polling. After the meeting, I stayed behind and shared the various communications materials with Allaire and Bibeau. I left behind our most recent polling results, which indicated a tight outcome. We also discussed the timing and content of future polling field work leading up to the referendum, now scheduled for May 20. Over the subsequent ten weeks, we would meet regularly to compare notes on themes and polling results. One data point that was delicately shared was that the Prime Minister was much better liked and respected by Quebecers than was M. Ryan.

Back in Ottawa, I sat in on strategic meetings that discussed the level and type of interventions the Prime Minister would make. The recommendation was for four interventions with a closing speech at the Paul Sauvé Arena in Montreal on May 14.

I personally was working on one last new project. I had proposed to ministers Chrétien and Lalonde that, using their franking privileges, Quebec MPs send the same brochure to all residences and apartments in Quebec on the eve of the official start of the referendum campaign. Focus group testing indicated that this eight-page brochure with text and illustrations was well received. It had a compelling narrative that gave Quebecers solid reasons to vote for Canada and to reject the adventures that separation would bring. Chrétien spoke to Roch La Salle, the only Conservative MP from Quebec who, as a strong federalist, agreed also to send the brochure. Close to 2.1 million brochures were delivered to Quebec households via their recently elected MPs the week before the referendum campaign was launched.

As planned, the Prime Minister gave four speeches. The first, on April 15, was in the House of Commons, where he destroyed the intellectual rationale behind the 114-word referendum question: “Why are you afraid of asking a simple yes or no question?” He followed

up with a speech in Montreal on May 2 and another in Quebec City on May 12. In his last speech, on May 14, he spoke passionately about his name being Trudeau but also Elliott, his mother's name. He spoke with pride about having a mother who had an English name. He reminded his audience that many PQ ministers had anglophone names — ministers such as Louis O'Neill, Robert Burns, and Pierre Marc Johnson, but who were as *Québécois* as Marois and Landry. He pierced the bubble that the PQ had been floating about some individuals being more *Québécois* than others. He went on to describe his pride of being a *Québécois* and a Canadian.

For most Quebecers, including myself, the referendum was quite personal. I was a strong believer in Canada. We had gone through the sixties and seventies, a period of political turbulence marked by violence; explosives in mailboxes; an infamous and inappropriate speech by France's Charles de Gaulle; the political kidnapping of James Cross, the British Consul in Montreal and the kidnapping and murder of Pierre Laporte, a provincial cabinet minister; the departure of René Lévesque from the Quebec Liberals to form the Mouvement Souveraineté-Association; and the launch of Pierre Bourgault's radical separatist RIN.

The late sixties and seventies were also when, not coincidentally, my dad's career at Dominion Bridge took off. He went from being a personnel assistant manager at the Lachine shop to vice-president of labour relations for Ontario, Quebec, and the Atlantic provinces, reporting to the CEO. My dad spoke French, English, and Italian. When he took over collective bargaining, it was the first time the negotiations with the union took place in French. In a few years, he became the highest-ranking French-speaking person in the company. As was the case in many companies in many sectors, few franco-phones were in the senior executive ranks, but the Révolution tranquille had created a new awareness in companies about the need to

level the playing field. My dad benefited from this societal evolution, as did many other francophone executives. At the same time, Quebec politics were going through a seismic shift, and while I did not feel as aggrieved as many other Quebecers of my generation, it was evident that francophones had experienced inequities and injustices for a long time, and change was required.

A second factor influenced my thinking. After graduation in 1969, I went on my first European trip. On my bag, I had a big Canadian flag, which was respected throughout Europe. Armed with my Eurail pass, I visited eight countries in a month. Everywhere, the Canadian flag was a welcomed calling card. It gave one a great sense of pride to be a Canadian.

The third influence on me was Pierre Elliott Trudeau, through his books, speeches and thoughtful articles. He embodied what it meant to be both a proud Canadian and a proud Quebecer. He spoke about the importance of not shrinking one's space, but growing it.

On May 20, Minister Chrétien invited me to join him and his family and staff at the Bonaventure Hotel in Montreal to watch the referendum results. The early results were distressing. But after what seemed to be an interminable period—in reality only thirty minutes—the NON side took the lead and never relinquished it. This was obviously good news, but it was also surprising since our last polls had indicated a much tighter race. It seems NON voters were shy about showing their colours publicly in surveys. The final result was NON 59.6 percent, OUI 40.4 percent. A plurality of francophones had voted NON. The NON side carried 107 of the 122 ridings. The turnout was a strong 85.6 percent of potential voters.

The referendum over, in July I left for Cambridge, Massachusetts, where in the fall I would start a master's program in public administration at Harvard's Kennedy School of Government. I felt fortunate that I had been given an opportunity at a relatively

## CHAPTER 4 (1977–1980)

young age to participate in a seminal event in the political life of Canada. It was also a unique public service job because I had a tangible metric to measure the outcome.

# CHAPTER 4

## LESSONS

As I look back, a few lessons stand out. One was an appreciation for the role of senior executives. The 1980 referendum campaign had been my first meaningful exposure to the importance of talent management, and in this, Paul Tellier was something extraordinary. A lawyer by training, he had worked as a senior official in the Quebec Cabinet Office in the early seventies, had had several federal senior appointments, and was a staunch francophone federalist who had the confidence of Prime Minister Trudeau and Gordon Robertson, Clerk of the Privy Council. He was smart, hard-working, and strategic, and was a tremendous mentor for me.

Another lesson was the difference between influence and control. Paul Tellier had a great deal of influence, but did not explicitly have control. He could have brought forward an organizational chart with multiple layers. Instead, he chose a flat model. This permitted him to focus more easily on priorities.

A third lesson was discovering the strong patriotic affection among Quebecers for Canada, its history and its achievements. The outcome of the referendum was first and foremost a vote for Canada.

# CHAPTER 5

## HARVARD, 1980–1981

Classes at the Kennedy School of Government started right after Labour Day. Students had two weeks to finalize their course selection. After much shopping around, I chose five courses for my first semester, even though only four were required for the degree; I wanted to soak up as much wisdom/insight/knowledge as I could.

The Kennedy School had an agreement with the other graduate Harvard schools and the other universities in the Cambridge area that permitted students to take courses in other places and have them recognized for degree purposes. My final course selection was: the Presidency, with Professor Richard Neustadt; Public Sector Management, with Professor Mike Dukakis, the former Governor of Massachusetts and future presidential candidate; and Government Business Relations, with professors Roger Porter and Dick Darman. All of these were offered at the Kennedy School. I also took a course at the Harvard Business School on Business-Government Relations and another at MIT on Organizational Design.

That fall season of 1980 in Cambridge was stupendous. I got a rush whenever I had to cross Harvard Yard and its multicoloured trees or the bridge to go to the Baker Library or the Business School. It was difficult not to feel special given the people and the surroundings.

Nineteen-eighty was a presidential election year. In October, in cooperation with PBS, the Kennedy School hosted a television show called *The Advocates*, an event that featured debates between the representatives of the three presidential candidates: President



Jimmy Carter, Governor Ronald Reagan of California, and Congressman John Anderson of Illinois, who was running as an independent.

The weekly debates, which took place in the large atrium at the Kennedy School, covered domestic, foreign, and economic policy. Some of Governor Reagan's representatives, such as Cap Weinberger and Ed Meese, would go on to assume cabinet jobs under President Reagan. After the debates, students who had volunteered to support the event were invited to join the participants at a reception. It was a unique occasion to talk with cabinet secretaries of the current Carter administration and their possible successors in a future Reagan administration.

The other interesting electoral activity at the Kennedy School was the late November post-mortem of the election, when the key players from the three campaigns were brought in to discuss its key phases: the primaries, the conventions, the debates, and the actual campaigns. For example, pollsters for all three campaigns discussed their rolling survey results and the strategic adjustments they made to their respective narratives. Similar discussions took place among the advertising advisors. Students who volunteered to support the weekend activities had the privilege of sitting in the back rows as campaign strategists discussed what worked and what did not. Overall, it provided a unique insight into presidential electoral campaigns. The Kennedy School subsequently captured the deliberations over the post-mortem weekend in a book.

Fall 1980 was also notable for another reason. Professor Dick Darman had left a note in my student box saying he wanted me to see him in his office to talk about how I was enjoying my time at Harvard. He had taken an interest in me because I was quite engaged in his class discussions and would offer a unique perspective. Most students in the class were not well versed in the permanent bureau-

cracy model and the parliamentary regime. As I sat down, he immediately put me at ease by stating that “Harvard prides itself on having a very rigorous admission policy. It is very, very difficult to leave here without a degree.” He then inquired about my courses, noting that I had deep circles under my eyes. He quickly zeroed in on the fact that I was taking one course too many. He said I was depriving myself of the opportunity to have the overall Harvard experience: the special seminars, the guest lecturers, the city of Boston, the proximity of Cape Cod. Obviously running low on energy, I took his advice and dropped the MIT course, reducing my load to four courses in the next semester. Professor Darman had gone out of his way to make sure that one of his students had the full benefit of a year at Harvard. It was an outreach I never forgot and sought at different times to replicate.

My second semester at the Kennedy School proved more enjoyable. I had become accustomed to the flow, and had more discretionary time to spend with fellow Canadian students, including Kathy O’Hara, who remains a good friend, Richard Paton, a fellow golfer, and Stephen Handleman, who was a superb reporter for the *Toronto Star*. As Dick Darman had predicted, I graduated in May 1981 and received my degree on a beautiful spring convocation day.



# CHAPTER 5

## LESSONS

I have fond memories of my year at Harvard. Over and above acquiring the designation of being a Harvard graduate, the year gave me an appreciation of the importance of ongoing training and learning for executives. There is much to be said for offering executives the opportunity to do some stock taking and recharging of their intellectual batteries at different points in their careers.

This was my first exposure to case-study teaching. The cases permitted me to better understand the challenges facing the public sector executive. Several years after my graduation, the assistant registrar at Harvard College reached out and asked if I would be willing to interview high school graduates who had applied for admission to the College. I did this for two years. Each year, I was given a list of fifteen high school students who all had excellent report cards with averages in the 90 percent range. They were all very smart young people. After the first year, when I had submitted my report on the fifteen students and Harvard had made its final decisions, I asked the assistant registrar the basis on which decisions had been made. She explained that, from their perspective, high marks in the nineties were table stakes. The key factor was what else the candidate had accomplished. So, an applicant with a 93 percent average who had been a member of the National Kayak Team was selected over another with a 97 percent average; a gymnastics champion prevailed even though her marks were somewhat lower, as did an applicant who had worked to achieve national recognition as a pianist. The assistant registrar noted that the candidates selected had achieved

## CHAPTER 5 (1981–1982)

excellence in another discipline beyond academics and had had to manage their time well to excel in both areas. I learned that excellence is multidimensional, not linear.

# CHAPTER 6

## **SECRETARY OF STATE, 1981–1989**

In late fall 1980, I bumped into Paul Tellier and Huguette Labelle, his senior ADM at the Department of Indian and Northern Affairs, at the Montreal airport. They were going to Iqaluit, and I was going back to Boston. A few months later, Huguette was appointed Under-Secretary of State for Canada. When I started looking for a job in the spring of 1981, I reached out to her. After a few conversations, she invited me to join her department as both Director General (DG) of Policy, reporting to the senior ADM, and DG of Communications, reporting to her. I stayed in the department until 1989. During that time, I worked for seven different secretaries of state and six ministers of state, and in various positions: ADM Corporate Affairs (1983–85), ADM Citizenship (1985–89), and acting ADM Regional Operations (1986–88). I reported to three deputy ministers: Huguette Labelle, Bob Rabinovitch, and Jean Fournier. All these jobs permitted me to gain experience about working directly with ministers and their offices, and about talent management and stakeholder relationships.

### **ASSISTANT DEPUTY MINISTER CORPORATE AFFAIRS**

I served in the newly created position of ADM Corporate Affairs for two years. Nothing much worth noting occurred during that time, but there was one exception. Part of the remit of the ADM was the State Ceremonial unit, which coordinated from the Canadian side all royal visits. Two took place during my time in the post. In 1983, Prince Charles and Princess Diana visited Canada, followed in 1984 by the Queen and Prince Philip. The role of the ADM Corporate Affairs in these visits was somewhere between very modest and marginal.

The Palace knew what it wanted to do and how to do it — the ADM's contribution was not sought. But I did have the opportunity to dine on the Royal Yacht *Britannia*, to be present at various official ceremonies, to admire the meticulousness that went into planning royal visits, and to appreciate the warmth these visits generated in Canada.

### **ASSISTANT DEPUTY MINISTER CITIZENSHIP**

In 1985, the new Deputy Minister, Bob Rabinovitch, moved me from Corporate Affairs to the Citizenship Branch.

Citizenship had two major program areas. One was to support the citizenship process. Every year thousands of landed immigrants applied to become Canadian citizens. In most cases, the acquisition of Canadian citizenship occurred at a public ceremony officiated by a citizenship judge. The other program area focused on enhancing the inclusion of people deemed not able to participate fully and equally in Canadian society. Groups representing Indigenous peoples, women, and persons with disabilities, among others, were supported by both core and project funding. In some respects, this set of programs was a precursor to many initiatives in subsequent decades that have sought to foster inclusion and diversity.

I first met Rick Hansen at the Canadian headquarters of McDonalds in Toronto. George Cohon, Canadian CEO of McDonalds, who had been one of Rick's early supporters in his tour around the world, was hosting a reception to celebrate the completion of Rick's tour. In the following months, Sue Potter at the Department of Secretary of State and I worked closely with Rick and his team to develop a program to reduce barriers to access for individuals with disabilities in areas that included transportation, recreation, and housing, particularly at the municipal level. The program was quite simple: every year at the annual meeting of the Federation of Mayors and Municipalities, municipalities that had made the greatest

improvements in accessibility would be nationally recognized and awarded a plaque, and the mayors would have their picture taken with Rick. The adjudication was done by a third party. The federal government provided the funds to administer the program, a very small amount compared with the capital expenditures undertaken by municipalities across the country. Rick was able to leverage his well-earned reputation as a brave and committed Canadian to improve the lives of many individuals with disabilities significantly. Improvements did not always require a huge federal cheque.

Core and project funding, however, could only go so far in supporting equality. The other major tool was the Court Challenges Program, which had started in 1978 when the federal government began providing financial assistance for minority-language court cases. Satisfying for me was obtaining Minister of Justice John Crosbie's concurrence in 1985 on expanding the program beyond official languages to include cases flowing from the equality section (section 15) of the Charter. The financial support provided individuals and groups went a long way toward defining what section 15 actually meant. To avoid possible conflicts of interest, the program was administered by an arm's-length third party.

Another significant, satisfying career moment was the opportunity to work with David Crombie and, later, Lucien Bouchard, who succeeded David as Secretary of State in 1987.

David was a person of great integrity and commitment who found it difficult to adjust to the ways of Ottawa. His governance and political experience had been shaped by his tenure as Mayor of Toronto, where decisions were made in city council meetings in a very transparent manner. Cabinet government, with its committees, central agencies, and secret proceedings, was somewhat foreign to his nature. Having said that, when he latched on to a project such as Martin O'Connell's new Imagine campaign to support philanthropy,



or a federal government policy on literacy, he was relentless and strategic. He believed in the literacy cause, and marshalled all the resources at his disposal to achieve his desired outcome. By the end of his term as Secretary of State, he had convinced his colleagues to establish a one-time \$5 million fund for literacy projects. A beach-head had been established.

Lucien Bouchard picked up where David Crombie had left the file. He became the champion of the literacy cause notwithstanding the potential encroachment on provincial governments. Bouchard was a colleague and friend of Prime Minister Mulroney. He had no hesitation in using this relationship to pursue his departmental goals. In a few short months, he secured cabinet approval for an ongoing \$25 million a year program, and he worked with L. Ian MacDonald in the PMO to have the Prime Minister announce the program on September 8, 1988, World Literacy Day.

Shortly thereafter, I convinced Bill Ardell, CEO of Southam (newspapers and book stores) to become chair of the ABC Canada Foundation, a non-profit organization that would encourage reading and literacy. With some of the funds in the literacy program, the Department of Secretary of State provided initial seed money for the Foundation; in subsequent years, the Foundation was funded by the private sector.

These initiatives led to my participation in a panel discussion on literacy in the Executive Office Building in Washington, DC. I had been invited to speak about Canada's program. Also invited was Governor Bill Clinton of Arkansas, because he had made remarkable progress in improving educational outcomes for the people in his state. Governor Clinton and I had several conversations during the day. At the time, I was mildly puzzled as to why he was spending so much time with me. An embassy colleague later explained that perhaps he had been taken by my title of Assistant Under-Secretary

of State — a somewhat more important position in the United States than in Canada.

### *Talent Management*

I learned the importance of recruitment the hard way. Based on recommendations, I had recruited a new director for a program. Six months later, I knew I had made a horrible mistake and had to take action. I had a couple of difficult performance discussions, which unfortunately did not help. The person had a tremendous amount of knowledge, but which masked an utter lack of judgment. One can acquire or rent or borrow knowledge, but not judgment. At the executive level, you either have it or you don't. The person was given a number of options, which all had a common feature: vacate the job in three months or have direct line of sight to another job. Personnel mistakes are not like wine. They don't get better with time.

In another case, I had to deal with an executive who was very good, but who, unbeknownst to me, had a drinking problem. The matter surfaced when he replaced me at a speaking engagement. He showed up very drunk and made inappropriate remarks throughout the evening. I asked him to meet me at the office the following Saturday. He was understandably remorseful. I said very little and let him talk. I wanted him to hear himself describe his actions. I took some notes. I concluded by asking that he go to the organizers of the event and personally apologize, advise me in writing of steps he was taking to address his addiction, and meet with me once a month to discuss the situation. I did not lecture him or punish him. I chose to work with him because he was worth taking a risk. I was not disappointed. A couple of years later, he became an excellent director of a key program.

I also learned the importance of having a team, rather than just strong individual contributors. To reinforce the importance of the

team, we organized annual retreats with guest speakers, including a Canadian who had climbed Mount Everest and who spoke about the importance of teamwork in that accomplishment. Another speaker was Robert Normand, who had been the DM of Justice in Quebec in 1977 and who talked about accountability and integrity in managing a very delicate situation. Newly elected Premier René Lévesque, coming out of an evening dinner party, had had an unfortunate car accident at 4:00 am that led to the death of a homeless person. Normand had to oversee how the police and Crown attorneys handled the incident, and to think carefully about the public interest. Still another speaker was Paul Tellier, then DM of energy and natural resources, who spoke about transitions. He had recently orchestrated changes in the National Energy Program for the new Mulroney government.

*Working with Ministers and Ministers of State*

My eight-year term at Secretary of State offered me many opportunities to work directly with ministers, ministers of state, and minister's offices, and to improve my skills at managing up.

Brian Mulroney's Progressive Conservatives had won the 1984 election, and the new government was sworn in on September 17. The day after, the newly appointed secretary of state contacted Huguette Labelle and asked that her first departmental briefing take place on September 20 in Kitchener. Unfortunately, this conflicted with another significant event: Huguette had been invited to attend with a guest, her mother, Pope John Paul II's Mass on Parliament Hill. After failing to change the briefing date, she went to Plan B: sending me to Kitchener to brief the new minister about his department.

The briefing was going generally well until someone close to the Minister joined the discussion. My first sense that matters were

going downhill was when she queried me about my job. “You are just an assistant under-secretary. Could the department not have sent a full and real secretary?” There was definitely an air of “You did not treat the Liberals this way.” My valiant attempt at explaining government nomenclature was mildly satisfying. I got through the briefing and key next steps were identified. I took my leave and returned to Ottawa, bruised but not broken.

A few days later, on a Saturday night, we were having a dinner party at home when I received a call from the person close to the Minister. She advised that the Minister and she wanted me to get a Department of Transport plane to take them from Kitchener to Halifax. She pointedly noted that she hoped that securing a plane was within my sphere of competence as an assistant under-secretary. I swung into action, spoke to (DOT) dispatch, and secured the government plane to take them to Halifax. In a fairly good mood, I phoned her back with the good news. Unfortunately, she was not pleased. She insisted on a jet plane just like the Liberals had used. In a subsequent phone call with DOT, the patient dispatcher explained that the Kitchener runway was not long enough for a jet. While I improved my flight planning abilities, my guests had dinner and moved on to dessert.

Regrettably, my information about the jet runway requirements (I had secured from DOT the exact length required) were not accepted as valid because Liberal ministers had been seen using government jets at that airport. After another hour, a plan was agreed to using a different airport with a longer runway. Having settled transportation, the discussion moved on to hotel accommodations in Halifax, where I was singularly more successful as an assistant under-secretary for accommodation than for transportation.

Apart from the brief period when Mr. Clark was in office, from May 1979 to February 1980, this was my first exposure to a government transition. I learned, not for the last time, that when ministers are discovering the modalities of power and the general allocation of accountabilities, public servants need to solve the issues ministers see as problems. While these might not always be significant issues, if the minister sees them as such, they go to the top of the pile. In the first few months, the key words are responsiveness, problem solving, and flexibility. These are prerequisites to establishing trust. Since it was early days of the new Mulroney government, it was important not to have a contentious issue create a problem in the burgeoning relationship of trust with the Minister's office. To this end, I used a well-known bureaucratic tactic: I kicked the ball down the road.

During my time in the department, I worked for several ministers of state while supporting the senior minister. Relationships between ministers generally worked well, but not always. For example, there was a special moment when a minister of state asked me to draft a letter to the Prime Minister to express the minister of state's view that the senior minister was constantly cutting the minister's grass — that is, invading her territory. She wanted a remedial intervention from the Prime Minister. A few days later, while I was pondering the first letter, I got a request from the senior minister. He wanted me to draft a letter to the Prime Minister describing the shortcomings of the minister of state.

Needless to say, I prepared no letters but verbally briefed the Privy Council Office. Over the next few months, I worked assiduously to avoid potential friction points between the two ministers. A cabinet shuffle later in the year dealt with the matter in a more definitive manner.

## CHAPTER 6 (1981–1989)

In late 1989, I was invited to participate in an interview process for a new job that had been created at Health and Welfare: senior assistant deputy minister. The interviewing panel was composed of two stellar deputy ministers, Maggie Catley-Carlson at Health and Welfare and Arthur Kroeger at Employment and Immigration. I was offered and accepted the new job in December 1989.

# CHAPTER 6

## LESSONS

Looking back on my eight years at the Department of Secretary of State, I learned that not all ministers were the same. Some read their briefing notes, others did not. Some had lots of time for officials, other less so. Some left marks that were erased by the next tide, others left a more substantive and lasting imprint as they knew how to get things done. Expectations had to be adjusted accordingly.

I learned the importance of respectfully speaking truth to power. Many of the groups that received core funding or project funding from the department had not been part of the coalition that elected the PCs in 1984. This was a fact of which caucus members frequently reminded the minister and his office. Given the revolving ministerial door at Secretary of State, the matter came up regularly. These circumstances offered opportunities to discuss the public interest benefits of funding groups that represented individuals who were not necessarily supportive of the government's agenda. These were not always pleasant conversations, but they were important and useful.

I also learned how to work with individuals who were not part of the Ottawa bubble. For example, on the literacy file, I developed a close working relationship with Peter Gzowski, radio host *extraordinaire*. Peter had been an early supporter of literacy and sponsored an annual literacy golf tournament. He was not familiar with governmental decision-making nor was he particularly curious to learn about it. During one of our dinners, he succinctly made the point that government stuff was my job. He would focus on raising awareness and making strategic interventions when needed. In his own way, he

was discussing the importance of swim lanes. Peter was most helpful in building a coalition to support a National Literacy Program.

Finally, I learned the usefulness of working closely with the Minister's office and developing a relationship of trust. I had discussed with the chief of staff an approach I was going to pursue in our briefing. She was very supportive, having checked it out with the PMO. These well-considered plans, however, were challenged by an unlikely source. The Minister had invited his spouse to join the briefing and encouraged her to speak her mind. Seeing my old nemesis back in the room generated a certain degree of anxiety, which I probably did not hide very well. The chief of staff, sensing a possibly unproductive exchange, suggested rearranging the agenda items to ensure that the Minister's wife would be present only for the important items. My item ended up being carried over to the next briefing. The chief of staff did not want my item derailed, but getting a week's delay was a much better outcome. The usefulness of a partnership approach between the public service and the minister's office was very much in evidence.

Lastly, I learned about working with stakeholders, their diversity, and the important work they do at the local level. I also developed an appropriate oversight role that did not impinge on the activities of these groups but permitted the department to remain informed and aware.



# CHAPTER 7

## HEALTH AND WELFARE, 1990–1991

In December 1989, I was promoted to the position of Senior Assistant Deputy Minister, a precursor to the current associate deputy minister model. At the outset, I did not have any line accountabilities. The DM, Maggie Catley-Carlson, believed in the two-in-a-box model, where the DM and the senior assistant deputy minister provide joint stewardship. I am convinced that she wanted this innovative concept to work; however, I was not sure her enthusiasm was universally shared in the department, especially among some of the ADMs.

I quickly got involved in several files, including an early meeting with Garfield Mahood, the formidable Executive Director of the Non-Smokers' Rights Association. He was relentless in his pursuit of reducing tobacco consumption. In the late eighties, he was fighting on a number of fronts, including label packaging of cigarettes and banning smoking in airplanes. For the department, this was not a new file. As early as 1963, the then Minister of Health and Welfare, Judy LaMarsh, stated unequivocally in the House of Commons that smoking caused cancer. Notwithstanding the clear scientific evidence, progress on reducing smoking was slow. My efforts focused on the smoking ban on airplanes. The department's Health Protection Branch focused on the labelling and packaging issue.

While all this might seem like a no-brainer in today's environment, at the time it was quite contentious. Airline executives were advising us that this action would lead to an existential crisis for the carriers. The companies were arguing that, since their competitors

would continue to allow smoking on their planes — the United States, for example, was then considering no such measures — Canadian carriers would lose a tremendous amount of business. Any consideration of using the ban as a positive selling point was deemed heresy. It is mildly amusing to hear airlines today advise passengers that they are proud to offer a smoke-free environment. The anti-smoking policy is an excellent example of how governments, both Liberal and PC, pushed for the public interest.

Another file related to the length of patent protection for pharmaceutical drugs. A couple of years after the free trade agreement with the United States was negotiated, Perrin Beatty, who had been appointed Minister of Health and Welfare after the 1988 election, asked that I sit in on his meeting with the CEOs of all the major international drug manufacturers. One of the contentious items in the free trade discussions had been the length of time a patent would be protected before generic drugs were allowed to compete. Canada, as part of reaching an overall deal with the United States, had agreed to extend the life of protected patents. The Minister had assumed that the CEOs were coming to see him to express their appreciation for the recently approved extension. He was quickly disabused of this assumption. In fact, they were coming in to pitch an extension to the recently approved extension. Once that message had sunk in, the Minister, in a voice fuelled by anger but controlled by personal style, advised the group that, as long as he was Minister of Health and Welfare, he would not entertain another extension. The meeting adjourned shortly afterward.

A couple of points stood out for me. First, Perrin Beatty was a minister who did not feel the uncontrollable urge to consult with the PMO, the PCO, or his staff. He thought the CEOs' proposal was nuts and he wanted no part of it. Second, the meeting was a good reminder of how multinationals, at least in this sector, saw Canada.

During my time at Health and Welfare, I also worked closely with the Minister of State for Seniors, Monique Vézina, an MP from Rimouski. She was comfortable in her responsibilities, and Minister Beatty was respectful of her space. I worked closely with Mme Vézina and accompanied her on international meetings in Vienna and Budapest. The concept of having a minister of state worked quite well because the two ministers made it work.

The dossier that preoccupied me the most was AIDS. In January 1990, Minister Beatty asked to see me. He quickly zeroed in on the area he wanted me to focus on: the development of a National AIDS Strategy. He mentioned that he had made a commitment to have this strategy in place by June. Seeing the relief in my eyes, he quickly clarified that his commitment was for June 1989. We were already six months late.

In the 1990s, the Department of Health and Welfare was already a big department with many programs, a significant budget, and a multiplicity of stakeholder groups that all could lay claim to the need to enhance the interests of their community. The previous minister, Jake Epp, had been burned in effigy by the AIDS Action Now Committee due to his perceived inaction on the AIDS file. I asked Minister Beatty why he was focusing on this dossier. He succinctly offered two reasons.

The first reason was that he had been inspired by a book entitled *And the Band Played On*, by Randy Shilts, which chronicled how the US medical community, the US government and the public health community had not got their act together to address this disease from a medical and societal perspective. The reality that many who got the disease were gay men was not an insignificant factor in this laissez-faire approach. Having read the book, the Minister wanted to do what he could in Canada.

The second reason was that he understood politics and political capital. He explicitly said he wanted to spend his political capital on this cause. He acknowledged that this priority was not one that would be very popular in caucus, but he was prepared to take the hit.

Perrin Beatty, a decent man, was appalled by the discrimination AIDS victims were facing because of their sexual orientation. He did not have a framework for the strategy nor was he confident that he could get more money from Cabinet. He wanted to put the need for a strategy on the national agenda and to have a transparent public policy debate.

It happens from time to time as a senior official that one finds a minister who wants to do the right thing for the right reasons, while recognizing that the political benefits might be modest, at best. I found his approach compelling and motivating.

A meeting was quickly set up with his very competent political staff to discuss some realities. As health care delivery is fundamentally a responsibility of provincial governments, some Health and Welfare officials were not overly sympathetic. The lead official had a big chart indicating the medical causes of deaths in Canada — cancer, heart attacks, strokes. There was a minuscule line associated with people dying from AIDS. The take-away message was easy to grasp: from a public health perspective, AIDS was not a big problem. The AIDS community leaders who would meet with this official came away sensing that there was much work to be done.

In the winter of 1990, the community groups were starting to sour on the Minister. After initially embracing his appointment, thinking anyone was better than Jake Epp, they were frustrated by the lack of action and new resources to support the strategy. Just six months later, in mid-1990, Perrin Beatty announced Canada's first National AIDS Strategy.

Key elements of the strategy included establishing, in cooperation with the University of Toronto, a National Treatment Registry to describe and track all treatment strategies. In the pre-Google age, this was a significant breakthrough to facilitate information exchange. The new president of the university, Rob Prichard, was most helpful in making this work. Within Health and Welfare, a new AIDS Secretariat was established to coordinate policy within the department and to be the link to the community groups. A young new executive, Judith Wright, was hired to be the first executive director. Research resources were redeployed to better understand the disease, ensuring that some drugs, such as AZT, would be more available to Canadians.

Community groups generally reacted positively to the announcement. Kelly Toughill, a reporter from the *Toronto Star*, wrote, “Journalists had expected a detailed plan setting out precisely what the federal government would do to fight the epidemic.” They were stunned by the strategy’s two slim volumes. But their astonishment at the slimness of the government’s long-awaited strategy was nothing compared to their surprise at the response it evoked from usually outspoken AIDS activists. The same people who had burned Jake Epp in effigy politely applauded. Joan Anderson, President of the Canadian AIDS Society, said, “It’s really important to encourage positive steps wherever they are taken. We can’t just be negative all the time. There is a lot of good in this document that deserves praise. I make no apologies for our support of it.”

Over the years, federal governments, both Conservative and Liberal, have prepared and released updated and enhanced strategies, ensuring that HIV/AIDS would never be forgotten as a policy priority. Perrin Beatty had achieved his goals of putting AIDS on the national agenda and establishing a civil dialogue between government and community groups.

# CHAPTER 7

## LESSONS

Looking back, several factors contributed to the success of the AIDS strategy. One was political will. Perrin Beatty wanted to develop a National AIDS Strategy, not because he was told to, but because it was the right thing to do. When he was criticized, he took the blows but remained committed to getting the job done.

A second factor was gaining the trust of stakeholders. Sometimes with the minister, sometimes on my own, sometimes with my staff, we met with activist groups across the country and with leaders of the gay community. We needed to understand the disease better and to establish a relationship of trust. Not all sessions were easy. I recall once instance when I laid out to the community leader the longer-term plan beyond the strategy. He nodded in a supportive manner, and then added, “that’s good, but you know I will have died by the time you unfold all of your incremental plan.” On another occasion, when I was accompanying the Minister at a semi-public event, the audience started pelting us with peanuts to underline their disappointment about funding. But over time, we were able to work more constructively. This relationship of trust permitted me to speak candidly to the various groups. I reminded them that Beatty had taken on many risks by self-imposing the need for a national AIDS strategy. If the community he was trying to assist perpetually told him and the world “Not good enough,” a new minister, once Beatty had left the portfolio, could be more reluctant to engage.

The third factor in the strategy’s success was the ability to work with provincial governments, all of which were facing similar

challenges with AIDS: the integration of emerging epidemiology, the availability and effectiveness of different treatment options, and the role of public health measures. From the federal perspective, our objective was to get AIDS on the national agenda without having provincial governments criticize us for not providing additional funding. We managed to square this circle by having strategic bilateral conversations with key provinces at the political and bureaucratic levels. We did not criticize provincial governments in the strategy but stuck to our swim lane.

Trust between the public service and the Minister's office also played an important role. Throughout the period leading up to the announcement of the AIDS strategy, the public service worked seamlessly with the Minister's office. Out of the gate, there was a mutual respect and trust. When things occasionally went sideways, it did not lead to a major blame-a-thon. We continued working in partnership.

Six months later, in December 1991, I left this wonderful job and a terrific deputy minister to become the Deputy Secretary to Cabinet for Federal-Provincial Relations.

# CHAPTER 8

## THE FEDERAL-PROVINCIAL RELATIONS OFFICE, 1991–1992

Late in 1990, I got a call from Gordon Smith, the Secretary to Cabinet for the Federal-Provincial Relations Office (FPRO). He wanted to discuss my interest in joining FPRO as Deputy Secretary for Policy and Communications. He mentioned that he was phoning on behalf of Paul Tellier, Clerk of the Privy Council, and Norman Spector, Chief of Staff to Prime Minister Mulroney. They collectively thought I would be the best candidate to lead the development of a strategy package in light of the collapse of the Meech Lake Accord. Both Tellier and Spector phoned in the following days to reinforce their message.

I told them all that I was having a very good time working with Maggie Catley-Carlson at Health and Welfare, and was not looking to move. Still, I was intrigued by the opportunity of getting back to the national unity dossier. And my ego was not displeased by the amount of attention I was getting from the three top officials in the Government of Canada. I accepted Gordon's offer. Unwisely, I did not have a conversation with Maggie prior to my decision to move.

I had a beautiful office on the third floor of the Old Post Office building overlooking the National War Memorial. Gordon advised me that our priority would be working on a presentation to the Priorities and Planning (P&P) Committee of Cabinet, scheduled for discussion in two weeks. Regrettably, a viable draft was not available, but the team pulled together a good draft, which made its way to P&P. Lowell Murray, the responsible minister, was masterful in presenting



the package and responding to questions. This would be his last presentation. A little while later, Prime Minister Mulroney shuffled his cabinet, replacing Murray by appointing Joe Clark as President of the Privy Council and Minister of Constitutional Affairs. Gordon and I watched the swearing-in and the subsequent press scrum.

Mr. Clark only took a few questions, since, as he told the media, he needed to go and meet with his officials to start the briefings. Gordon and I looked at each other somewhat puzzled, as neither of us was aware of any scheduled briefings with the new minister. A bad omen on the first day. We eventually did get the opportunity to brief the minister and his trusted chief of staff, Jim Judd, a public servant on loan to the minister's office from Foreign Affairs. Gordon confided in me that he had had some interactions with Mr. Clark when he was briefly Prime Minister in 1979. They had not gone well.

### **STAFFING AND PROCESS**

My major focus during the early months was human resources. I quickly hired some top-notch policy talent: Kathy O'Hara, Hilary Pearson, and Janice Charette. I also recruited Gary Breen to coordinate all of our research and polling activities.

I subsequently turned my attention to recruitment outside the public service. I started with Ron Watts. Ron had been the fifteenth Principal at Queen's University, from 1974 to 1984. He subsequently had served as the Director of the Institute of Intergovernmental Relations at Queen's, and was one of Canada's leading experts on federalism. Hilary Pearson and I went to meet him at his home in Kingston. My rationale for recruiting Ron was twofold. First, the team at the FPRO had been marked by the debacle of the Meech Lake Accord; there was a need to introduce new individuals who would bring new intellectual capital to the table. Second, bureaucracies are not known for thinking outside the box and proposing substantively

new ideas. From an organizational perspective, we were going to be asking departmental officials, who were the subject-matter experts, to provide options for constitutional change. We needed a challenge function and a capacity for new ideas.

Our recruitment was successful, as Ron accepted the offer to become an assistant secretary to Cabinet responsible for constitutional policy. Ron subsequently took the lead in putting under contract five academics from across the country. The first to sign up was Roger Gibbins from the University of Calgary. The group was an in-house think tank that could generate new ideas and challenge proposals coming from inside the federal government.

To plan strategy and review the status of various initiatives, a small group met every week in Paul Tellier's boardroom. Paul, Gordon, Norman and I were regular attendees. At various times, specific DMs, such as Fred Gorbet at Finance, would be invited.

### **A TRANSITION**

A few weeks after Mr. Clark's appointment, I received a call from one of his closest political advisors. She said I had nothing to worry about and all would be fine after the change in leadership. My queries about why I should be worried went unanswered. I delicately raised with Gordon the issue of his relationship with the Minister, since I said I was hearing from sources that there was a problem. He assured me that all was well. I urged him to be prudent.

A few weeks later, Gordon was relieved of his job by the Prime Minister, who agreed with Mr. Clark's recommendation to dismiss him. The Prime Minister, who always maintained a strong interest in federal-provincial matters, surprised a lot of people when he appointed Paul Tellier to be Secretary to Cabinet (FPRO) in addition to his job as Clerk of the Privy Council.

Mr. Clark obviously welcomed Paul's appointment, since he had no choice. But he made the compelling argument that Paul was busy with his day job and only had a finite amount of time. He could not, for instance, accompany the Minister on his cross-country visits to all the provincial capitals or attend all of the meetings of the Cabinet committee. This was especially the case because Mr. Clark insisted on having the committee meet in various parts of the country, from Iqaluit to Niagara-on-the-Lake. The net result was the appointment of Jocelyne Bourgon as Deputy Minister to Mr. Clark. She had previously been DM of Consumer and Corporate Affairs.

### QUEBEC

A fair amount of time was spent watching, monitoring, and analyzing developments in Quebec. After the rejection of the Meech Lake Accord, the Premier of Quebec, Mr. Bourassa, and the Leader of the Opposition, Mr. Parizeau, jointly announced a bipartisan commission of inquiry: the Bélanger-Campeau Commission. Its mandate was to make recommendations regarding the future of Quebec. Bélanger was a strong federalist who was President of the Banque Nationale. Campeau was a strong supporter of sovereignty who was President of the Caisse de dépôt et placement, the second largest pension fund in the country.

In parallel, the Liberal Party of Quebec requested a report from Jean Allaire, head of its constitutional committee on reforming the federation. Allaire recommended a model whereby the federal government would have paramountcy in five areas: defence, debt management, currency, tariffs and equalization. The rest would be shared with provincial governments or transferred to the provinces. This report had a brief shelf life, but it nevertheless made a political statement.

Mr. Bourassa's key advisor, Jean-Claude Rivest, adopted a position akin to "make us an offer, then we will see." Notwithstanding various intermediaries, it was not possible to ascertain what was a true and present danger versus an extremely high one. The Quebec government was constantly sending different messages. Some argued that it did not have an overall strategy. Quebec made a number of tactical decisions such as not attending federal-provincial meetings.

### **ANOTHER TRANSITION**

A few months after Jocelyne's arrival, I began hearing rumours that my job was in jeopardy. Michel Vastel, a seasoned reporter who had good access to the political leadership reprised this view in some of his columns. A theme that would come up not infrequently was grumbling in the PMO about the fact that the government's constitutional strategy involved Richard Dicteri, who had been a key advisor to Trudeau in 1980. I had a sense of who would have to go if the government wanted to get rid of previous advisors.

I consulted Jocelyne directly. She shot down all of the rumours. A few weeks later, she called me in to advise that my job would not disappear but would be severed. I would remain Deputy Secretary to Cabinet with the public affairs mandate. Another deputy secretary would take over my policy role. Given the centrality of that role, my replacement would also take over my office. I would be relocated to 155 Sparks, just a couple of blocks from the Langevin Block. It was only a ten-minute walk from Langevin, but optically a very long distance away.

My immediate reaction was to be quite angry. Having thought some more about this move, I grew even angrier. I had left a great job at Health and Welfare to become a director of communications. Two of the three people who had hired me were unfortunately no longer around: Gordon was going to Brussels to be ambassador to NATO,

## CHAPTER 8 (1991–1992)

Norman Spector was going to Israel as Canada's new ambassador there. In the grand scheme of things, my redeployment was not a big deal. Jocelyne, given her role, had a right and even a responsibility to have someone she knew and had worked with before. I was not that person.

It was in this context that I received the call from Anne Fawcett that ultimately led to my leaving the federal government to join the Ontario government.

# CHAPTER 8

## LESSONS

As I look back on my year in FPRO, two lessons stand out.

The first is the importance of change agents who can bring fresh intellectual capital to a complex problem. Bureaucracies generally tend to be filled by accommodationists and incrementalists. It is not an expression of no confidence in the senior executives when external assistance is sought; rather, it is an attempt to avoid frustration. To paraphrase Einstein, the definition of bureaucratic insanity is doing the same thing with the same people and expecting different results. While there are always difficult moments regarding meshing the input of external contributors with that of the permanent public service, this is a small price to pay to achieve meaningful options.

The second lesson is that bad things happen to good people. I had been recruited by two people, two of whom subsequently left the building. The abilities and skills that I had when I was hired were still present. But the circumstances had changed. As former Secretary of Defense in the United States, Donald Rumsfeld, said, “Stuff happens.”

# CHAPTER 9

## GOVERNMENT OF ONTARIO, 1992–1995

### DEPUTY MINISTER OF THE ENVIRONMENT

In late February 1992, I was contacted by Anne Fawcett, a senior head hunter at Caldwell Partners. She inquired if I would ever consider becoming a deputy minister in the Ontario government — more specifically, the Deputy Minister of the Environment. I definitely would do so, but, as one must in these circumstances, I muted my enthusiasm while communicating a clear interest. We agreed that the next step would be a meeting/interview with the Secretary to the Ontario Cabinet, Peter Barnes.

A few weeks later, in Toronto, I had a positive discussion with Peter. At the end of our meeting, he said the next step would likely be a meeting with the Premier, Bob Rae. The following week, I was invited to have dinner in the Little Italy area of Toronto with the Premier and his chief of staff, David Agnew, a smart, easygoing, and focused person. The first question the Premier asked was, “Have I met you before?” I said no, but I was an acquaintance of his brother. David later explained to me that the Ontario government had been criticized for hiring friends of the Premier as deputy ministers. I assured him that this was our first meeting. Having aced the first question, I found the rest of the dinner stimulating and engaging. It dawned on me halfway through the meal that this was part interview and part sales pitch. I was being courted. At the end, David mentioned that the next and final session would be with the Minister, Ruth Grier.

I met her and her chief of staff, Mary Lewis, at a restaurant near Pearson Airport. Mrs. Grier was an environmentalist and a pragmatic person. She understood the importance of solid management to get things done. The evening got off to a bit of a rocky start when the minister asked for my views on the three Rs. I responded with passion about the importance of reading, writing, and arithmetic. They both nodded approvingly. The mood changed somewhat when Mary said, “Richard, the Minister would also be interested in your views about the other three Rs, the ones that relate to the environment portfolio: reducing, reusing, and recycling.” Having dug a rather significant hole illustrating my lack of environmental knowledge, I spent the next thirty minutes recovering. At the end, however, the Minister said she was looking forward to working with me. In addition to the Premier and David Agnew, I think some people, such as David Crombie, had put in a good word about me.

A few days later, Peter Barnes advised that my Order in Council appointment was on next week’s federal cabinet agenda. On the Friday, I sent a handwritten note to the Clerk of the Privy Council in Ottawa advising him of my decision. On Monday morning, Glen Shortliffe, the Associate Clerk, asked me to come see him. The thought crossed my mind that he wanted to congratulate me personally. He was on a different page. He said that, in light of my letter, I should clear out my office on that day, since he was going to get the locks changed at 5:00 pm. I thought this was somewhat harsh. When Hugh Segal, Prime Minister Mulroney’s chief of staff, heard about the exit interview, he phoned to invite me to lunch at the National Arts Centre restaurant, the most public setting available. He wanted to communicate to all interested parties that he did not consider going to work for the second-largest government in the country an act of betrayal. His gesture was deeply appreciated. It showed a real touch of class.



*Getting Started: 135 St. Clair Avenue West*

I started my new job on May 2, 1992. The Ministry of the Environment is located at 135 St. Clair Avenue West, at the corner of Avenue Road in mid-town Toronto. Since my family would be joining me only in early July, I devoted three evenings a week to connecting with the external players. I met systematically every week with environmental groups, often at their offices, and with industrial representatives, developers, city officials, and some academics. During those first months, I also travelled to our six regional offices to obtain their perspectives on the issues I was getting briefed on by HQ staff. These meetings provided useful and different insights.

Prior to meeting with associations, I would request from them a two-page brief to familiarize myself with their concerns ahead of our session. One association, the Ontario Federation of Agriculture, declined to send a brief. They said they would only need 15 minutes. The president of the association had chosen a different approach. He arrived at my office with a rather big briefcase. He quickly opened it and put on my desk an electoral map of Ontario showing all 125 ridings. He then placed on a certain number of ridings a big cow figurine; on other ridings he placed a smaller cow. He pointed to the ridings with big cows and said, “In those ridings my members basically control the outcome of the election. The ridings with the smaller cows are those where we influence the outcome. I will send our policy brief next week. I would ask that you, when reading our brief, bear in mind the big cows and the little cows.” Then he took his leave. To this day, I remember this encounter as a most effective and succinct briefing. He was seeking to blend policy with politics.

In July, I did a stock taking. In terms of the executive team, it was generally solid, but there was one glaring problem. The ADM responsible for recycling was a nice man, intensely committed to the religion of recycling, but deeply in over his head as an exec-

utive. Previously, he had been a manager for the Metro Regional government. When he became an ADM, it was akin to a triple jump on the organizational chart. Triple jumps rarely work. This was no exception. It was clear that this individual had been recruited with the input and strong backing of the minister's office. They wanted someone who shared their vision. Unfortunately, his commitment to the cause did not make up for his inability to deliver. This reality was slowly appearing on the minister's radar. I needed to do something. I approached the minister directly and shared my concerns that the ADM's shortcomings were undermining the achievement of results. She told me she had the same concerns and I should do what a DM should do.

Scientists and engineers were the core of the Ministry of the Environment. They wrote long, complex, technical memos that would surface randomly on my desk, often with an urgent sticker. The legal department, which was not small given the enforcement obligation flowing from many regulations, produced similarly long treatises. The arrival of such documents was taking up an increasing amount of my discretionary time. To bring some order to this situation, I asked each director to send me an annotated list every week of the memos they were planning to send to me in the next two weeks covering major program or policy developments, important recommendations regarding appointments, and any major event that would attract the attention of the media. These lists became the basis of my weekly meetings with directors, and forced the ADMs to query their directors, who, in turn, queried their managers about what was in their pipeline. The same applied to the voluminous legal briefs. I made understandable exceptions when a real emergency arose. But the reality was that not all issues were urgent and required an immediate decision by the DM. The new regime helped bring about greater predictability and planning. Over time, I migrated from receiving reports weekly to biweekly.

The provincial environment minister's office staff was similar to but different from the federal minister's offices I had dealt with in Ottawa. One difference was that they were young, very engaged, polite, but pushy. Apart from the chief of staff, who came from the YWCA, they had all been recruited from major environmental non-governmental organizations. Another difference was that they met as a group and referred to themselves as the "Council." They would opine collectively on all matters, and then share the views of "Council" with the ministry. This pattern had now been institutionalized and accepted within the ministry. After a few months on the job, I shared my perception and concern with Mrs. Grier that this concept would not serve her well. She quickly put me at ease. She explained that given the DNA of the governing NDP, she had to recruit from the environmental NGOs community to have them inside the tent. She also emphasized that I was her deputy minister and that she would welcome my policy advice and stewardship of the ministry. While she expected that I would factor in the advice coming from her office, my responsibility was to give her my best advice. It was the beginning of a wonderful relationship. The Minister implicitly said: I trust you, now deliver. I will have your back.

Anxiety was perhaps the term that best captured the general mood of the private sector vis-à-vis the provincial government's environmental agenda in 1992–93. The level of anxiety was enhanced due to the recession then hitting the province. Industrial companies felt strongly that it was not the right time to introduce costly new regulations. This was understandable. However, I was never able to find a statement about when companies thought it would be a good time to bring in meaningful environmental regulations to reduce pollution.

Some of the anxieties were real, some were exaggerated, some had no grounding in fact. But I needed to create a dialogue to lessen the need for Valium. I took a couple of steps.

First, I met individually with all of the major law firms that had environmental practices. We discussed the program and policy areas where their clients had concerns. This permitted me to dispel rumours. I undertook to have similar meetings three months later to discuss what the ministry was doing to lessen uncertainty and provide more accurate information about the government's objectives.

The second initiative was to contact, via a third party, the Public Policy Forum, a grouping of the major union leaders in Ontario. Companies, CEOs, and their lobbyists did not have their usual access to the new NDP government nor had they, over the years, built networks and relationships with the NDP, the perennial third party. Their working assumption had been that Ontario would always be governed by either the PCs or the Liberals. A few CEOs, such as Jon Grant from Quaker Oats in Peterborough, had access to both the NDP government and Bay Street's National Club. But Jon, who was an environmentalist, was the exception. To level the policy playing field, the participation of key union leaders was facilitated in sectors where new environmental regulations were being considered. An example was pulp and paper. There were many mills and many jobs in northern Ontario. The union leaders had stated that they were "not about to roll over and let some Toronto-based greenie kill their jobs." The particular issue of concern was regulating zero chlorine in the water. Companies and unions did not want such a stringent regulation because no technology existed to allow firms to comply. The environmentalists were pushing for it because the regulation would force the companies to innovate on the technology front.

Needless to say, the meeting between union leaders and the NGO representatives was enlightening. At the end of the day, the regulations that emerged after consultations were a welcome addition to environmental protection without causing permanent economic

harm. Zero chlorine was kept in the regulation as an aspirational goal in the prologue.

### *Outreach and Diversification*

Two of the key risks deputy ministers face are being captured by the inbox and by groupthink. To guard against these risks, I launched a number of initiatives. These included meeting with diverse groups, including in the United States. There is in Washington, DC, a tremendous diversity of intellectual capital sources: think tanks, advocacy groups, committee staff in both the Senate and the House of Representatives. Every four or five months, I would book meetings with representatives of these groups over a two-day period. These sessions helped me a great deal in understanding strategic trends and the DNA of the various coalitions on different issues. Meetings with the Environmental Defense Fund and the staff of the Congressional Committee on the Environment were most helpful.

Quebec meetings were also important. Most provinces have environmental legislation and regulations that, without being identical, are quite similar. For example, every province has legislation regarding environmental assessment, recycling, and environmental protection. To benefit from the experience of others, we set up meetings up with our counterparts in Quebec City, where we could compare notes on best practices and management approaches. These meetings, which involved the DM and three or four ADMs from each government, lasted about a day and a half and were scheduled every four or five months. We alternated between meeting in Quebec City and Toronto.

I also endeavoured to meet periodically with environmental groups. There were many environmental groups in Toronto, including Pollution Probe, the Canadian Environmental Law Association, Greenpeace, and the World Wildlife Fund. They were quite active

in shaping the public agenda on environmental matters. To keep abreast of their emerging policies and priorities, I joined the major organizations and provided a financial contribution to each one. The regular bulletins these organizations put out were most helpful in understanding the rationale for and the desired outcomes of their priorities.

These types of initiatives were taken in a pre-Google age. They remain valid today because they permit the establishment of interpersonal relationships and dialogue.

### *The Hunt for Dumps*

When the Bob Rae government took office in September 1990, the Greater Toronto Area was facing a crisis: given the booming economy of the previous years, the GTA was quickly running out of landfill space. Doomsday scenarios, where there would be landfills rather than parks, tennis courts, or any greenspace at all, were regularly presented. One of the government's first acts was to take over the file from the regional authorities who had responsibility for garbage. It would be accountable for siting three landfills in the GTA. The government was of the view that it could conduct a better, more environmentally responsible and efficient process. In his book on the American presidency, Richard Neustadt has a chapter on the "Hazards of Transition." He describes how newly elected presidents often commit their most brutal mistakes in the first six months after their election. Examples include FDR's attempted stacking of the Supreme Court in 1937, JFK's Bay of Pigs fiasco in 1961, and LBJ's Vietnam build-up in 1965.

The NDP government's establishing the Interim Waste Authority (IWA) to find dumps was very much in keeping with Neustadt's premise. Newly elected governments have the wind in their sails. The opposition is beaten and disorganized, and the media

give the new government a bit of a honeymoon. In short, the normal checks and balances that help avoid unforced errors are not fully functional in the early days of a new government.

This initiative, while being motivated by the best of intentions, was a mistake. Looking for dumps is never popular no matter what government pursues it. The five regional governments, while expressing outrage at the provincial takeover, were quietly relieved that they did not have to do it. The government spent a lot of its political capital on this ill-fated initiative. Regretfully, and this only became evident much later, the garbage crisis was fading as the recession took hold. In other words, there was a flawed policy assumption about garbage generation. Once a legislative and bureaucratic process is launched, however, it is very difficult to stop it.

The key principle was that the three environmental assessments that would be undertaken for each site would be done with the highest standards of professionalism and integrity. A good process would lead to a good outcome. An ADM in the Ministry of the Environment was appointed as the first president of the IWA. He was a professional engineer with great integrity, and had been the ADM overseeing Ontario's *Environmental Assessment Act*. His experience managing three complex, multisite, highly politically charged processes was, however, lacking.

The IWA reported to an agency, the Office of the Greater Toronto Area (OGTA), which supported and coordinated provincial government policies in the GTA. It was headed up by a deputy minister who also reported to Mrs. Grier. I first met this deputy minister when we were both attending a Cabinet committee meeting. He was the seasoned veteran, and I was the rookie. During the meeting, he intervened quite a few times. On most occasions, the comments related to his wide horizontal portfolio. On some occasions, he was opining on matters outside his swim lane. As a former

federal official, I was not accustomed to this type of intervention. I found his approach even more unusual when he opened by saying, “I must say, I have to disagree with the Minister...” Perhaps, I thought, they do things differently at Queen’s Park. Actually, it turned out not to be the case. A few months later, the DM was seconded to a university. I was asked to take on the responsibility for the OGTA, including the IWA. My argument that I would be in a conflict if I was both the proponent of the three environmental assessments (EAs) and the ultimate authority on the assessments did not prove compelling. Mrs. Grier noted that she and the government trusted me, and that trumped anything else.

By the time I took over the dossier, it was completely bogged down. The first phase of the project had been designed to identify potential sites in the GTA that were geographically and geologically acceptable. Fifty-seven sites had been identified as being acceptable. It also meant that fifty-seven communities were mobilizing to ensure they did not make the cut in the second phase that would narrow the total of potential sites to seventeen. The third phase was designed to pick three winners (or, perhaps, losers).

Fortunately, the IWA had retained a brilliant counsel in Bruce Campbell, a lawyer from the law firm Torys. Bruce was essential in guiding the IWA ship to avoid as much as possible the shoals of intense NIMBYism.

To avoid tainting the independent EA processes, I maintained an appropriate distance from the selection process. When it got down to finalizing the seventeen sites for the second round, however, I asked for a briefing. I wanted to assure myself of the integrity of the criteria being used. It soon became clear that this was not a mathematical formula. A lot of subjective judgment went into determining the results. Why seventeen sites? Why not twenty-two or twelve? It turned out that this choice was also flexible. It had been put on paper



early on and never revisited. At the end of phase 2, only twelve sites were retained. There were celebrations around the forty-five sites that had been deselected.

The IWA was cancelled in 1995 by the Harris PC government. No sites were ever finalized via this process. Recycling picked up, garbage generation went down, some garbage took the 401 down to Michigan. The anticipated garbage crisis, which would have put garbage in parks, tennis courts, and other public spaces, never materialized.

**DEPUTY MINISTER  
OF THE ENVIRONMENT AND ENERGY**

In April 1993, I got a call from David Agnew. David had replaced Peter Barnes as Secretary to Cabinet the previous fall — a somewhat contentious appointment. David wanted to advise me of forthcoming government changes, a cabinet shuffle, and my new responsibilities. The Rae government, with a view to streamlining and making government smaller, was going to merge some ministries. Two major mergers were going to happen: Education would be combined with Post-Secondary Education and Training, and Environment and Energy would become one ministry. I would be the latter's new deputy minister. David also mentioned that the government would be initiating a temporary 5 percent wage rollback, with employees encouraged to take proportional time off. Needless to say, there was no discussion about a concurrent salary increase given my additional responsibilities of the big new ministry.

Mrs. Grier was being promoted to Health, and my new minister would be Bud Wildman from Sault Ste. Marie.

*The Merger*

One of the most endearing and satisfying aspects of being a DM in a provincial government is that central agencies do not suffocate line DMs with constant advice and guidance. This approach was most welcomed when I had to merge Environment and Energy, two very different ministries. As far as I could tell, the only thing they had in common was the first two letters of their names.

Environment was a big operational ministry with six regional offices and many programs. Energy was a small policy ministry. Environment was a ministry where people stayed for a long time, in part because they believed strongly in the ministry's mission. Energy was full of in-and-outers. People came and went with regularity. Environment favoured an interventionist role for government; Energy fancied an approach that relied on markets. A different culture and a very different work force existed in each ministry.

In designing the new organizational chart, I made sure that the key roles were appropriately divided among incumbents of the two former ministries. For example, Les Horswill from Energy became the ADM of Policy for the new ministry, while Catriona King, formerly executive assistant to the Deputy Minister of Energy, became head of the departmental briefing secretariat. I asked the human resources director, who came from Environment, to pay particular attention to facilitating the recruitment of some Energy people into Environment jobs and vice-versa. I made a point of connecting as much as I could with Energy stakeholders. In many respects, all of these consultations led back to Ontario Hydro, the province's monopoly Crown corporation for electricity generation and transmission.

*Ontario Hydro*

The most important file within the new portfolio was Ontario Hydro. After a long and costly construction phase, the Darlington nuclear station started to come on line in the early nineties. This also meant that the costs of building Darlington would now be phased gradually into the rate base. In practical terms, this meant a 10 percent increase in the price of electricity for three consecutive years.

Industrial customers who were facing declining revenues due to the recession were apoplectic. The Rae government was being criticized even though it was not responsible for building decisions that had been made ten years ago by another government.

The governance relationship between a Crown corporation and a government is often clouded and fuzzy. The tensions between the elected officials who have public accountability for a Crown corporation and the board and management who are accountable for managing the corporation have been well documented in countless reports and various inquiries. The conundrum was first documented in 1962 in the report of the Glassco Commission, the Royal Commission on Government Organization. I used to present, on behalf of the Institute of Corporate Directors, a full-day course on Crown corporation governance. My course referenced problems that had occurred in Crowns over the past decades. The governance of Crowns is in many respects akin to the concept of sovereignty-association. Inherent in the DNA of Crown corporations are tension points between the Crown and the shareholder. Ontario Hydro was not an exception.

Maurice Strong, the Chair and CEO of Ontario Hydro, had been personally recruited by Premier Rae in 1992. Strong succeeded Marc Eliesen, who had been appointed by the Rae government in 1991. Mr. Eliesen's appointment had been somewhat controversial since the board favoured another candidate to replace the retiring

Bob Franklin. After a few governance skirmishes, Eliesen was able to take charge, but, for a number of reasons, he ended up staying about a year. The government was keen on ensuring that its second appointee at Ontario Hydro stay longer.

The job was big and complex. Ontario Hydro was carrying a debt of \$34 billion. Customers, especially the industrials, were screaming because rates were going up during a recession. After a few months on the job, Strong stated that “Ontario Hydro was in a crisis.” This remark was not a morale booster coming from the third CEO in less than five years.

To reduce costs, Strong eliminated a number of divisions, including Ontario Hydro Construction, and reduced the capital and maintenance budgets. Tough decisions needed to be made to address the corporation’s soaring debt load. Tough decisions also had to be made regarding prices. In 1994, Ontario Hydro announced a price freeze. While this decision would obviously impact revenue, the corporation believed it had to do something dramatic to quell the criticism of price increases.

The cumulative effect of these decisions only became clear five to eight years later. But in 1994, battlefield surgery decisions had to be made based on the best information available at that time. The government was generally on board with the tough medicine prescription presented by Ontario Hydro. The overall difficult state the corporation was in added to the traditional tensions between a chair and a minister.

These “normal” tensions were exacerbated by other factors, such as the DNA of the key players. Strong was an internationalist who had many achievements on the world stage, which fed his not-insignificant ego. Bud Wildman, the Minister, identified with the no-nonsense, rugged inhabitants of his northern Ontario constituency.

The fundamental issue, as is often the case in Crown corporation governance, was who had the power. During debates and discussions, Strong would remind the Minister that it was the Premier who had hired him and that his policies were in keeping with the mandate he had received from the Premier. Strong also had, from the Minister's perspective, the irritating habit of writing directly to the Premier. Sometimes he copied the Minister. Sometimes he copied me.

This direct relationship ceased when Strong, in one of his epistles, gave the Premier a heads-up that, after many valiant attempts at negotiating a new collective agreement with the Power Workers' Union, Ontario Hydro had no alternative but to lock out the union. Not surprisingly, this bold move did not find favour with the NDP government. After a brief huddle, the Minister, speaking on behalf of the government, asked/told Ontario Hydro to keep negotiating. The government also communicated that it would appreciate it if, in future, Strong would channel his communications through the Minister.

The Deputy Minister of Energy was, by law, an ex-officio non-voting member of the Ontario Hydro Board of Directors. This gave me an opportunity to enhance the working relationship between the Crown corporation and the government. But it also offered many opportunities to irritate both Strong and the Minister.

As a small step toward preventing irritations to fester, I asked David Agnew if I could attend any meetings the Premier would have with Strong; this would permit me to keep the Minister informed while not creating awkward circumstances. A second potential conflict zone was board meetings. In order to reduce any possible daylight between the government and the corporation, I suggested to Strong that he and I meet alone one week prior to board meetings to discuss the meeting and specific board memos. This would give him

a sense of where I would be coming from during board meetings. I did not want to have conflict at the meeting, nor did I want to edit his board memos. On the other hand, he had a right to know and a responsibility to address the views and concerns of the shareholder. Strong agreed to the approach, and it worked quite well.

These two initiatives helped de-escalate matters between the chair and the minister, but they were not sufficient to prevent the occasional skirmish. There was the time, for instance, when the minister was questioned in the legislature by Opposition MPP Chris Stockwell regarding an article that had appeared in a Costa Rica newspaper. The MPP, paraphrasing the article, described a significant land acquisition to be made by Ontario Hydro International (OHI) in Costa Rica. The acquisition of this rainforest land was then to be donated to the local conservation authority. OHI was going to buy the rainforest land as credits to offset the CO<sub>2</sub> emissions coming from Ontario Hydro's coal plants.

It then surfaced that the 12,500-hectare rainforest land was very close to an upscale resort owned by Maurice Strong. This was all quite confusing and not straightforward, especially since the original article was in Spanish. Ministers and MPPs were genuinely puzzled as to why ratepayer money was being spent to acquire some jungle land in Central America. The policy around buying offsetting credits for CO<sub>2</sub> emissions was not totally fleshed out or understood by the general population or by ministers in 1994. The Minister specifically asked me to look into this matter. Strong confirmed that indeed there had been some discussions by OHI in Costa Rica, but they were at a low level. I thanked him and asked if he could send all official documents in Ontario Hydro's possession regarding this matter. I reported back to the Minister, who was appreciative. He also had a follow-up call with Strong to satisfy himself personally regarding the possible transaction.

Four or five days later, the documentation still had not been received. Strong informed me that he was just finalizing the four-page cover memo. I was puzzled as to why the documents needed a long covering note. The following day, the package arrived. OHI had indeed had discussions about acquiring the land adjacent to Strong's resort property. The purpose was indeed to acquire carbon offsetting credits. Strong had been in direct and personal contact with the President of Costa Rica on this matter. When asked to explain the contradiction between his statement that the contacts were low level and his correspondence with the President, Strong said that the "low level" was related to the recent level of activity, which had been quite low. The Minister was not impressed by this nuance, and stated repeatedly that Strong had lied to him. The trust that had been painstakingly built over the previous year took a serious hit.

*Election Year: 1995*

Nineteen ninety-five was going to be an election year in Ontario. Public opinion surveys indicated a very low likelihood of re-election for the government. Strong, who was rumoured to be a candidate to become Secretary-General of the United Nations, had completed his major transformations at Ontario Hydro. A new president, Al Kupcis, had been hired, a new organizational chart had been implemented, and cost-cutting measures were starting to have an impact on the bottom line. With an eye to the future beyond his term in office, Strong recommended the appointment of Don Fullerton, the former CEO of the CIBC, to the board. Don was a superb board member; he was also rumoured to be a Liberal supporter.

Strong also engaged, on a professional services contract, Bill Farlinger, the former CEO of Ernst and Young. Farlinger's mandate was to develop a strategic options report for Ontario Hydro. Farlinger was also the 1995 campaign chair for Mike Harris's PC party.

In April, I asked for a meeting with Farlinger to discuss his report. Over breakfast, I shared some concerns about the report that advocated privatization. I advised that it would be preferable if the report were finalized only after the election, since its content would be divisive and controversial. There was, in my view, no urgent need to engage in this debate. Farlinger did not agree. At this point, the discussion accelerated its downward spiral. It went from a contentious disagreement to a complete confrontation, and we parted on unfriendly terms. I would not see Bill again until mid-June. I spoke to Strong, and he agreed that the report would not be finalized until late June.

*Conference of the Parties Meeting, Berlin*

The first-ever meeting of the Conference of the Parties (COP) was held in Berlin between March 28 and April 7, 1995. The Chair of the meeting was the German Minister of the Environment, Angela Merkel.

In light of the impending provincial election, Minister Wildman declined the opportunity to lead the Ontario delegation, and asked me to replace him. The conference attracted a few thousand officials, observers, and some media representatives, but it did not have the media participation that it acquired over subsequent decades. The *International Herald Tribune*, for example, devoted two paragraphs to the “climate parley.”

The Berlin COP was held as a direct follow-up to the Rio Summit. The Canadian delegation in Berlin was led by Environment Minister Sheila Copps. A number of provinces also had representatives from their energy and environmental ministries. Ontario was by far the province with the least amount of inner turmoil. Given that I headed up both the environment and the energy portfolios, it was much easier to reach a consensus within my delegation.



During a break, I went out to see where the Berlin Wall had existed up to 1989 — six years previously. It was extremely difficult to find any maps or indications of where specifically this Wall had been. As I walked back to the International Congress Center, I was struck by the contrast. Minister Merkel was trying to make history by having the 177 countries represented sign off on a plan to reduce CO<sub>2</sub> emissions. In another part of Berlin, other people were trying to erase history by eliminating vestiges of the Cold War, especially the Wall.

At the end of the meeting, the Conference of the Parties agreed to a plan of action. It was the start of an ongoing journey that continues to this day.

# CHAPTER 9

## LESSONS

As I look back at my term as Deputy Minister of the Environment and Energy, a few points stand out. The first is the use of biweekly reports: I learned how to remain informed without micro-managing my direct reports. The biweekly reports became a key component of my management style for the rest of my career. These reports also brought an internal discipline to the inner workings of the organization.

I also learned the importance of maintaining ongoing linkages with the external environment — that is, the relevant people, groups, and associations outside the ministry. The water regulations were saved by the intervention of the pulp and paper sector unions. We could not have done it without their presence at the table. In addition, CEOs with several plants within Ontario were able to point out that our regulatory enforcement practices varied somewhat from one region to another.

I developed an understanding of the role of good Crown corporation governance. Governments establish Crown corporations because they believe that the public interest will be best served by having an entity that is arm's length from the government and managed by a board and a management team. The fundamentals of arm's length and the division of accountability between a Crown and the shareholder will always be a work in progress. I learned the importance of developing accountability swim lanes and maintaining their integrity, especially during difficult moments. Ontario Hydro provided many opportunities to better understand the dos

and don'ts of Crown governance, including having clear objectives and metrics to measure outcomes; having regular and appropriate exchanges between the Crown and the shareholder; establishing and sustaining a relationship of trust; and ensuring the Crown is aware of the government's overarching goals for it.

I also learned a good deal about working with the minister's office. Since becoming an ADM in 1982, I had dealt with a number of ministerial offices. This was the first time, however, that I was responsible for making the relationship between the minister's office and the ministry work effectively. One key lesson was the importance of establishing a professional, direct, and unfiltered relationship with the minister. Another was the usefulness of understanding where the advisors were coming from and what their metric for success was.

I came to understand the importance of reminding officials that ministers have the courage to stand for public office and take risks. They also have the right to retain advisors who can supplement the advice of officials. But we, as the public service, retain the responsibility of giving them our best advice.

I learned the importance of having clear assumptions at the outset of major endeavours and regularly revisiting them. The Hunt for Dumps suffered from having too much bias to action without solid foundations. Flawed assumptions have often been the silent partner of major public policy debacles.

Talent management was a critical element of running a department. The merger of the two ministries forced a focus that I had not previously had on talent management. I developed a much better understanding of the individual strengths and career expectations of all the executives. I developed new respect for team building. I also removed a couple of low performers.

I learned the value of having diverse sources of intelligence. The trips I took to Washington to meet with think tanks and committee staffers, the Quebec City meetings with Quebec counterparts, and the exchanges with Bruce Campbell were all examples of the usefulness of getting input from outside and not being hostage to “internal thinking.”

My final lesson related to trust. It is so much easier to get things done when there is fundamental trust between the major players. I trusted Mrs. Grier to have my back, and I had hers. Between Minister Wildman and Maurice Strong, building trust remained a work in progress. Premier Rae and David Agnew trusted me by initially giving me the OGTA agency and then the Ministry of Energy. This degree of trust permitted me to suggest to them that, given the possibility of his government being a one-term affair, the Premier should give some thought to having the most professional transition Ontario had ever seen. Premier Rae accepted the advice. I subsequently contacted Professor David Cameron at the University of Toronto to track and document the 1995 transition. A few years later, that research became *Cycling into Saigon*, one of the two best books on Canadian transitions, the other being David Zussman’s *The Prospects and Pitfalls of Government Transition in Canada*.

# CHAPTER 10

## GOVERNMENT OF ONTARIO, 1995–1996

Mr. Harris's PCs won a plurality of the ridings in the 1995 election. A week after the election, I was invited to meet with the transition team on a Sunday morning at the Park Plaza Hotel. I was not advised as to the purpose of the session. I was mildly agitated when I walked into the room to discover Bill Farlinger, whom I had not seen since our breakfast in April. This was somewhat awkward. Fortunately, I knew quite well a couple of other members of the transition team: Stanley Hartt, a former federal deputy minister, and Graham Scott, esteemed lawyer at McMillan Binch and former chair of the Public Policy Forum. Tom Campbell, former president of Ontario Hydro, was also present; he helped put me at ease by saying he had heard good things about me from his former colleagues at the Crown corporation. Three out of four is not bad.

We had a very pleasant conversation for about an hour. We covered policy matters, management, and the role of the public service. At the end of the hour, I was advised that I should move to another room on the tenth floor of the hotel. I briefly wondered if that was where the execution/firing would take place. There had been much media speculation that a significant number of deputy ministers hired during Mr. Rae's term would be terminated. There had also been media speculation that, should the Liberals win, I would be appointed secretary to cabinet. Senator Mike Kirby, who was handling transition for the Liberals, had confirmed the validity of that rumour. This had sounded great two months earlier when the assumption was that the Liberals were going to win. It did not sound great anymore now that the PCs had won.

I was therefore tremendously relieved when the only two people in the room were Mike Harris and David Lindsay, his chief of staff. I had met them both at a breakfast meeting three months earlier. The conversation was quite pleasant, with many allusions to “looking forward to working with you.”

John Ibbitson, then a reporter for *The Globe and Mail* at Queen’s Park, explains in his book about the Harris government that Rita Burak, Judith Wolfson, and I had been summoned to be interviewed for the job of secretary to cabinet. Three other DMs had also been asked to meet with the transition team. They did not have a second interview. I wish I had known. The following week, Mr. Harris phoned to inform me that Rita Burak was going to be the Secretary to Cabinet and that he very much was looking forward to working with me. Phew! I was definitely not going to be fired. Altogether, eight deputy ministers, all hired during Mr. Rae’s term, were terminated.

**AS DEPUTY MINISTER  
OF EDUCATION AND TRAINING**

In late June, after the Harris government swearing-in, I received a call from Rita Burak, the new Secretary to Cabinet, to advise that I would be leaving the environment and energy portfolio, which I knew quite well, to become the new DM at Education and Training, a mega-ministry that had been established in 1993. This large portfolio was accountable for elementary and secondary education, post-secondary education (PSE), and training. I would be replacing a deputy minister who would be terminated.

During the transition, Mrs. Burak had informed me that I would be given a second portfolio, that of intergovernmental affairs. The reason was the upcoming second referendum in Quebec and my literacy concerning the federal government in general and the

referendum process in particular. Again, I would replace a terminated DM. And I would therefore be working with the Premier, two ministers, and three political offices.

### *The \$800-Million Challenge*

One of the first tasks I turned my attention to was the implementation of the commitment presented in the “Common Sense Revolution,” the PCs’ 1995 election platform, to reduce expenditures on education by \$800 million: half in the elementary and secondary sector and half in PSE and training. The only caveat was that the cuts — or “savings,” as they became euphemistically known — were not to affect the classroom. This made wonderful sense from a communications perspective.

As my briefings started on the very complex funding formula that allocated funding to school boards across the province, a partial solution and a conundrum emerged. The previous government had budgeted for junior kindergarten but had not allocated the funds to school boards. Therefore, those funds (approximately \$225 million) could be reallocated to the “savings pot.” The conundrum was that approximately 70–75 percent of the total education budget was teachers’ salaries. Since teachers were very much in the classroom, did this mean that the \$400 million cut would have to come from the remaining 25–30 percent of the budget? This inconvenient fact was the basis of many meetings and many wasted hours. The problem was compounded by the additional fact that school buses and school bus drivers represented the next-largest component of the budget, at around 15 percent. The bus drivers were definitely not in the classroom, but they had a compelling argument that, without them, there would not be many students in the classroom.

In the fall of 1995, as the struggle to find the remaining \$175 million in cuts continued, the New Brunswick government

made the bold decision to eliminate school boards altogether and have schools report directly to the ministry. This innovative approach drew much interest in some government circles. Noting that Mississauga had more schools than New Brunswick was not a welcome contribution to the debate. The idea was finally discarded after consideration of the massive staffing that would be needed to provide middle management oversight by the Ministry of Education of Ontario's five thousand schools. Notwithstanding many options and many meetings, it proved impossible to reach a consensus on the needed additional cuts to reach the \$400 million target. Part of the challenge in getting to a decision was the presence in Cabinet of five former chairs of school boards, including the Premier. Most of them were enthusiastic about sharing their advice, privately.

At the end of the day, the only option that gathered enough support was a temporary freeze on the capital budget to permit the province to develop a capital plan. The freed-up funds could be allocated to the "savings pot." Even this unorthodox approach almost did not make it across the finish line. In presenting this option, I was duty-bound to mention that one capital project would have to go ahead: a French Catholic school. Contracts had been awarded, but the first shovel had not yet gone into the ground. I mentioned that the affected school board would immediately launch a court challenge if it was part of the freeze, and it would prevail. The mood was not enhanced when I briefed on the reality that the notwithstanding clause in the Constitution, which some favoured to overcome any unfavourable court decision, could not be applied in this case. Minority-language education rights were protected and not subject to the notwithstanding clause. At the end of the day, the plan was approved, and the French Catholic school was built.

Finding the other \$400 million was relatively easier. The Ontario government is the primary funder of universities and colleges



in the province as well as of the Ontario Training and Adjustment Board (OTAB), the training agency. The cut, therefore, could be a straightforward reduction in the annual transfer payment to these institutions.

There was only one problem. I had met the formidable President of the University of Toronto, Rob Prichard, in 1990 when Minister Beatty announced the AIDS Treatment Information Centre at the university. Rob had been helpful in making this happen. In 1995, in addition to being president of the most prestigious university in Canada, Rob was Chair of the Council of Ontario Universities. I therefore briefed him on the forthcoming cuts. The briefing was not well received. He was quite upset, despite the fact that the cuts had been featured prominently in the “Common Sense Revolution” document. In the course of our painful discussion, he apprised me that he had been given assurances that universities would not bear the burden of the cuts. Unfortunately, this undertaking had not been shared with me. We thus undertook to establish a total “no surprises” policy.

### *Accountabilities*

I had never encountered such a multitude and diversity of stakeholders in my career. There were eighteen university presidents, twenty-four college presidents, five major unions in the elementary and secondary school sector, five major school board associations, and one hundred twenty-nine directors of education. In addition, there were a number of union leaders who were quite interested in the fate of OTAB and close to two hundred school board chairs. Many of these individuals felt an uncontrollable urge to help me do my job. As one senior union leader told me, “I don’t know how you can do your job, since you are not an educator.” They were quite prepared to share their advice directly or via the media.

It quickly became clear that I needed to develop and implement a strategic plan to connect on a weekly, biweekly, and monthly basis with different individuals in the sector. I diligently kept track of who said what and when. It was a key element of surviving this portfolio.

In my view, the two areas where a deputy can leave a lasting mark are talent management and the culture of the organization. At Education and Training, I focused on the latter — more specifically, on accountability. My predecessor had left an organizational chart that was heavy on collaboration. Most of the notes I received from ADMs were signed by at least two of them. This reflected their overlapping mandates. Moreover, in support of collaboration and unlike in every other ministry, the individuals under the ADMs at Education and Training were called coaches, not directors. While I was very supportive of the need to work together, I grew tired of waiting for notes to arrive because one ADM wanted to make changes with which another ADM did not agree. This in turn would lead to a meeting where the ADMs and the coaches got together to hammer out a negotiated consensus. This type of scenario happened more than once.

Within a few months, I clarified the accountabilities of each ADM and subsequently with them the accountability of each director. The concept of coach was retired — directors reassumed their traditional titles. The new organizational chart mirrored the external reality: one ADM for post-secondary and colleges, one for elementary and secondary education, one for training, and one for regional operations. This was helpful to stakeholders, who now had a clearer idea of whom they should lobby. My obsession with accountability was significantly enhanced during my term as Deputy Minister of Education and Training.

*Post-Secondary Education Review*

Over the years, I had read a good number of reports and think pieces emerging from the RAND Corporation. Although its initial focus had been on national security matters, RAND had broadened its scope to include research on poverty, health care, education, and municipal services. In the mid-nineties, it was doing a fair amount of research on post-secondary education. It was in this context that I was invited to meet with several researchers and participate in a seminar on PSE at RAND's headquarters on Ocean Boulevard in Santa Monica, California. The gentle waves of the Pacific Ocean and the big blue sky were, I admit, mildly distracting.

The sessions with researchers, scholars, and other PSE executives were very enriching and stimulating. It was most engaging to discuss strategic trends and the major issues affecting the sector. The meetings reinforced the benefits of outreach from other jurisdictions that were facing similar problems. It was in this context that the PSE policy review was conceptualized.

The “Common Sense Revolution” document had very specific prescriptive policies and programs in several areas. PSE was not one of them. To address this gap, I suggested to the minister and his chief of staff that the government create a panel to do a review and make recommendations. To lead this panel, I suggested Bill Davis, former Premier and former Minister of Education; other potential members included Fred Gorbet, former federal DM of Finance under Prime Minister Mulroney, and Bette Stephenson, former Ontario minister. The Minister and his chief were very supportive and authorized me to reach out to Davis and the others while they checked with the Premier's office. Bill Davis was enthusiastic and made only one request: to have his former deputy Ed Steward be the executive director of the panel.

Several weeks went by. Then a couple of months went by. No definitive signal was being received from the Premier's office.

Finally, I decided to use my privileged intergovernmental face time with the Premier to seek his views directly on the proposal. The trip back from the Quebec City meeting with Premier Bouchard provided such an opportunity. He was in agreement with the idea and encouraged me to move it along.

Armed with the knowledge that the political leaders — the Premier and the minister — supported establishing a panel on PSE, and having consulted the minister's chief of staff, I did something somewhat unusual. I contacted Jennifer Lewington, education reporter for *The Globe and Mail*, and invited her for a coffee. I established the parameters of our discussion: off the record and no attribution.

The following day, *The Globe* ran an article on page one about how the provincial government was seriously considering a panel on PSE that would help the government flesh out its vision for the sector. The article was written in a positive tone. In a follow-up article, the key leaders in the sector strongly endorsed the proposal. I was feeling quite positive about this small finesse until the newly hired ADM for the PSE came rushing into my office. David Trick, a thoughtful and very knowledgeable person, had recently joined the ministry. Previously, he had been the budget ADM at Finance. He came in clutching *The Globe*, and informed me that he had already been in contact with the Ontario Provincial Police to potentially investigate this leak. He reminded me that he had great contacts with the OPP on these types of matters, given his budget experience — he would get us some top-notch investigators. Authorizing an investigation on myself was not something I had planned. Over time, I gradually wore David down, and we moved on to the more important matter of setting up the panel. Unfortunately, by the time the government got

around to approving the panel formally, former Premier Davis was no longer available. It became the Stephenson panel.

Over and above seeking to develop a path forward on PSE, I had a secondary objective in setting up the panel. There was, in government circles, much discussion about another round of cuts. Having launched a panel, I argued, it would be incoherent to mandate another significant cut to the sector. Moreover, such an action would undermine the credibility of the newly established panel. These arguments were deemed compelling. It was therefore agreed that the sector would not have to find any additional savings.

What I had not fully anticipated was that the Ministry of Finance had not moved off its target of getting another \$800 million from the Ministry of Education. In a scene somewhat reminiscent of movies, I was told in no uncertain terms that I had to produce \$800 million and that they did not care where it came from. After a quick consultation with the minister, it was agreed that the whole \$800 million would come from the elementary and secondary school division. This would have an impact in the years to come.

### **AS DEPUTY MINISTER OF INTERGOVERNMENTAL AFFAIRS**

The job of deputy minister of intergovernmental affairs is not usually a demanding job. The forthcoming Quebec referendum made that statement inoperative.

The month of July 1995 was not particularly intense, the only major event being the annual Premiers' Conference in St. John's. This would be Jacques Parizeau's last conference as Premier. He did not endear himself to his fellow premiers by leaving the meeting early, having a media conference all by himself, and then leaving the island. It set the tone for the relationship he wanted to have with other premiers. He felt they were representatives of subnational

governments, and he would soon be leaving that community to become the leader of a national government.

This Premiers' Conference was also Mr. Harris's first. In some of our early briefings, the Premier had signalled clearly that he was not going to spend the same amount of time, energy, and political capital that his two predecessors, David Peterson and Bob Rae, had spent on the constitutional/national unity file. While the meeting in St. John's did not change his mind about his role, it underlined the reality that other provincial leaders and the national media did expect the Premier of Ontario to play a role in national affairs, especially as it related to national unity.

### *The 1995 Referendum*

The rest of the summer proved uneventful from an intergovernmental standpoint. This was in large part because the NO campaign was significantly in the lead as measured by public opinion surveys. No concerns about the outcome were being expressed by senior federal officials.

This calm changed suddenly after Premier Parizeau appointed Lucien Bouchard as his chief negotiator for post-referendum talks with the rest of Canada. M. Bouchard became the face and the voice of the YES campaign. Rather suddenly, public opinion survey results flipped. Within a few weeks, the YES side took the lead.

Mr. Harris met his chief of staff, David Lindsay, and me to discuss the deteriorating situation. It was agreed that I would go immediately to Ottawa to meet Jocelyne Bourgon, Clerk of the Privy Council, to get a reading on the federal government's plans — especially its contingency plans. Then, Premier Harris would give a substantive speech to the Empire Club in Toronto the following week laying out Ontario's position. Lastly, I would convene a discreet

meeting with private sector leaders to gauge their sense of the evolving situation.

The meeting in Ottawa proved disturbingly unhelpful. Perhaps there was a desire not to share all their strategies. I was advised that one strategy being seriously considered was the one pursued in Australia in the mid-1930s, when the national government chose to ignore a state-led plebiscite on autonomy. I had my doubts about the “benign neglect” approach.

The meeting with private sector leaders was useful for getting a sense of where business stood should the YES side prevail. In the 1980 referendum, business leaders in Quebec and in the rest of the country were strong supporters of a NO vote and a united Canada. In 1995, the mood and the circumstances were different. The seven business leaders I met came from various sectors. They did not claim to be speaking for all Ontario businesses, and each offered a sectoral perspective. They were all concerned, and hedged carefully when asked if they would support the Ontario government’s questioning the referendum results given the fuzzy question that had been put to Quebecers.

The feedback from Ottawa and the private sector leaders reinforced the importance of Premier Harris’s speech. To ensure a good crowd at a good venue, I contacted Stanley Hartt, who was then President of the Empire Club. Hartt quickly understood what was required, and facilitated a sold-out crowd for the Premier’s address.

This speech would be Premier Harris’s one major speech during the referendum campaign. He wanted the speech to be substantive but not partisan. In that regard, he shared an early draft with several people, including former Premier Rae, to get their input. When it came time to finalize the speech, he asked if I could go to his

home on a Sunday morning to review, page by page and paragraph by paragraph, all of the speech, including the sections he would deliver in French. In a nutshell, he said in his speech that Ontario shared a number of the grievances that Quebec had regarding how the federation was working, and that he wanted to work with Quebec to address the needed improvements. He also emphasized, however, that these discussions had to take place within a Canadian framework. Quebec political leaders should not be under any illusions: if they chose the path of separation, Ontario would use all its powers to protect the interests of the people of Ontario vigorously and aggressively. He alluded respectfully to the reality that a YES vote would have unpleasant consequences.

On October 30, referendum day, a few of us gathered in the Premier's office to await the results of the vote. Hugh Segal, who had returned to Toronto from his sojourn in Ottawa, and I drifted to a different corner to watch the results on Radio-Canada rather than on the English-language CBC.

At the end of a very, very long evening, the NO side prevailed by the slightest of margins. It was very, very different than 1980. One percent was the difference between the NO vote and the YES vote: 2,362,648 voted NO, 2,308,360 voted YES. The turnout was 93.5 percent. Canada was nearly plunged into an abyss with no visible bottom. The machinations of Premier Parizeau, which were subsequently revealed, to dump his chief negotiator, Lucien Bouchard, would have simply compounded the chaos.

### *The Aftermath of the Referendum*

The Government of Canada briefly considered launching a post-referendum round of constitutional talks to address the near-death results. Premier Harris was not supportive. He did not think a consensus would be reached by the federal government and the



provinces other than Quebec. Moreover, he felt that everyone would be on the back foot seeking to find an elusive formula that would find favour in Quebec. Lastly, he worried about the economic consequences of having yet another referendum where the outcome would be unpredictable. He declined, during a meeting with the Prime Minister at the Westin Hotel in Toronto, the invitation to engage in a new round of constitutional negotiations.

In Quebec, major changes occurred. On the day after the referendum, Premier Parizeau announced that he was quitting. Lucien Bouchard became the new Leader of the Parti Québécois and Premier of Quebec at the end of January 1996.

In February, I chatted with David Lindsay about post-referendum next steps. I suggested a meeting between premiers Bouchard and Harris to underline the commitment Premier Harris had made in his pre-referendum speech — that is, working with Quebec to reform and improve how the federation works. He was supportive. We subsequently discussed it with the Premier, who agreed with the approach.

I reached out to my counterpart in the Quebec government, Hubert Thibault, and suggested a planning dinner in Montreal. Hubert was a public servant who had the confidence of Premier Bouchard and the senior PQ leadership. He was smart, strategic, and engaging. He was also a former deputy chief of staff to Premier Parizeau. At Hubert's suggestion, we were joined at dinner by Jean-François Lisée, a former journalist and a prolific author who had written a couple of very negative books about Premier Robert Bourassa. Twenty-five years later, he would go on to be the leader of the Parti Québécois. In 1996, he was principal secretary to Premier Bouchard. The dinner went very well, in part due to the reality that both governments had a vested interest in joining forces. It was not the first time, nor would it be the last time, that Quebec and Ontario

made common cause vis-à-vis the federal government. We agreed to focus the substance of the meeting of premiers on the issue of what was then called manpower training and the need for the federal government to shed program activities to provincial governments.

We landed on this file for a number of reasons. Devolution of training had been a *demande traditionnelle* — a long-standing request of Quebec governments. It made practical and policy sense: labour markets tend to be local or sometimes regional; perhaps in key areas they are provincial, but rarely, if ever, are they national. As the Ontario DM responsible for higher education and training, I had had unproductive exchanges with my federal counterpart. I recall a particular session when I felt a need to correct some assumptions about federalism and labour market programs. I said something to the effect that Premier Harris was not the equivalent of an executive vice-president (Ontario region) who would take guidance from Ottawa.

We continued to work over the next few weeks on the communiqué and the joint Quebec-Ontario request to the federal government. In March, Premier Harris, David Lindsay, and I flew in the Ontario government's small plane to Quebec City. Our meeting took place at a beautifully restored huge home on the St. Lawrence River. Quebec had recently acquired the property and transformed it into an elegant setting where meetings and small conferences could be held. Premier Harris and Premier Bouchard got along quite well. And on a personal basis, it was helpful when Premier Bouchard cheerfully greeted me and reminisced about the literacy file. Premier Harris took note.

The flight back to Toronto was very pleasant, as is often the case after a high-profile trip that has gone very, very well. The Premier and I talked about golf, about the role Bill Farlinger played in his becoming premier, about the need for a policy review of post-secondary funding, and about his vision to become the conservationist

premier by securing lands for future generations. He argued that the environmentalists would never give him any credit no matter what regulations were passed. He wanted to focus on something else: conservation. He would indeed leave office having protected over 39 million hectares of Ontario Crown lands.

While the joint statement by the premiers did not elicit an immediate response by the federal government, it did contribute to accelerating the transfer of primary accountability for training to provincial governments. This type of agreement proved that constitutional change was not the only way to reform the federation.

### *The Jasper Meeting of Premiers*

My term as DM of Intergovernmental Affairs basically started with the 1995 Premiers' Conference in St John's. It drew to a close shortly after the August 1996 Premiers' Conference in Jasper, Alberta. In the spring and early summer, ministers of intergovernmental affairs worked at developing new approaches with the federal government regarding social policy and national standards. The focus was how to find a way to improve approaches so that national standards did not equate automatically to federal standards.

Ontario's major contribution to the debate was to commission a think piece from Thomas Courchene, a recognized scholar in the area of intergovernmental fiscal relations. Premier Harris referenced the report, released a couple of weeks before the premiers' meetings, in a speech he gave in Calgary. He said that Ontario's goal was to stimulate debate and get some out-of-the-box thinking. The concept in the ministry was that the Courchene paper would be the first in a series of eight to ten think pieces. The papers would focus on various aspects of the workings of the federation and how it could be improved without changing the Constitution. These were not Government of Ontario policy, but would be contributions to

a policy debate. Unfortunately, some premiers, especially Premier Tobin of Newfoundland, felt quite strongly about some of the themes Courchene had touched on in his paper. The premiers informally discussed the research paper on the train trip they took together to Jasper. Premier Tobin summarized the discussion by saying, “We threw Courchene off the train.” I felt badly for Mrs. Courchene, who may have wondered why her son was treated this way. Apart from the Courchene drama, the premiers’ meeting was quite uneventful, especially compared to that of the previous year.

# CHAPTER 10

## LESSONS

### **AS DEPUTY MINISTER OF EDUCATION AND TRAINING**

As I look back on those fifteen months at Education and Training, a few points stand out.

I was fortunate to establish trust relationships with university presidents such as Bill Leggett at Queen's, Rob Prichard at U of T, and Paul Davenport at Western. These relationships were important in helping to ride out potential negative events. For example, in February 1996, while participating in a PC convention event, the minister said something to the effect that he was open to revisiting several policies, including tenure. This quickly led to calls for his resignation. A firestorm was in the making. Since this was not government policy, I felt comfortable in phoning Bill Leggett and advising him that no policy work on this matter had been undertaken within the ministry, nor did I foresee a moment, given our important priorities, when this could get done. He took this important piece of information and made several calls that helped make the issue go away.

It is very important, if one wishes to achieve specific outcomes, to ensure that the accountabilities of ADMs are clearly aligned to the desired results. Clarity at the ADM level facilitates clarity among subordinates. These accountabilities should be revisited at regular intervals. Bureaucracies excel at undermining clear accountabilities. Muddled accountabilities are a guarantee that many, many meetings will occur without the desired outcomes becoming any clearer.

Sometimes, powerful campaign slogans make for poor policy decisions. No cuts in classrooms resonated well with parents. It fed the narrative that there was “fat in the system” and that “savings could be found.” The campaign slogan and the multiyear reduction in education funding led, in 1997, to significant labour unrest in schools across the province. Campaign slogans make great sound bites, but they can’t be translated into policy quickly or easily. Deputies need to approach unworkable slogans with options.

Stakeholders in education and PSE are numerous and diversified. A key characteristic of this group of stakeholders is that a great number of them are directly involved in the delivery of this public good called education. Most of them are trusted and in some cases are more credible than the government. Accountability for education is a shared responsibility among the Ministry of Education, the school boards, and the unions. One must always be aware, faced with more experienced and knowledgeable stakeholders, that hubris can join the ministry team, usually with unhelpful consequences.

### **AS DEPUTY MINISTER OF INTERGOVERNMENTAL AFFAIRS**

As I look back on those fifteen months at Intergovernmental Affairs, I am struck by how Canada was fortunate not to have succumbed to the kind of cacophonous, inconclusive, and melodramatic negotiations of the United Kingdom’s BREXIT. In one sense, Canada was fortunate that both the PQ and its federal counterpart, the Bloc Québécois, were focused totally on changing leaders.

Premier Harris had wanted to contribute to the referendum debate in a constructive way. He was not a constitutional policy expert, and he did not have pretensions or illusions to that effect. He did, however, have an awareness of history and the role an Ontario premier must play. He had views about what he was prepared to

do and not do. For example, there was, at one point, some idle talk among some premiers about not attending a dinner with Prime Minister Chrétien. Premier Harris had no patience for such games. He advised me to get the word out that if the Prime Minister invited him, he would show up. He understood that he was wearing a jacket that had previously been worn by Leslie Frost, John Robarts, Bill Davis, David Peterson, and Bob Rae. He wanted to make a difference.

The concept of federalism institutionalizes political recriminations. The power relationships between national and subnational governments will always evolve and will always be somewhat conflictual. Shared jurisdictions such as the environment have been and always will be contentious in part because different governments will have different definitions of the public interest. But at the end the day, a way has always been found to address the needs of Canadians in all regions. There will always be grievances, but that should not be equated with the facile statement that Canada does not work. It does work.

I was explicitly trusted by Premier Harris, his chief of staff, David Lindsay, and the Minister of Intergovernmental Affairs, Dianne Cunningham. Intergovernmental matters in Canada require a lot of meetings and conversations among the various players. It is not possible to do the job of deputy minister of intergovernmental affairs if you are unsure of where the Premier stands. Mr. Harris always made time for me and permitted me to do my job.

# CHAPTER 11

## THE CANADIAN NEWSPAPER ASSOCIATION, 1996–1997

In the summer of 1996, I received another call from Anne Fawcett of Caldwell Partners. Anne wanted to inquire if I was interested in applying for the position of CEO of the newly established Canadian Newspaper Association (CNA). This new entity was the result of a merger of two industry organizations: the Canadian Daily Newspaper Association and the Newspaper Marketing Organization. I subsequently found out that Bill Ardell, the CEO of Southam Newspapers, had put my name on the list. Having always been a prolific reader of newspapers, I expressed an interest in knowing more. A few months later, I was offered the job and accepted.

### WHY?

My change of career was driven by three factors: compensation, my curiosity about the role of associations, and an honest love of newspapers.

I recall mentioning to the interviewing panel my long association with the product. My first job was delivering *La Presse* to my thirty customers in Lachine, and, for two weeks every summer, the *Montreal Star*. I also shared with the committee one of the great perks of living in Belmont was having Sunday mornings allocated to reading the Sunday *New York Times* and the Sunday *Boston Globe* with bagels and coffee in the backyard.

My salary had been reduced and frozen as a result of the Rae Days grand bargain. I was now entering the third year of the



freeze. The prospect of negative cash flow was looming, especially since my daughter Suzanne was going to Queen's and my house needed a new roof. Since I was serving as DM of Education, of Post-Secondary Education, and of Intergovernmental Affairs, I approached the Secretary to Cabinet to ask if I could get a mild uptick in compensation given that I was saving the province money with my different portfolios — all for the price of one DM. She regretfully advised that she was hopeful of a change of policy, but was constrained in the short term and did not want to create a precedent.

The Canadian Newspaper Association did not have similar constraints. On the other hand, my experience in negotiating compensation was non-existent. This is not a skill one develops as a senior public service official. Those two realities created somewhat of a level playing field: they had an undisclosed amount of money, and I had no experience in how to access that money. When the conversation with the search consultant turned to compensation, she asked what I would be looking for. I took my current salary of \$129,000 and simply added \$100,000. Without missing a beat, she said, "I think we can accommodate that figure," and moved on to benefits and perks. I had obviously underbid because she did not have to go back to check. I had come in within the number they had budgeted.

I was genuinely interested in the product and the people who made it happen. Having been Deputy Minister of Environment and Energy, I had been approached occasionally regarding industry association jobs, but I had been reluctant to pursue a job with a narrow private interest. In some ways, however, I thought that newspapers, notwithstanding their for-profit reality, were different. This permitted me to rationalize that I would continue to be serving, in some ways, the public interest. I was also interested in getting to know how associations worked and how priorities were set.

The deal was ready to be signed when I was advised by the search firm that there would be a delay. A few days later, it got cleared up. Southam, the largest newspaper chain in the country, was selling its properties to Conrad Black and David Radler, who were the proprietors of Hollinger, another newspaper chain. The new company would control 56 out of the 103 daily newspapers in the country. The arrival of Mr. Black and Mr. Radler was quickly felt. They had decided, as part of their overall efforts to cut costs, to reduce the budget of my new little association by \$1 million, dropping it from \$3 million to \$2 million. There were no promises that they would not cut further.

In addition to having new owners and a smaller budget, I was also confronted with the loss of Bill Ardell, who was now the former CEO of Southam. Bill had been my champion and biggest supporter on the recruitment panel.

Notwithstanding the new uncertainties, I signed the offer sheet, and moved into my “presidential suite” at the corner of Yonge and Davenport in Toronto.

### THE PEOPLE

By far the coolest part of the job was getting to know the personalities that are found in the newspaper business. These included John Honderich at the *Toronto Star*, Roger Landry at *La Presse*, and, of course, Conrad Black and David Radler. In addition, the publishers in most cities were tremendously intelligent and interesting people. These included Linda Hughes (*Edmonton Journal*), Ken King (*Calgary Herald*), and Paul Godfrey (*Toronto Sun*). Next were the editors and the journalists. All were erudite, knowledgeable, and curious.

Mr. Radler was beginning to make his presence felt. For example, he dismissed my old friend Peter Calamai as Editor of the *Ottawa Citizen*. Thus, I felt an urge to connect with him sooner

than later. Unfortunately, I did not know him or anybody who did know him. I did, however, know somebody who knew Conrad Black: Marie-Josée Kravis. We had both been ministerial assistants in the early seventies and had stayed occasionally in contact. I had recruited her to be co-chair of the Canada Day festivities in 1983. She was now living in New York City, having married Henry Kravis, financier extraordinaire and co-founder of the investment management firm KKR. Marie-Josée was very gracious, and within a few days, I received a call from Conrad Black's assistant at the *Daily Telegraph*. She said Mr. Black would be delighted to meet with me when I was next in London. Coincidentally, I had been invited to participate in a Ditchley Foundation conference the following month on the future of newspapers. We agreed that I could meet Mr. Black after the conference. On the day of our meeting, she advised that she was going to send Mr. Black's car to pick me up at the hotel and drive me to his residence in Cottesmore Gardens in Kensington.

I spent the afternoon talking with him about Quebec, Canada, the role of newspapers in society, strategic military deployment, the role of government, and many other topics. At one point, after I had shown him some Churchill books I had recently acquired, he took me to his third-floor library (as distinct from the libraries on the other floors). He pulled out a book written by Churchill. Churchill had sent this copy, with a personal note, to then Prime Minister Stanley Baldwin. Mr. Black, with the assistance of a librarian who was in his employ, had acquired this signed book. As I was to take my leave, he asked if there was anything he could do for me. I said an introduction to David Radler would be appreciated. He quickly picked up the phone and reached David. David, he said afterwards, would be pleased to see me whenever I was next in Vancouver.

A month or so later, I was in Vancouver. I made my way to a strip mall in North Vancouver where the headquarters of Hollinger

was located. David felt it was a waste of money to get a fancy, expensive office on Burrard Street. When I walked in, I told him about my expectations for the meeting. I was hoping to convince him that the CNA was not totally useless and that I was not a total idiot.

Those remarks, and more important, Conrad Black's introductory comments, created a platform for an enjoyable meeting and lunch. During the course of our conversation, he shared some insights on management. He told me that he never hired any consultants. If he had a circulation problem with, say, the *Hamilton Spectator*, he would send his best circulation manager in the country to visit and produce a remedial report. If he had an advertising problem with the *Gazette*, he would send in his best advertising manager. The publishers who had the problem would have one week to develop and send him a recovery plan.

He believed in hands-on oversight. He would also make a practice of unannounced spot visits to newspapers, and would go straight to the finance department. He would look at all the bills paid in the past few months and establish two piles: the expenditures he agreed with and those he did not. The publisher had one week to provide answers regarding invoices in the second pile.

Word spread quickly that, within my first three months, I had scored a meeting with Conrad Black and one with David Radler. My phone calls to the former Southam publishers were returned quickly.

### **THE NEWSROOM**

To help me get to know the business, I developed a plan whereby I would spend a day every week with a newspaper. The program was pretty much the same with each daily. I would begin with coffee with the publisher. I would then sit in as an observer at the morning news meeting, which would tentatively determine which stories would be covered in the next day's edition and notionally which articles would

go on page one. These meetings were chaired by the editor-in-chief and attended by all editors. The key variable regarding the number of articles that would run was what the news hole — the space to be filled by news once advertising space had been determined — would be on any given day. For example, the Saturday news hole was smaller because the amount of advertising was larger; the Monday news hole, in contrast, was huge. Next stop would be the editorial team, to hear discussions of the topics to be covered on the editorial page. After that, I would have lunch with the circulation manager and then a coffee with the advertising manager. I would close out the day by going back to the afternoon newsroom meeting to see how tomorrow's headlines in the newspaper would read and which articles would go on page one.

### **PRIORITIES**

Based on my bilateral meetings and the feedback from my board, I established three overarching priorities: building the organization, enhancing advertising revenue, and proselytizing about the *Freedom of Information Act*.

My first task was to develop an organizational chart and initiate staffing. I opted for a blend of new (VP policy and VP marketing) and old (VP member services). All major dailies offered free space to run the job posters for the two new VP jobs. After many, many interviews, I settled on the two new vice-presidents. After three months on the job, I had my team.

In coming to grips with these priorities, I also discovered that part of the reason fiercely competitive companies put funds into an association is their desire to make sure the association does not do anything stupid that will help their competitors. Associations exist to promote the interests of all their members. Everyone has a kind of veto. Therefore, developing projects that support the industry is

relatively easy. Finding initiatives that are unanimously supported is a bit more difficult.

Newspapers in those days had two primary revenue sources: classified ads and large-page advertising from customers such as automobile companies or computer companies. Circulation was a distant third source of revenue. Newspapers in the late nineties were competing with television, radio, and billboards for discretionary advertising dollars. The allocation of these funds was largely done via advertising agencies. In order to enhance the industry's share, I decided on a soft-sell approach. The CNA rented a top-scale restaurant in Yorkville for an evening and invited the presidents and key staff of all of the major ad agencies in Toronto. The hosts would be the publishers and advertising managers.

The previous year, I had been centrally involved in the post-referendum negotiations and planning a meeting between the premiers of Quebec and Ontario. This year, I was focusing my attention on seating plans — which publisher would sit with which advertising CEO during the main course. I addressed the same task for coffee and dessert. Yet now, I was being paid at double the scale of my previous job.

The evening was a fabulous success. The chair of the board decreed that this would be an annual affair. He also said we should explore a similar plan for western Canada and Atlantic Canada.

On the advocacy part of the job, I had to choose carefully. For example, some members wanted to focus on changing Revenue Canada policy on deductible advertising expenses by businesses that advertised in newspapers. Others did not.

I retreated to safer ground. The CNA would commission an independent, third-party assessment of how well the federal government and the provincial governments were handling their respective freedom of information acts. Once the academic report was

completed, each newspaper would have fresh information on which to report. It was another win. As a result of some of these initiatives, I was invited to attend the annual meeting of the American Newspaper Association at the historic Biltmore Hotel in Los Angeles. It was an eye-opening event, drawing a significant number of high-profile individuals from the Clinton administration. This would be something to consider in future years at the CNA.

# CHAPTER 11

## LESSONS

Looking back, the CNA job was cool and quite enjoyable. I got to meet many smart people in a fascinating sector. Over the years, this proved to be a very valuable network. For example, in 2015, when I was Deputy Minister to the Premier of Alberta, I reconnected with Linda Hughes, former publisher of the *Edmonton Journal*, and facilitated her appointment as Chair of the newly established Board for Alberta Health Services.

I was given the opportunity to look behind the curtain to see how newspapers work as both content providers and business vehicles. Newspapers used to be community anchors somewhat on a par with universities. Hamilton had McMaster University and the *Spectator*. Calgary had the University of Calgary and the *Herald*. North Bay had Nipissing University and the *Nugget*. Toronto had the University of Toronto, York University, and Ryerson, and the *Star*, *The Globe*, and the *Sun*.

During my time at the CNA, I learned the importance of delegation while maintaining mechanisms for oversight. The David Radler model was efficient and effective. His lack of enthusiasm for consultants or head office overhead was an element that I employed in all of my subsequent jobs.

I also developed a better understanding of the complexities of church and state regarding the allocation of accountabilities. In the newspaper world, it was about the differences in the roles of the publisher and the editor-in-chief. In subsequent jobs, it related to the roles of a Crown corporation and a minister and the roles of a



minister's office and a deputy minister. A certain degree of flexibility is always useful in those circumstances.

Mr. Black and Mr. Radler bought newspapers at the right time and sold them at the right time. They made a lot of money, since they exited just before the internet and social media started taking a chunk of their revenue. It is always better to leave one hour too early than five minutes too late.

Finally, I learned that it is important never to forget that newspaper publishing is a business. It needs to make money if it is to survive as a business. It needs readers and advertisers.

# CHAPTER 12

## **ONTARIO HYDRO, 1997–1999 ONTARIO POWER GENERATION, 1999–2003**

My career as a lobbyist and association head lasted one year. In late 1997, I took a call from Art Sawchuck. Art was the CEO of DuPont Canada and a board member of Ontario Hydro. He said, “Richard, we really need you at Ontario Hydro. Any chance you could be enticed to come back?” I said I would be interested if the Chair and acting CEO, Bill Farlinger, wanted me on his team.

I had not had any interactions with Bill since June 1995, when the transition team interviewed me for the job of Secretary to Cabinet. Our previous exchange, at breakfast in April 1995, had not been a relationship builder. In the meantime, in the fall of 1995, Bill had been appointed Chair of Ontario Hydro by Premier Mike Harris, and in the summer of 1997, acting CEO when Al Kupcis resigned as President and CEO in the wake of an independent assessment of the Ontario Hydro nuclear fleet.

Bill Farlinger had a formidable persona and was a very imposing individual. He was fearless. In 1986, he had led the negotiations on behalf of the Clarkson Gordon partners with the big five accounting firms that resulted in the firm’s merging with Ernst and Young. It also made quite a few partners very wealthy. Bill was the CEO of Ernst and Young Canada from 1986 to 1993. He had many positive attributes, but he was not a charmer. He did not care a great deal about small talk and came quickly to the point. He offered me the job of Senior Vice-President of Corporate and Environmental Affairs, with a 20 percent increase over whatever I was making at the CNA.

I had the sense that Bill, in his own way, was courting me. I agreed in principle, subject to seeing the draft employment agreement.

Upon leaving his office, I encountered Larry Leonoff, General Counsel at Ontario Hydro. He took me aside to offer his support for my joining the Crown corporation. Moreover, he said he would prepare the best possible employment agreement to protect me should matters ever go sideways or south. He was true to his word. The employment agreement prepared by Ontario Hydro was very generous and provided for a severance of two years. I consulted an external law firm, which said it would not recommend any changes. I started my new job in October 1997.

My first few months were spent getting my head around the major issues facing Ontario Hydro. The first one was nuclear power generation. Over the past two years, a number of seismic events had shaken Ontario Hydro Nuclear. They included a damning assessment by independent American consultants on the state of Ontario Hydro's nuclear facilities, the resignation of the President and CEO, the approval by the board of a multi-billion-dollar plan to rehabilitate the nuclear plants, and the recruitment of the US consultants as line management to oversee the implementation of the recovery plan.

The second major issue was the forthcoming breakup of Ontario Hydro into three parts. One part would be accountable for all generation. A second part would be accountable for all transmission as well as distribution in non-urban environments. The third part, the Independent Electricity Systems Operator (IESO), would be accountable for planning and reliability.

The third issue I concentrated on was improvement of internal governance. Bill Farlinger welcomed my informal role as his chief of staff/corporate secretary general. This led me to prepare for him every weekend a briefing book with key decisions for the following week. Prior to becoming acting CEO, Bill always flew to Florida

in the fall and winter on Thursday evening and would return early Monday morning — he did not feel his new role was a compelling reason to change his work-life balance. In those three months leading up to the new year, I got to work increasingly closely with Bill and gained his trust.

In January 1998, I was in Bill's office on a very rainy morning when a call came in from Preston Manning, MP and Leader of the Opposition in Ottawa. Manning wanted to know if we needed help to get the Armed Forces involved. We were both puzzled as to the purpose of the call. A few minutes later, having turned on the television, the viciousness of the 1998 Ice Storm was in full view. Arrangements were made for Bill and me to fly to Ottawa to tour the affected area. Our helicopter ride showed the devastation. Huge hydro towers were broken like match sticks and lying on the ground. Upon returning to Ottawa, it was agreed that Bill should do media. Bill had many qualities, but being a communicator who could give succinct clear information was not one of them. The contrast with André Caillé, President and CEO of Hydro-Québec, was painful. Bill's media event was a borderline disaster. This was my responsibility and my failure. The following day, I convinced one of my colleagues to send a senior Ontario Hydro person to Ottawa to take charge of our part of the recovery plan and to be the face of the utility for the media.

In late April, Bill asked me to accompany him to Montreal to meet Ron Osborne, who had been recruited to become the CEO of Ontario Hydro. Ron, who was Bell Canada's CEO, was a titan in corporate Canada. He was considered, with some justification, to be one of Canada's top CEOs. Bill had designated me as Ron's contact person within Ontario Hydro until he started officially.

The first matter Ron asked me to get finalized with the powers-that-be was his employment agreement. He said that his agreement

with Bill and the board was that the Ontario Hydro package would mirror his Bell Canada package. No more, no less. This was my first exposure to the compensation realities for a top-notch CEO. With the assistance of the recruitment firm Mercer, a traditional employment agreement for a CEO was developed. It was approved by the board and signed by Ron. Five years later, I would revisit this agreement under difficult circumstances.

Ron's mandate from Bill and from the shareholder was to manage the current operations of Ontario Hydro, develop plans to break Ontario Hydro into its components, and, finally, to prepare the successor generation company to be privatized.

One of the major projects was to reduce Ontario Power Generation's (OPG's) footprint in the marketplace. This was essential to satisfy the Competition Bureau's concern about OPG's market share. The company launched a "de-control project," with the assistance of Salomon Smith Barney, an investment bank. The most important part of the decontrol initiative was the negotiation of a lease with British Energy for the seven units at the Bruce nuclear power site. The "loss" of these units, coupled with the generation available from other utilities, were key elements in convincing the Competition Bureau that OPG would not have a dominant market share.

The assumption was that Ontario Hydro had made the tough decisions on management of the nuclear program and that the recovery plan was being successfully implemented. In other words, Ron did not have to worry about the nuclear refurbishment program. Ontario Hydro, under Bill Farlinger's watch, had hired an American Dream Team to manage it and get it back on track.

In the latter half of 1998, I focused a great deal on the breakup of Ontario Hydro. I worked quite closely with the various investment banks that had been retained by the Ministry of Finance and

Ontario Hydro to support the breakup. The lead advisor, from Goldman Sachs, was a youngish and very impressive Mark Carney.

In 1999, the three new organizations, OPG, Hydro One, and the IESO, were officially established. Ron promoted me to Executive Vice-President and Corporate Secretary of OPG, with a diverse portfolio that included Environmental Affairs, the Nuclear Management Waste Division, Nuclear Regulatory Affairs, Public Affairs, Government Affairs, and the corporation's Secretariat.

### **THE NUCLEAR WASTE ISSUE**

One of my priorities was to establish, as per federal legislation, the Nuclear Waste Management Organization (NWMO). It would have the mandate to find a site to house nuclear waste permanently. OPG had by far the largest amount of nuclear waste in the country. The lease with Bruce Power stipulated that OPG would continue to be responsible for the nuclear waste at the Bruce site. Hydro-Québec and New Brunswick Power were represented on the board of directors since they both had one nuclear reactor; OPG had 95 percent of the waste, however, so it was our show to run. The federal legislation had been developed in the context of the effort in the United States to have a nuclear waste site in Yucca Mountain, Nevada. While technically sound, the effort eventually failed due to the lack of social and political acceptability.

When the legislation was promulgated, Ron Osborne appointed me Chair of the NWMO. I then set about recruiting the first president and the first chair of the advisory committee, which was also mandated by the federal legislation.

Working with a search firm, I quickly focused on one potential candidate: Elizabeth Dowdeswell. Liz had recently returned to Canada, having been the Executive Director of the United Nations Environment Programme from 1992 to 1998. She was interested in

the job but had one concern: she wanted to know who would be the advisory committee chair. Having spent a fair amount of time in the UN processes, she was understandably wary of being sandwiched between a board and an advisory committee. I mentioned that my preferred candidate was David Crombie, my former minister. I had not approached David, since I wanted to lock in the president first. She agreed to take the job if I could convince David to be the inaugural chair. In the course of our conversations, I had asked Liz why she, an environmentalist of international renown, was interested in the nuclear waste job. Her answer was quite simple. If the world was going to reduce CO<sub>2</sub> emissions from fossil fuels, nuclear power would have to be one of the replacement options. Managing nuclear waste in a responsible and socially acceptable manner was a key component of having nuclear at the table.

I contacted David Crombie shortly thereafter. He was interested but wanted to know who the CEO would be. When I mentioned Liz, he enthusiastically accepted the invitation to be the first chair. The three of us subsequently met to identify and recruit the other members of the advisory committee.

The recruitment of David and Liz led to the successful launch of the NWMO. The anti-nuclear chorus, which was not numerous but had high-profile individuals, gave the NWMO the benefit of the doubt. These two individuals with distinguished careers and great personal integrity made a difference. We were able to clear the trees after takeoff.

### **NUCLEAR REGULATORY AFFAIRS**

My new responsibility provided my first in-depth look at how the Nuclear Asset Optimization Plan was being implemented. The key aspect of this accountability was to gain the trust of both the regulator and the community. To that end, I had to sign off on regular

submissions to the chair of the Canadian Nuclear Safety Commission (CNSC) describing progress.

A key initiative in this regard was a canvass of all households in Pickering to solicit their views of safety at the local nuclear power station. To demonstrate transparency, we invited commissioners and staff of the CNSC to accompany our canvassers on any day and in any neighbourhood they chose. Both of our unions strongly endorsed this project.

The results were quite positive for OPG. As one resident put it, “the Pickering plant was already operating when we bought the house. We don’t believe anything nefarious or unsafe is happening at the plant.” This type of comment helped us reassure the CNSC that we were in sync with the community.

A few other preliminary observations emerged as I worked on the nuclear file. First, there was a culture within the nuclear team of blaming the regulator for delays. Grudges included the requirement to do an environmental assessment for the Pickering restart, the very short licensing period (six months) for nuclear stations, and multiple intrusive questions by CNSC staff located at the plants.

Second, it was difficult to get specific and consistent information about the progress of the recovery plan. Over time, I became convinced that the regulator was not being capricious and did not have ill will toward OPG. Rather, both the commissioners and the senior officials at the CNSC were just doing their job of protecting the public interest.

Given my new responsibilities, coupled with my accountabilities to the shareholder, I was given access to the compensation packages of the members of the US nuclear team. Their compensation had a few singular elements. They all had a very generous retirement allowance, with annual compensation in US dollars



ranging from \$495,000 to \$1,200,000. Further, they all had received a US\$100,000 signing bonus when they joined Ontario Hydro.

One member of the team was not an engineer. Her job was to be the nuclear ombudsperson. She and her team would be where employees could raise safety concerns in a confidential, safe setting. This was an excellent concept. My faith in it was somewhat undermined, however, when I discovered that the ombudsperson's previous occupation had been the Arizona real estate agent for the executive vice-president of the Nuclear Division.

### **THE E-7**

In 1994, Maurice Strong had spearheaded the establishment of the E-7, an informal network of major electricity companies in the G-7 countries, including Hydro-Québec and Ontario Hydro. The goal was to compare notes on best practices for sustainable development strategies and to invest in pilot projects to support the concept. The chairmanship rotates every year to a different company, which would host the annual meeting and two planning meetings. Each company had a "Sherpa" to coordinate the company's contribution. I was the OPG Sherpa from 1999 to 2003.

This was a most enjoyable and eye-opening assignment. As a result of my responsibilities, I attended meetings in Tokyo, Yokohama, and Kyoto, in Venice, Milan, and Rome, in Washington, Dallas, and Williamsburg, in Paris, and in Dresden, Munich, and Stuttgart. These international meetings gave me an opportunity to develop a much better understanding of how companies in different countries dealt with similar problems. For example, in both France and Japan, the nuclear regulator at that time was a division within a government department. It also introduced me to fascinating people. For example, the 2001 E-7 meeting was held in Venice. Because the G-7 had expanded to include Russia, the E-7 also invited Russia.

I had dinner one night with the head of the Russian delegation, Anatoly Chubais. He was the chairman of the state-owned electrical power monopoly RAO UES, a holding company that owned most of the electrical and transmission assets in Russia. Chubais previously had been Boris Yeltsin's campaign manager in the previous presidential election. Over dinner with a couple of other E-7/8 executives, he discussed the challenges of climate change for his country. Russia was a very cold country mostly fuelled by coal and gas. Given the command-and-control regime in energy, he emphasized the need to be very prudent about the pace of change in order to prevent people from freezing to death. There were not a lot of checks and balances and no independent regulator to provide oversight. Rather casually, he also mentioned how his car had been riddled with bullets the previous year when he was leaving his dacha — a stark introduction to the realities of Russia. In 2022, Chubais was one of the most senior Russian officials to leave the country because of the invasion of Ukraine.

After some time, I became one of the senior Sherpas. I had been having concerns about the practicality of an informal group of well-intentioned companies spending either shareholder money or ratepayer money in some faraway country in Africa to support sustainable development. Working in collaboration with my esteemed Sherpa colleague from Hydro-Québec, Marie-José Nadeau, we proposed a different and politically safer approach to supporting sustainability in the developing world. We suggested that, instead of capital-intensive projects, we establish scholarships for students of sustainable development. The criteria were that applicants had to come from developing countries, they had to commit to returning to their country after their studies, and they had to undertake their studies in an E-7 country.

The initial cohorts would focus on post-doctoral students, with some support for people seeking a master's degree. Finally, we suggested that the adjudication process be chaired by my former boss, Huguette Labelle. Huguette was well qualified for this role for several reasons, including that she was Chancellor of the University of Ottawa and had been president of the Canadian International Development Agency. The academic support would be handled by my former ADM in Ontario at the Ministry of the Environment, Dr. Peter Victor, who was now Dean of Environmental Studies at York University. Hydro-Québec would provide the secretariat support.

The Sherpas accepted the proposal and recommended its approval by the chairs at the next summit. Since its inception, the program has awarded over 160 scholarships to recipients in 40 countries. The scholars are all exceptional students from developing countries studying sustainable energy development.

# CHAPTER 12

## LESSONS

The importance of talent management was again illustrated with the recruitment of Liz Dowdeswell and David Crombie. Together, they gave the organization credibility and respect. They were able to build on this trust and launch the NWMO on the right path.

Strategic assumptions shape implementation plans. The Board of Ontario Hydro, not very nuclear literate, assumed that the group of consultants who had done the assessment would be the executives needed to fix the problems. It was a flawed assumption. There is a huge difference between executives who can problem-spot and those who can problem-solve. The board thought it was getting both when it hired the "American Dream Team". It was not the case.

The Pickering outreach canvass was complicated and risky, but it produced large returns. We were able to present the city council and the regulator with facts that demonstrated the positive views of the community toward the plant.

Finally, when governments establish regulatory bodies to protect the public interest, the operators, no matter how big or small, should treat communication with those bodies as a priority and conduct them in a transparent manner.

# CHAPTER 13

## **ONTARIO POWER GENERATION, 2003–2005**

On December 4, 2003, the Ontario government announced that it had terminated the chair, the CEO, and the chief operating officer of OPG and had received and accepted the resignations of all board members. Further, it appointed a new, four-person interim board, led by Jake Epp and me as the acting CEO.

### **PICKERING: THE DEBACLE**

Given that the botched return to service at Pickering was the triggering event that led to the dismissals and my hiring as acting CEO, some context is warranted.

First, faced with the nuclear plants' chronic underperformance, Ontario Hydro had commissioned a third-party assessment in 1997 to better understand the current state of the plants. This effort was led by Carl Andognini, an American nuclear executive who had recently been hired as the Chief Nuclear Officer at Ontario Hydro. He was supported by a team, also recruited from the United States, established as the Nuclear Performance Advisory Group (NPAG). NPAG produced a report entitled "The Independent Integrated Performance Assessment" that was extremely critical of Ontario Hydro Nuclear management and of the Crown corporation in general. It stated that the nuclear plants were operating at safety levels that were barely acceptable. The President and CEO of Ontario Hydro, Al Kupcis, resigned shortly after the report was released. Bill Farlinger, who had replaced Maurice Strong as chair in 1995, took on the job of CEO on an acting basis.

In the summer of 1997, the Ontario Hydro board accepted NPAG's advice to implement the recommendations which flowed from the assessment. These recommendations included temporarily shutting down seven reactors: three at the Bruce A station and four at the Pickering A station. This plan would permit personnel to be redeployed to the remaining units while refurbishment was undertaken on the units that had been taken out of service. Pickering A units were to be taken offline in January 1998. According to the plan, Unit 4 would be returned to service in June 2000; the other three Pickering A units would follow at six- to nine-month intervals. All four units were to be brought back by the middle of 2002. The projected cost was \$780 million, revised a few months later to \$840 million to reflect increased labour costs.

The board also endorsed the hiring of key members of NPAG as executives for Ontario Hydro Nuclear. These included Richard Machon as Chief Operating Officer, Warren Peabody as Chief Nuclear Engineer, Gene Preston as Vice-President, Nuclear Asset Optimization Plan, and Brian Debs as Chief, Regulatory Affairs, all of whom had been identified and recruited by Andognini. They were hired on personal services contracts that were structured from a timing perspective to dovetail with the plan they had recommended. For the next three critical years, the five American consultants-turned-executives would control Ontario Hydro Nuclear. By 2002, all of the members of NPAG had left OPG. Bill Robinson was the new VP in charge of the Pickering restart project.

### **THE FIRST MONTH**

On December 5, 2003, I convened my first executive meeting. The executive team was in a state of shock. Many had been personally recruited by Ron Osborne, who still had their loyalty. I explained how the acting appointment had come about, and emphasized that I had not sought this job. I stressed that we really needed to focus

on getting the job done as professionally as possible. This was for the company's sake and for our individual interests. I had dinner that evening with Gerry Butts and David McNaughton, who was a special advisor in the Premier's office. David and I had both been ministerial assistants in the 1970s. The evening was cordial and useful. Neither Gerry nor David was able to offer an opinion regarding the length of my acting appointment.

December 2003 was a difficult month. The Minister, Dwight Duncan, made a number of rapid-fire announcements and decisions. First, he announced the establishment of a three-person panel, to be chaired by John Manley, the former Deputy Prime Minister. The panel's mandate was to determine what should happen to OPG and to provide advice on continuing with the refurbishment of Pickering Unit 1. The panel would report in three months.

Second, he ordered an independent financial and operational audit of the past five years at OPG. Neither the chair nor I had been advised beforehand, nor did we know what a "financial and operational audit" would look like.

Third, Duncan advised that, henceforth, he would personally approve the appointment and compensation of any new senior executives. Given the troubles we were facing, we were not a magnet for new talent. This directive guaranteed that I would not seek to recruit anyone from outside the company.

Fourth, in various interviews, he mentioned that he would be reviewing with lawyers the situation regarding severance payments to the ousted officials.

Fifth, in other media interviews, he lambasted the company for excessive costs and significant executive compensation; he requested information on the compensation paid to each senior executive and a justification for the compensation framework.

Sixth, he informed OPG, Hydro One, and the IESO that, from then on, all companies would be subject to both the *Access to Information Act* and the *Sunshine Act*, which lists the salaries of Ontario public servants earning over a certain amount. He also noted that the applications of these two statutes would be retroactive to 1999, when the companies were established.

Given all of the above, I wrote to the chair requesting that my current salary be frozen for the next three months, notwithstanding the fact that I was performing the tasks of the CEO and chief operating officer, both of whom were paid at a much higher level.

During December, I took a number of steps. I contacted John Manley to set up some dates in January to brief him and his panel, and I established a team within OPG to support the panel's work. Further, I sent a request for proposal to KPMG, Deloitte, and PWC concerning the operational and financial audit. I interviewed the three firms on December 28, and selected KPMG, which agreed to start working on the project in early January.

I spoke regularly with Ron Osborne, who had seen the Minister's remarks and was concerned. He was rightly insisting that his employment contract be respected. To try to break the impasse, I retained external counsel on behalf of the chair to provide a fresh set of eyes. Their advice was clear: OPG had to honour the employment agreement.

In the latter part of December, I also had quite a few conversations with Bill Farlinger, who wanted to be paid for the remaining two years of his Order in Council appointment, which, in his view, was the same thing as an employment agreement. I tried to dissuade him but to no avail. I concluded my last conversation with him by saying if he felt strongly about this, he should seek remedy through the courts. At the end of the day, he did not.



Lastly, I appointed a seasoned nuclear executive, Pierre Charlebois, to be the acting Chief Nuclear Officer for OPG.

### **AVOIDING SHOALS, FIXING SAILS, AND PATCHING HOLES**

Between Christmas and New Year's, I took stock of the situation and developed a plan to get through three sequential gates, avoid making mistakes along the way, and address the perception of out-of-control spending.

The first gate was the Ontario Power Generation Review, chaired by John Manley (the Manley Panel) and the advisability of pursuing the restart of Unit 1. The second gate was the approval of the above by the provincial government. The third gate was the recruitment and appointment of a full board. Being CEO of a Crown corporation is always challenging. Doing so as an acting CEO reporting to an interim board is an even greater challenge, since it makes it easier for government officials to ignore the fundamentals of an arm's-length relationship.

Before we recruited new board members, the first two gates had to be passed. Search firms had advised informally that potential directors first wanted a clear line of sight to the governance regime at OPG and to the Pickering restart decision.

In parallel with these efforts, the company would have to work diligently in the next six-to-seven months at reclaiming and rebuilding trust with the provincial government and with the public. We had to convince them that OPG was a well-managed, cost-conscious company. We would have to play error-free ball during that time.

### **THE MANLEY PANEL**

There was an obvious credibility problem with OPG management over the Pickering project. OPG had regularly pushed back the

projected completion date for Unit 4 and systematically underestimated the cost. It was difficult to convince people that we could be relied upon to provide good analysis or credible data or to execute in a professional and effective manner the refurbishment of Unit 1. We were not trusted.

Part of the solution to this problem came from Schiff Hardin, a law firm based in Chicago, and more specifically Ken Roberts, whose law practice concentrated on construction project controls and procurement. In 2003, the OPG board had retained the firm to do an autopsy of why the Pickering Unit 4 project had gone so badly. As corporate secretary, I was the firm's contact point. Its report, completed in the fall of 2003, was insightful. It described a litany of flawed assumptions and incompetent management. The American Dream Team had been overwhelmed from the start. They had presented the return to service as an outage that could be completed quickly. This was why the reactors had not been defuelled. The team believed it was more cost efficient to keep the fuel in, even if it meant that productivity would be negatively impacted. For example, having to put on and take off the protection gear required to work on active reactors takes a long time, contributing to low productivity and delays. The team also assumed an environmental assessment was not required, but the regulator did not agree. Again, a flawed decision added to delay and increased cost. In reality, the return to service was a big construction project that required a different set of skills and would take a much longer time to complete.

In January 2004, I had a number of conversations with Ken Roberts regarding the viability of pursuing the refurbishment of Unit 1. He was convinced that it could be done at a much lower cost than Unit 4. At my request, Ken developed a proposal whereby his firm, supported by a construction and engineering firm, would provide a real-time, independent assessment of the status of the

project on a monthly basis. I reviewed this proposal with the board, which agreed that, if the government approved the refurbishment of Pickering Unit 1, we would contract with Schiff Hardin to provide the board directly its independent assessment of the progress on the project. This would occur at least for every board meeting and more frequently if necessary.

Ken subsequently presented the autopsy of Unit 4 and his proposal for Unit 1 to the Manley Panel, which in turn organized a presentation to the Ontario government. The availability of independent third-party oversight was a critical variable in giving the panel the confidence to support the continuation of Unit 1's return to service. During January and February, I also briefed Manley on the various measures that were being taken to improve the management of OPG. The first order of business was the budget.

### **COST CONTAINMENT**

OPG had several, related financial issues. Most importantly, it had a serious revenue problem. Given OPG's large footprint in the generation space, the previous government had prepared a Market Power Mitigation Agreement. This agreement stipulated that OPG had to offer customers a rebate if the price per kilowatt hour exceeded 4.4 cents. In 2003, this rebate amounted to over a billion dollars. No other generator had this obligation. This issue needed to be addressed if the company was to be viable in the future. I did not have time, however, to work on this significant revenue issue. I had to focus on the second problem, expenditure control and reduction. Over the next couple of months, I proposed a number of cost-cutting measures.

OPG had a compensation framework that was very similar to that of publicly traded companies. It had a robust salary grid, an annual incentive plan (AIP), and a long-term incentive plan (LTIP).

Twelve hundred individuals were eligible for annual incentives and close to fifty executives additionally were eligible for the LTIP. Three interrelated factors had to be considered. The first was the need to reduce the overall executive compensation envelope. The second was the need to make decisions on the fiscal year 2003/04 incentive awards. The final factor was the reality that executive compensation at OPG would figure prominently when the next Ontario public sector Sunshine List was released in mid-April 2004.

I proposed a set of measures to address the issue of executive compensation. With respect to the LTIP, the program should be cancelled; this would save up to \$2.8 million per year. For fiscal year 2003/04, the incentives would be awarded, but at a reduced rate. With respect to the AIP, the program should be capped at a maximum of \$21 million per year rather than the current maximum of \$42 million. For 2003/04, assuming performance targets were met, the incentive would be awarded, but the total would be reduced by 20 percent. I argued that, although the Pickering debacle was terrible, other parts of the company had performed well, and that it would be unfair to paint all executives with the Pickering brush.

For fiscal year 2004/05, the proposal was to realign the basis of the incentives. Fifty percent would depend on OPG's achieving performance targets that would be set by the new board, 25 percent would depend on the business unit's achieving its targets, and 25 percent would depend on individual performance targets. This would reinforce the reality that corporate objectives were paramount. In addition, I proposed that salary bands and salaries be frozen. Finally, sixteen executive leadership positions should be eliminated over the next six months, for a saving of approximately \$5 million.

For a company with a budget of \$6.5 billion, these reductions did not make a significant difference, but they did indicate to the board, to the Manley Panel and to the government that manage-

ment was focused on getting our house in order. The interim board endorsed all of the measures. In terms of program activities, several measures were proposed. The first was to abolish the OPG Venture Capital Unit. This unit had been set up a few years earlier to invest in new technologies. It had the same risk-and-reward profile as many venture capital organizations. Given the circumstances in which OPG found itself, the potential rewards would not come anywhere close to the risks. Henceforth, OPG would not put additional capital into the unit and would exit existing investments strategically.

While it made operational sense to keep the trained labour force on the payroll in order for them to move from Unit 1 when their part was finished to Unit 2 and then Unit 3, it did not make financial sense. It was also somewhat presumptuous of the decisions of a future board and government. Accordingly, we released sixty contract engineers and ceased to incur labour expenditures on Units 2 and 3.

OPG had rented a box (ten tickets) at the Rogers Centre for a third of all of the home games of the Maple Leafs and the Raptors. I wanted to exit this marketing initiative. Unfortunately, the lease on these boxes required a nine-month notice of termination. Until we could withdraw officially, I advised staff that the tickets and the box should be awarded to local hockey and basketball clubs where the company had facilities.

The proposed business plan for 2004 had an operations and maintenance budget of \$2.856 billion. In January and February, we reduced this by \$131 million. A few months later, we reduced it by another \$132 million. The total meant a reduction of approximately 10 percent of the budget we had inherited.

In relentlessly focusing on expenditure reduction, the goal was to communicate that OPG was changing. In some ways it was a race against the Manley Panel clock. We had to convince John Manley

and his panel, as well as the board and the Ontario government, that OPG management was determined to get its house in order.

The interim board endorsed all of the proposals.

### **MANAGING OPG**

OPG was a company of 11,000 employees and a budget of \$6.5 billion. According to the 2003 OPG Annual Report, the company had three nuclear stations (Darlington, Pickering B, and Pickering #4) producing 6,103 megawatts, thirty-six hydroelectric stations producing 6,823 megawatts, twenty-nine small hydro stations, and three wind facilities. It was a big and complex organization. Over the course of the next nine months a number of issues arose, some corporate and some related to production. OPG had to demonstrate competency in managing these.

For example, on the corporate side, OPG was now subject to the *Access to Information Act*. Moreover, the law was retroactive to when OPG was established in 1999. The first requests that came in were for the expense accounts of the previous chair. These yielded the usual controversial items when expense accounts are released. There was, however, one complicating factor: there were no expense records for the period of January 2001 to June 2002 — only the value of the various cheques that had been prepared to cover the expenses. To mitigate the expected criticism about cover-up and deceit, Kroll and Associates was retained to investigate the missing claims. They did not find anything, but at least we had tried. This was a bad start to playing error-free baseball.

As another example, OPG released, as per the *Sunshine Act*, its list of individuals who had made more than \$100,000 in 2003 as well as during the previous four years. OPG's contribution to the list was noteworthy because 40 percent of its 11,000 employees made more than \$100,000 annually. OPG also had the top four persons

on the province's list. This disclosure of compensation created issues externally and internally.

Internally, the disclosure caused significant noise as executives discovered that some of their colleagues were, in their view, being compensated at an unfairly higher level than they were. The disclosure also made clear to everyone that the American executives were being paid significantly more than their Canadian counterparts. Lastly, it showed that managerial team leaders were making much less than their unionized subordinate staff.

To address these matters, I convened a meeting of the top fifty executives one week before the list was published. I explained to them that I understood how some would feel underpaid compared with someone else on the list. I referenced the fact that I was sixteenth on the 2003 list and would probably not crack the top ten in 2004. I also mentioned that executives in the room were, I assumed, generally satisfied with their compensation. If they were not, they would have been looking for another job at a higher compensation level. Lastly, I noted that looking for a job while working at OPG would not be great for anyone. I informed the group that a special intra-OPG website would be available later that day to all OPG executives to see one week ahead of the publication date what the numbers would look like.

Externally, given the likely media coverage, a special board meeting was organized to go over the results and agree to a media strategy. In the end, the company did not lose many points in the court of public opinion, since we were able to point to actions we had taken to address the issue of executive compensation.

Several operational production issues arose from fossil fuel and hydroelectric generation. In terms of fossil fuels, the most important dossier was implementing the government's pledge to shut down the coal plants by 2007. Given the maintenance shutdowns of the nuclear units, it was important to develop a plan that did not affect

reliability. In 2004, Nanticoke had eight units with a capacity of 4,000 megawatts, Lambton had four units with a capacity of 2,000 megawatts, and Lakeview had four units that were turned on only during peak demand periods.

There were two major considerations in the development of the plan. The first was ensuring the ongoing reliability of the system, given transmission and distribution realities. The second was developing a human resource plan for the unionized workforce at the plants. Over the course of the first part of 2004, plans were developed and shared with the government. To its disappointment, the timelines stretched out beyond 2007. Transmission realities trumped hopeful rhetoric. We were, however, able to take Lakeview out of service in the summer of 2005. This was the first step in getting out of coal-fired generation. The other plants would take several years to be closed down.

In February 2004, fossil fuel generation became a source of a real and present urgency. The VP of that division phoned early on a very cold Sunday morning to advise that we had a problem at Nanticoke: the coal pile “had frozen” due to the very cold weather. We only had twenty hours of available coal left. This was definitely not error-free baseball, and in the middle of the Manley Panel deliberations it was not a welcome piece of news.

The headline was easy to imagine. OPG not only cannot manage nuclear units well, it is also incompetent at running coal plants. I spent the day receiving progress reports and planning a communications roll-out should the team not be able to liberate the required coal from the frozen pile. We had established a 6 pm deadline, after which we would have to alert the IESO and the government. Fortunately, the comms roll-out was not required, as the team, through a variety of measures, was able to keep Nanticoke operational. We had dodged a potentially deadly bullet.



The Hydroelectric Division was also a source of special issues. For example, the Minister was quite keen on having OPG develop “clean and safe” sources of energy — that is, hydro. He found coal dirty and nuclear risky. The fact that the preferred new hydro generation project — a second tunnel under the existing tunnel at Beck Power Station — was very expensive for the energy that would be generated and very risky from an engineering perspective was not, in his view, a compelling reason not to proceed. The board shared these concerns, however, and asked the Minister to provide a letter of direction on this specific project. Having received the Minister’s direction, we initiated a complex international request-for-proposal process in May 2004.

Hydroelectric power was also a source of concern because of the Barrett Chute generating station. The company and a couple of local managers were being investigated by the Ontario Provincial Police for criminal negligence regarding a sluice-gate opening the previous summer that tragically led to two deaths. We had retained criminal lawyer Don Bayne from Ottawa to be our counsel. He advised us that, as a result of his conversation with the Crown, charges likely would be laid in May 2004 and that a trial would occur in the fall.

### **OUTREACH**

Given the uncertainties that surrounded the organization, I did not believe it was advisable to be too “public” about OPG. We were still in the doghouse, and there was no point in being out there until John Manley and the government had come to a decision about the company. Having said that, I did not want to stay passive in the 700 University Avenue cocoon. I adopted a low-bridging outreach strategy. More specifically, I reached out to the mayor and city council of Pickering, as well as the MPP for Pickering, Wayne Arthur, to brief them on what was happening.

I also communicated with the two union leaders to ensure that we were aligned on the strategic objective of keeping OPG viable as a company and getting Pickering Unit 1 approved. The leaders also facilitated my having bearpit sessions with shop stewards. This permitted me to speak to the unionized workforce and convey the seriousness of the situation. I met in one-on-one sessions with both union leaders, discussing everything except collective bargaining matters. I gave them a sense of what OPG was focusing on and the matters that would be coming to the board. They, in turn, shared some of their pre-occupations. Neither ever betrayed my confidence.

I reached out as well to Linda Keen, the new President of the Canadian Nuclear Safety Commission. I wanted to keep her informed about OPG's deliberations with the Manley Panel and the government. I did not want the regulator ever to be surprised again.

I also wanted to keep the media informed about what was happening, with a view to their being better informed when decisions became public. In March 2004, I had hired Rick Mackie, who had been the Queen's Park Bureau Chief for *The Globe and Mail*. Rick organized regular off-the-record, one-on-one discussions with the media. Again, none ever betrayed my confidence.

To enhance communications with all fifty senior executives and to reduce unhelpful gossip, I started the practice of debriefing executives after each board meeting. During these marathon sessions, I informed them of the decisions made, and offered some colour commentary surrounding each decision. I answered any and all questions.

## GOVERNANCE

In mid-April 2004, the Minister announced that he was initiating an international search for the CEO position. I had mentioned to the chair that I would not be a candidate for two reasons. The first

was that I did not want anyone in OPG to think I was making the difficult decisions on terminating executive jobs because I wanted to curry favour with the government. The second reason was that the minister looked at me as a representative of *l'ancien régime*. He wanted someone new. This was very much his prerogative. I had committed to the board that I would stay on until a new CEO was chosen. The working assumption, I was told by the chair, was that a new CEO would start in the early fall.

Being in an acting leadership job brings its own set of challenges, especially with respect to senior personnel and performance appraisals. Some do wonder when you will be gone. The approach I took was to act as if I were the permanent CEO. The reduction in the number of executives and the various expenditure reductions confirmed in the eyes of many that I was the CEO. Few if any treated me as if I were a lame duck.

#### **CHARTING A COURSE, OCTOBER 2004–MAY 2005**

In March 2004, John Manley released his one-hundred-page panel report: *Transforming Ontario's Power Generation Company*. It was tough but fair. A few lines stood out for me.

OPG looks, to people on the inside and outside, like a company that is neither well-run nor well-governed...

OPG should focus on Ontario's needs not OPG growth in the North American market...

There has been substantial progress in project controls and project oversight issues...

We recommend that:

- the Government of Ontario remain the sole shareholder of OPG and that OPG retain ownership of its nuclear, hydroelectric and fossil fuel generating assets.
- OPG proceed with returning to service Pickering Unit 1 and that the board of OPG maintain the highest level of oversight for the duration of the project including monitoring by third party experts with direct accountability to the board. We arrived at the conclusion that the OPG interim board, OPG management and the Unit 1 project teams have developed a plan to reduce or eliminate the major sources of the delays and cost overruns that occurred on Unit 4.

For residents of Ontario and for OPG, this was a good outcome. Ontario residents would continue to have at their disposal a major Crown corporation that would work in the public interest of Ontario. OPG and its workers would avoid tremendous and unnecessary turmoil for a period of five to ten years. OPG had been given a vote of confidence by an independent third party.

The KPMG operational and financial audit was also completed in March. It did not find any egregious reporting errors in its review of the previous five years. It did, however, document the financial impact of the colossal failure of the Pickering Unit 4 restart. It also flagged the non-sustainability of OPG's continuing to pay rebates based on the Market Power Mitigation Agreement when the decontrol process had been stopped by the government in 2002.

In July 2004, the government agreed with the Manley Panel recommendations to keep OPG as a Crown-owned entity and to proceed with completing the Unit 1 refurbishment.

OPG was now able to move toward the third gate: the recruitment of a full board. Jake Epp and I had been working with Paul Cantor of Russell Reynolds on developing a list of potential candidates. Paul and his team developed a strong list. During the recruitment process, I met with most of the prospective candidates, as I wanted to be sure they knew what they would be getting into. Prospective board members also wanted to interview me. In October 2004, the government announced that seven new board members, including three former nuclear executives, would be joining the interim board. After ten months of hesitation and vacillation, OPG finally had a solid governance framework. The search for a permanent CEO, however, remained an elusive objective.

In the absence of information regarding the appointment of my successor, I undertook several initiatives to enhance the governance, management, and reputation of OPG. These included more formal media outreach. By late 2004, I thought that OPG had a story to tell. So I started telling it.

Beginning with the second quarter 2004 results, I started holding information sessions with the media and financial analysts to discuss our quarterly financial results as well as the Management Discussion and Analysis section of the report. This was much lauded for its transparency. Unfortunately, the results highlighted the fact that the Unit 1 projected cost had increased from \$900 million to \$1 billion. Interestingly, the media coverage was in the business section of the newspapers rather than the front section. Most articles did convey a certain sense of *déjà vu*. Over twenty journalists and analysts attended this first quarterly results call. Fortunately, this was the only time I had to speak about increased costs for Unit 1.

I continued the practice of quarterly calls until I left. Only three journalists attended my last call — the media had lost interest because OPG was no longer an issue.

In the winter of 2005, we organized a media open house at the Pickering site. All the Toronto newspapers, as well as Bloomberg, among others, were there. The journalists attended a 7 am work planning session with all of the responsible managers, along with a briefing by Bill Robinson, the leader of the project team, and a question-and-answer session with Bill and me. The media open house contributed to demystifying the project, while communicating its very complex nature. For example, the project consisted of over 20,000 individual work projects with 6 kilometres of ladders required to access the work; a staggering 2,871,628 individual parts and 26.4 kilometres of pipe had to be sourced.

In the new year, I started to give one-on-one interviews to *The Globe and Mail*, the *Toronto Star*, and any other reporters who were interested in the Pickering story. The background briefings that I had done in 2004 proved immensely useful in establishing a relationship of trust. The reporter from *The Globe and Mail* specifically asked if, in my view, OPG had turned a corner. I responded by saying that “OPG was turning a corner.” One must always be prudent when one is called upon to do a self-assessment. As well, the chair and I sent a letter to all MPPs and key stakeholders and suppliers that, in a nutshell, described the changes that had occurred over the previous twelve months, the progress in financial management and expenditure management, and the improvements in the restart of Pickering Unit 1.

For the executive team, a comprehensive talent management program was institutionalized. The goal was to ensure that OPG had the right talent at the right place at the right time, now and in the future. This included taking stock of who was retiring, redeploying

executives, and identifying executive professional development opportunities such as the Harvard Business School's three-month program for high flyers. We began rigorously undertaking performance assessment and review. We did not rule out recruiting from the United States, but made it the exception rather than the rule. By the time I left, the profile of the top fifty executives was 65 percent former Ontario Hydro, 25 percent were recruits from the private sector, and 10 percent were nuclear executives from the United States. I presented our report to the board committee on human resources, and undertook to present such a report every year and do an update at the six-month mark.

The appointment of a full board was a major turning point for OPG. It permitted the board to establish the appropriate number of committees, including nuclear oversight, major projects, human resources, and audit and finance.

In March 2005, board members all signed a letter to the Premier, the Minister of Finance, and the Minister of Energy. The eight-page letter covered several areas. The first was governance. A shareholder agreement was needed to establish the relationship between the government and the company. On the issue of investment, there needed to be a common understanding of the opportunities OPG had to develop new generation facilities. With respect to fossil fuel elimination, OPG and the government needed to agree on a plan to protect reliability while gradually phasing out generation of electricity by coal. On the subject of nuclear power, OPG needed to commit to operational improvement at all sites and the reduction in production costs per kilowatt. The board's letter specifically gave a vote of confidence to the management team by stating, "management is addressing the performance culture and human performance issues...Based on our experience, the plan is focusing on the right areas and we expect to see continued measurable performance

improvement.” Finally, addressing financial issues, the existing financial model needed adjustment to ensure that OPG was sustainable. This meant withdrawing from the Market Power Mitigation Agreement. With this letter, the board was officially signing the OPG adoption papers. The company was no longer a governance orphan.

The month after I left, a shareholder agreement flowing from the letter to the Premier was signed between the government and OPG. The core of this shareholder agreement remains in effect to this day. The shareholder agreement emphasized that it was the shareholder’s prerogative to issue directives to the board. It also noted that such directives would have to be in writing and would be disclosed by the company when it next released quarterly financial results.

In the three years between 2002 and 2005, OPG had had to pay a total of \$3.5 billion in keeping with its obligations stemming from the Market Power Mitigation Agreement. After many discussions with the Ministry of Finance and Ministry of Energy, the government agreed to end the rebate program at 4.4 cents per kilowatt hour. Henceforth, OPG would be on a much more stable financial platform, since the threshold was now going to be 4.7 cents a kilowatt hour. This would permit the company to retain an extra \$300–\$350 million.

### **PICKERING A UNIT 1: RETURN TO SERVICE**

In the three months leading up to the government’s approval of the Unit 1 restart, we implemented several initiatives. These included having Schiff Hardin at each board meeting present its assessment of the return to service. It would be fair to say that the discussions beforehand between the management team led by Bill Robinson and the Schiff Hardin team led by Ken Roberts were difficult, draining, and time-consuming. They were also very worthwhile, and significantly contributed to the successful restart of Unit 1.



Bill Robinson provided a weekly review of all aspects of the project. We established a prototype report that was used consistently. Monthly sessions were held on site. I would attend the 7 am session with all of the managers, where we reviewed what had been done the day before and what was planned for the coming day. We also focused on the earned-value report, which tracked expenditures and activities. Unit 1 went critical at 10:05 pm on August 2, 2005, at a final cost of just under \$1 billion.

With respect to hydroelectric generation, the request for proposal for the new tunnel in Niagara Falls was released in early 2004. A committee of the board and members of the executive team interviewed five international consortia before selecting Strabag AG, a large Austrian construction company with extensive experience in major tunnel construction. The new tunnel was put into service in March 2013. The total cost was \$1.6 billion, approximately \$500 million over budget.

Charges related to the Barrett Chute accident were laid against the company and two executives in May 2005. The trial was set for fall 2006, but the judge threw out the charges against the company before the trial started. The two executives were subsequently found not guilty.

In May 2005, the board appointed Jim Hankinson, former Chief Operating Officer of Canadian Pacific, former CEO of New Brunswick Power, and a current board member, as CEO of OPG. My acting tenure as CEO had lasted eighteen months.

# CHAPTER 13

## LESSONS

Looking back, those eighteen months with OPG were by far the most demanding of my career. Many things could have gone wrong, and indeed some did. But, on balance, there were many more right decisions than wrong ones. I left the company in better shape than it was in December 2003.

What had I learned? The need for talent management was never clearer. The appointment of consultants to executive positions was a huge talent management error. It nearly sank the company. The importance of ongoing training, development, recruitment, and retention was also highlighted during my years at Ontario Hydro and OPG. The recruitment of Liz Dowdeswell and David Crombie permitted the Nuclear Waste Management Organization to be credible out of the gate.

OPG (and Ontario Hydro) did not have sufficient nuclear expertise on its board when important nuclear decisions were made. Assessing the skills mix of a board is often not given enough attention. Both the shareholders and the board need to take active roles in defining the competency grid and keeping it up to date.

Trust is an intangible commodity. It takes a long time to earn it, but it can be lost quickly. It is clear when trust is absent. For good reasons, OPG was not trusted by the government, the media, or the public at large, nor was its acting CEO. No Crown corporation or government department can perform its job if the public does not have faith in the organization's competency. Government entities

must take whatever measures are required to reclaim that scared trust. There are no quick fixes or magic bullets.

OPG's reputation had to be rebuilt with many stakeholders, the general public, and its own employees. This required careful, strategic outreach to the media and to the various groups. OPG had to tell its story in a proactive manner. The CEO in those circumstances must be the lead strategist of the new narrative as well as its lead implementer.

Senior management needs to be able to provide solid, reliable, accurate, and timely information about what is going on to the board of a Crown corporation or to a minister of a department. This is not micromanagement; rather, it is having the tools to hold individuals accountable. Delegation is important, but it must be part of a closed loop.

Prior to taking on the OPG job, I had terminated only a few people. At OPG, I terminated sixteen executives. Our volume of dismissals was such that we needed to provide an office for the Hicks Morley lawyer who was negotiating the severance agreements with the executives. These executives had joined OPG with the best of intentions. Many had relocated their families to Toronto. My decisions had a significant impact on a lot of families, but as CEO I had to take them.

# CHAPTER 14

## TRANSITIONS, 2005–2006

Over the summer of 2005, I played a lot of golf and entertained new opportunities. The first one was as City Manager of Whistler, British Columbia. Vancouver and Whistler were going to be hosting the 2008 Winter Olympics. According to Caldwell Partners, Whistler was looking for a senior executive who could represent its interests with the federal government, the provincial government, the City of Vancouver, and the various international sporting organizations. The idea of this short-term assignment was fascinating, but the combination of another relocation and the what-to-do after the Olympics convinced me to not pursue it.

Another opportunity was to be the President of Ryerson University (now Toronto Metropolitan University). The current incumbent, the search firm, and some members of the post-secondary community encouraged me to consider it. After many discussions, I chose not to pursue the opportunity. I had had a fairly high public profile in the OPG job, and did not want a similar experience.

At the end of the day, I accepted an offer from Mercer Delta, a boutique management consulting firm, to be a salaried partner. I started on December 1, 2005. My last day was April 30, 2006. I had made a horrible mistake. I learned that I did not like the professional services business, especially one that was publicly traded. I was not good at doing sales.

On January 20, 2006, Stephen Harper's Conservatives won a plurality of seats in the House of Commons. A couple of days after

the election, I received a call from Derek Burney asking to meet in Ottawa to discuss potential deputy minister jobs.

The following day Jim Flaherty phoned and asked if I would be interested in being his chief of staff, as he was likely going to be Minister of Finance. I had met Jim in my OPG years. He had been the MPP for Oshawa and had followed the travails of OPG. Over the years, we had lunched or played golf on occasion. We were both from Lachine, Quebec. The Flaherty residence, to which I had delivered the *Montreal Star*, was down the street from my home. Having said that, we were not especially close. I was somewhat intrigued at the thought of going full circle. I would be coming back to Ottawa to join a political ministerial office, just as I had done some thirty-seven years ago. Jim and I agreed to meet for dinner when I was in Ottawa to meet with Derek Burney.

The meeting with Derek was focused. He asked if I was interested in any of the following jobs: DM of Industry, DM of Environment, or DM of Intergovernmental Affairs. I expressed my interest in the Industry job. He thanked me, and said someone would be in touch within the next four weeks. At dinner, Jim made his pitch. He was going to be Minister of Finance and he did not want the traditional chief of staff. Rather, he wanted someone who knew Ottawa and who could work with the officials at Finance. He also said that he had spoken to Mr. Harper about me, and convinced him to pay me half-way between a chief of staff salary and a DM salary. He asked if I could get back to him within a couple of days. He was leaving the following week for a G8 Finance Ministers' Meeting in St. Petersburg, Russia, and would want me to join him.

Back in Toronto, I received yet another call. The President of the University of Toronto, David Naylor, wanted to meet with me to discuss my potential interest in joining the U of T team as a vice-president.

Over the weekend, I decided to pursue both the U ofT opportunity and the Ottawa DM possibility. I phoned Jim Flaherty to explain my reasons. He noted that his call had been a bit of a long shot and that he hoped I would pursue the DM of Industry job.

In February, I had breakfast in Toronto with Kevin Lynch, who had been appointed Clerk of the Privy Council by Prime Minister Harper. I had never met Kevin, but was familiar with his formidable reputation. We had a general discussion about government and the public service. He undertook to get back to me within a month. I also had a couple of discussions with David Naylor regarding the job of VP external relations at the U ofT.

In March, I had two offers from both places. I went with the DM of Industry job, even though the compensation was 20 percent lower than the U ofT job. I wanted to manage and lead an organization again. I would start in May.

# CHAPTER 15

## INDUSTRY CANADA, 2006–2012

I was Deputy Minister of Industry from May 2006 to July 2012. During that time, I worked for four ministers, five ministers of state, two clerks of the Privy Council, and one Prime Minister. Within the Industry Canada portfolio, I worked with two Crown corporations (the Business Development Bank of Canada (BDC) and the Canadian Tourism Commission) and six agencies (Statistics Canada, the National Research Council, the Natural Sciences and Engineering Research Council, the Social Sciences and Humanities Research Council, the Federal Economic Development Agency for Northern Ontario, and the Federal Economic Development Agency of Southern Ontario). Over the course of my 2,282 days as the DM, I appeared twenty-seven times before a parliamentary committee, approved 229 submissions to Cabinet, and 148 submissions to the Treasury Board.

There were many noteworthy policies and program developments. These included a science and technology strategy, a new partnership program with the aerospace industry, the first rejection of a proposed investment under the *Investment Canada Act*, the first spectrum auction, and the bankruptcy of Nortel. All of these were significant developments. All of these initiatives and decisions have been written up in newspapers, journals, and books. Here, however, I take a different approach, and discuss the importance of understanding business and getting to know industry leaders, the role of Industry Canada in the Economic Action Plan of 2009, and the importance of talent management in the stewardship of a department.

**THE IMPORTANCE OF UNDERSTANDING BUSINESS  
AND GETTING TO KNOW INDUSTRY LEADERS**

All senior executives in government departments need to stay in touch with their stakeholders. Often, this is done via regular meetings with industry associations. This is helpful, but only to a point. Because association heads can only present views that are held by all members, positions taken can, at times, reflect the lowest common denominator. My prior experience as President of the Canadian Newspaper Association was helpful in this regard.

During my time at Industry Canada, I initiated a number of additional practices to enhance our knowledge of business and business leaders. The first was monitoring key firms' quarterly financial results. All publicly traded companies release their financial results on a quarterly basis. They also release their management analysis and discussion that outlines where the company is going. Most companies follow that up with an analysts' call where the chief financial officer (CFO) and the CEO take questions from financial analysts. To better understand the business results of companies that operated in the Industry Canada sphere of activity, I asked Industry Canada staff to listen in on these calls. The views expressed by the CEO and the CFO tended to be focused and generally positive. The insights gathered in these calls were useful on two fronts. First, they enhanced department staff's knowledge of the operations of the various businesses and the factors that affect their financial results. Second, they provided information to counter the doom-and-gloom narrative that some companies had when they met with me or senior department officials. It was useful to remind them of the comments made during a recent quarterly call.

When the department was contemplating major policy initiatives, we institutionalized the practice of meeting with the Toronto or New York financial analysts who covered the companies that could



be affected. For example, when the department was considering policy options regarding the telecom sector, I went to Wall Street with the policy ADM to learn about the growth strategies of companies such as Verizon, AT&T, and Sprint. We wanted to know if, under different circumstances, these American companies would seek to enter the Canadian market. We undertook similar consultations with Bay Street analysts on other major policy initiatives and assumptions that could affect the market.

I made a point of regularly touching base with the CEOs of the major companies that operated in the Industry Canada space. I tried to have these meetings at the CEO's office. In a similar vein, I encouraged the ADMs to maintain a solid working relationship with executives in the various companies. These relationships were invaluable when we had to deal with the auto sector and the major tier 1 assemblers and tier 2 suppliers during the automobile crisis of 2008–09.

The executives at Industry Canada were generally smart, ambitious, hard working, and wise to the ways of Ottawa decision-making. But they did not have an above-average understanding of business. To address this gap, the department sent a request for proposal to six business schools for an outline of a one-week executive education program for Industry Canada executives. The Ivey Business School at Western University won the contract. Paul Boothe, Senior Associate Deputy Minister at Industry Canada, and I carefully reviewed the pedagogical content of the proposed curriculum, dropping some case studies and adding some new ones. Twenty-five Industry Canada executives participated in this first mini-MBA program. The program also had a few secondary benefits. For example, it permitted executives from the various silos within Industry Canada to get to meet one another. It also allowed more contact between senior management and Industry Canada executives, since an ADM always

participated in the full-week program. The program was offered at least once a year. My successors at Industry Canada have continued sponsoring this program.

The overall objective of these initiatives and others was to increase the intellectual capital of Industry Canada. This knowledge was most helpful in developing policies and programs.

### **INDUSTRY CANADA'S ROLE IN THE 2009 ECONOMIC ACTION PLAN**

In January 2009, the federal government released its Economic Action Plan to deal with the financial crisis. Industry Canada was accountable for several initiatives, including the restructuring/bailout of GM and Chrysler, the Knowledge Infrastructure Program, the Marquee Tourism Events Program, the establishment of a new economic development agency for southern Ontario, and working closely with the BDC to increase the amount of liquidity in the economy.

#### *Auto Restructuring*

Prior to the financial crisis, GM and Chrysler were having a hard time. They had lost and were continuing to lose market share, which, in turn, contributed to their having too many dealerships. This situation had been developing over many years. Both companies had been building large cars that carried large profit margins. Unfortunately, car buyers increasingly were favouring small and medium-sized cars. Compared to those of many other car makers, cars from the Big Three automakers (GM, Ford, and Chrysler) cost more because of the need to factor the retirement and health benefits of the companies' pensioners into pricing. For a number of decades, GM had been the leader in terms of cars sold. It was now the leader in the number of pensioners. It was almost impossible to add these retirement costs to small and medium-size vehicles and remain price competitive.

Moreover, GM and Chrysler had many more brands than their competitors in Japan and South Korea. Senior management's focus was divided among these many brands.

In late November 2007, the financial crisis was beginning to unfold. Minister Clement and I, along with Ontario Minister Michael Bryant, went to Washington at the urging of our ambassador, Michael Wilson. We met several senators and congressmen. We also met with a number of departing Bush administration officials who were literally packing up their offices while we chatted. They were quite courteous, but repeatedly mentioned that these were matters we would have to take up with the Obama administration. The Canadian system of having a permanent public service is not perfect, but its value during this crisis was evident for all to see. When the Obama administration started to ramp up, we were able to contribute to the ramping up.

Paul Boothe took the lead in the negotiations with GM and Chrysler and the US government as well as liaising with the Ontario government. Paul quickly assembled a first-class team composed of federal government employees and external financial and legal advisors. They met frequently in Washington and New York. As Prime Minister Harper put it, "Canada had a choice: participate in the bailout or have the industry restructured without Canada." Notwithstanding his personal beliefs about the role of governments and markets, the Prime Minister, strongly supported by his Minister of Finance, Jim Flaherty, agreed to a significant bailout. He determined that Canada would pick up two thirds of the \$13 billion package and Ontario one third.

Chrysler filed for bankruptcy protection on April 30, 2009. As part of its restructuring, it became a junior partner in alliance with the Italian automaker Fiat. On June 1, 2009, GM filed for bankruptcy protection in the United States, emerging from bankruptcy

forty days later. The agreed-to plan did not require GM Canada to file for bankruptcy. In the previous five months, Paul had worked diligently with Canadian stakeholders such as the tier 1 and tier 2 parts manufacturers, dealerships, and the Canadian Auto Workers. He also joined Ron Bloom, who was the chief negotiator for the US, in multiple rounds of negotiations with GM and Chrysler. Lastly, he remained in very close contact with officials at Finance and the PCO and with the Ontario government.

Despite the differences between the companies, the end result was essentially the same. Both companies survived and massive job losses were avoided. Moreover, the economy of southern Ontario was not catastrophically affected.

Looking back, Paul succeeded in his mission because he quickly ramped up a multidisciplinary team, devoting most, if not all, of his time to the project. All of Industry Canada's efforts across all sectors during the recession paled in comparison to the cost involved and the jobs that were at stake in the auto sector. In addition, Paul maintained excellent communications with all stakeholders and with his key counterparts in the federal and provincial public service.

### *The Knowledge Infrastructure Program*

In late January 2009, the department was advised that it would be accountable for delivering a new \$2 billion Knowledge Infrastructure Program (KIP). The objective of the program was to build or upgrade infrastructure in universities and colleges. The money needed to be spent over the course of the next two fiscal years.

The major hurdle the department faced was that it did not have substantive program delivery capacity or knowledge about the capital needs of the post-secondary community.

To develop and launch the program, I huddled with Matt King, Senior ADM, and Iain Stewart, Associate ADM, who had ongoing relationships with the post-secondary community as part of their science and technology portfolio. Over a number of days, we hammered out an approach that met the necessary political, administrative, and operational requirements.

We developed program criteria regarding which costs would be eligible for funding and how we would deliver the program in cooperation with the provincial governments. My experience as the Deputy Minister of Post-Secondary Education in Ontario was helpful in developing the appropriate federal and provincial roles. The program was subsequently approved by Cabinet and the Treasury Board. A key element of the program was cost sharing: the other party would have to provide at least 50 percent of the funding.

We prepared a letter to go from both Industry Minister Clement and Science and Technology Minister Goodyear to all post-secondary institutions in the country inviting them to submit project applications by March 30, 2009. This step was essential to permit federal ministers to prepare their own lists of potential projects. Provincial ministers, as a result of their ongoing activities, already had their lists.

We developed a plan whereby federal and provincial ministers would determine jointly which projects would be approved. Although we did not have a set provincial allocation, we established a general target based on the number of post-secondary education students in each province and the general population of the province. To reduce potential tensions related to fairness, we determined to have two rounds of funding decisions. This gave us flexibility to address possible allocation errors or other gaps in a second round.

In order to sift through the 950 proposals we received, we established a headquarters unit, drawing upon people from across the department who had experience analyzing project requests. This

unit became the nerve centre of the program. All proposals were reviewed against criteria, and qualified proposals were shared with provincial governments. The headquarters unit also prepared the decision-making instruments.

To road test our overall package, we decided to negotiate first with the government of British Columbia, chosen because it was the provincial government with the closest election date. We assumed it would be most amenable to reaching an agreement as quickly as possible. The negotiations were indeed productive and fast. The two ministers were able to announce fifteen projects costing over \$100 million. We then moved on to negotiate with Alberta using the same rationale. By the end of June 2009, we had agreements with all provinces and had announced \$1.8 billion worth of projects.

To get projects rolling as quickly as possible, we advanced the appropriate amount of funds to the provincial governments on a quarterly basis. They, in turn, distributed the funds to the post-secondary institutions, which would distribute the money to suppliers and construction companies. This worked out well for all participants.

Lastly, to ensure program integrity we contracted with KPMG to spot audit the progress reports being provided by post-secondary institutions in each province. Only a small percentage of the projects was audited, but it contributed to keeping every institution focused on its projects and maintaining reliable oversight records.

The KIP was a success. It funded over 520 projects in 235 different institutions in 190 communities. The total capital expenditure was \$5 billion. Ninety percent of the funds were distributed during fiscal years 2009/10 and 2010/11. Administration costs were 0.73 percent of the total program cost. A tremendous number of jobs were created during the construction phase of the program. Moreover, a number of the new facilities led to new ongoing jobs. Canada's post-secondary community had a lot of brand-new infrastructure.

Looking back, the success of this program can be attributed to four major factors. First, Matt King and Iain Stewart provided focused leadership that avoided impediments and got quick results. They generated a sense of urgency that is sometimes lacking in public administration. Second, we were able to work constructively in partnership with provincial governments that provided the on-the-ground capacity and solid analysis regarding needs and priorities.

Third, we were able to work cooperatively with ministers and their political staff. We developed criteria with which they concurred, and assessed all the projects against these approved criteria. The minister's offices did not second-guess the assessment process. We did not rank the projects but deferred selection to the joint federal-provincial process to ensure the public interest was safeguarded.

Finally, we established a separate unit for a limited period to ensure that we did not have a backlog when all of the proposals came in. We had regular oversight reports regarding the analysis and processing of project proposals.

### *The Marquee Tourism Events Program*

Another component of the Economic Action Plan given to Industry Canada to administer was the \$100 million Marquee Tourism Events Program. The program was divided into \$50 million for each of the two fiscal years. The guidance we received in late January was to develop a “program to support big tourism activities across the country, in particular, those that attract international visitors.”

Given that many of these activities were to take place in late spring and early summer, we had to develop program administration criteria under very tight timelines. We therefore proceeded on a couple of fronts. First, a seven-person blue ribbon advisory committee was established, which I chaired. Members were individuals who had experience in the tourism industry and in supporting

large tourism events. These included the former CEO of Air Canada and the Executive VP of Hydro-Québec, who had a solid reputation for supporting major cultural activities in Quebec. The committee's mandate was to do a top-down exercise to determine a regionally sensitive list of the top eight to ten organizations that had a track record of successfully hosting large events. The other criterion was timing: the events had to take place in the summer of 2009.

The selected organizations were requested to submit a costed proposal. All of the proposals were scrutinized by the committee and recommendations were made to the Minister of State for Tourism. The minister accepted the recommendations and in April announced support for ten events that were to take place in the early summer of 2009. This shortcut had been adopted in order not to miss the 2009 summer festival season. We did not have the time to use a bottom-up approach.

In February, we developed program criteria, funding levels for tier 1 events (up to \$3 million) and tier 2 events (up to \$1 million). The program criteria were approved in March by the minister, Cabinet, and the Treasury Board. These approvals permitted us to issue a call for proposals in early April, with a May closing date. The call for proposals would be for events taking place between June 2009 and April 2010. We allocated \$35 million to this tranche.

The following decision-making process was proposed to the minister. Public servants would review all proposals and establish two piles: those that met the criteria and those that did not. For proposals that met the criteria, we would bring forward up to 1.5 times the budget allocation of eligible projects segmented by regions. The minister could then select those projects that in her view best met the program's objectives.

As with other programs, Industry Canada needed to staff up quickly to have the capacity to review all of the incoming requests



and to ensure program integrity. Answers by our newly redeployed staff to queries from stakeholders had to be consistent, even though there had not been a lot of time to train people on the new criteria.

Over the two years, the program supported 107 events and provided \$88 million. In year 1, the program supported ten marquee events, seventeen tier 1 events, and thirteen tier 2 events; in year 2, sixteen tier 1 events and thirty-one tier 2 events.

Third parties deemed the program very successful, especially given the rushed timetables. Indeed, the timing realities of the events meant that every aspect of the program had to be rushed.

The program was designed recognizing the importance of timelines. Key elements included the professional identification of the ten top-down projects, such as the Calgary Stampede and the Jazz Fest in Montreal, an early first call for proposals in 2009 that gave organizers time to develop their proposals, a rigorous approval process and the timely preparation of the required contribution agreements, and an early second call for proposals in November 2009.

The program was always chasing the next deadline. Notwithstanding the constraints, it worked because the department was able to move quickly to establish the advisory committee and redeploy staff to manage the program. In addition, public servants worked in partnership with the minister's office to facilitate decision-making while ensuring the program respected the established criteria. Also critical was the fact that the organizers were very responsive to meeting deadlines.

*The Federal Economic Development Agency for  
Southern Ontario*

The Economic Action Plan also tasked Industry Canada to spearhead the establishment of an economic development agency for

southern Ontario, the only part of Canada that did not have such an agency. The recent budget had allocated \$1 billion over the next five years. The only guidance we received was that the agency's mission would be to help support excellence by making the southern Ontario economy and its communities more competitive, innovative, and diversified. I was also advised that the agency had to be operational by the summer of 2009, which meant that I had five months.

The organization, usually referred to as FedDev Ontario, would have to be built from the ground up, since the only existing resource that could be deployed was a small operational group within the Industry Canada regional office in Toronto. We had one major advantage in setting up this agency. We could draw upon the successes and failures of the economic agencies that operated in the rest of the country, which had twenty to twenty-five years of experience. Moreover, there was a fair amount of academic literature on regional economic development. We also had two disadvantages. We were not advised where the agency's head office would be located or who the responsible minister would be.

Our first task was to find an appropriate location for the new agency. We prepared various analyses about the pros and cons of different communities. Factors included capacity to recruit, transportation access, and ability to develop networks. However, notwithstanding our best efforts, we were unable to get a political decision on location. This situation understandably hampered the recruitment of executives and staff. The argument that people like to know in which postal code they will be working was not deemed sufficiently compelling to political decision-makers, although the Deputy Minister of Public Works, François Guimont, was most helpful in identifying potential office buildings to accommodate the new agency. The lack of a specific location also hampered the

capacity of his department to do the set-up — linking computers, buying furniture, and designing stationery.

The absence of a responsible minister was also problematic given the need to have the program terms and conditions approved by the Treasury Board. We addressed this by asking the Minister of Industry to sign off on the Treasury Board submission.

In order to get something going, I initiated a search for an ADM who could assist in setting up and launching the agency. After several interviews, I recruited France Pégeot, who was an ADM at Canada Economic Development for Quebec Regions. She agreed to relocate to somewhere in southern Ontario for a period of six to nine months. Upon completion of this assignment, she would become an ADM at Industry Canada. I was unable to offer a specific job, but she trusted me to find an appropriate challenge for her. She quickly put together a small team to flesh out the terms and conditions of the various programs the agency would be supporting. France also developed a list of stakeholder contacts and fleshed out projects for early approval by the minister once he or she was appointed.

In June, with the support of the Privy Council Office, I initiated the recruitment of the agency's first president via a search firm. All four short-listed candidates were asked to prepare a five-page strategy note describing what they would do if selected.

Marie-Lucie Morin, Associate Clerk of the PCO, and I interviewed the four candidates and discussed their proposed strategy. We agreed on Bruce Archibald, who was a deputy minister in the Ontario government. Bruce was by far the strongest candidate, and he had one additional asset: he lived in Guelph. In all likelihood, no matter where the agency was located, it would be a short drive for him from home to the office.

In July, decisions were made. Gary Goodyear, the Minister of Science and Technology in the Industry Canada portfolio and

the MP for Cambridge, would take on the additional portfolio of FedDev. The agency would be headquartered in Kitchener, with satellite offices in Stratford and Peterborough. This permitted us to set up the offices, implement an outreach plan for the Minister to all major stakeholders in southern Ontario, and seek the Minister's agreement on early priorities and project approvals. Prime Minister Harper officially announced these decisions on August 13. The agency has been contributing to the economic development of southern Ontario ever since.

As I look back, there were three major reasons why FedDev Ontario, notwithstanding the very late political decisions, got off to a clean start. The first related to talent management. The recruitment of France Pégeot, who knew what she was doing, and Bruce Archibald, who had a solid reputation in the Ontario government and in the private sector, made the agency credible from the start. The second was the deadline set by Ottawa: the agency was to be operational by the summer. This self-imposed deadline provided a target date that forced decisions — especially regarding project approvals. Finally, France assembled a dedicated team with the needed skill set to make the agency operational from its launch.

### *The Business Development Bank of Canada*

Industry Canada was also involved in a fifth area of the Economic Action Plan. Given the scarcity of liquidity in the market, the government had encouraged the Business Development Bank of Canada to enhance its lending activities to small and medium-sized businesses. To respect the arm's-length relationship between the bank and the government, a letter was sent by the minister to John McNaughton, Chair of the BDC Board. The letter explicitly stated that the government wished the bank to take more risks, and was comfortable with the possibility that this could lead to more financial losses. In other

words, the shareholder had concluded that the objective of increasing liquidity trumped the bank's objective of making a profit.

To track the implementation of this strategic direction, we requested weekly reports by region of the dollar amounts being loaned compared with the previous year. This information was very helpful to the minister in briefing parliamentarians.

# CHAPTER 15

## LESSONS

I have come to believe that talent management is the most important work a deputy minister can do. If one gets this right, the rest becomes quite a bit easier.

By talent management, I mean the recruitment of executives, the development and training of executives, the performance assessment process, and the redeployment or demotion or termination of executives who are not performing.

It is critical to distinguish between an executive who is a problem solver and one who is an expert problem spotter.

Working in close cooperation with Minister Prentice, the department was able to argue successfully the need for three additional ADM positions to support the senior ADM incumbents in the policy sector, the industry sector, and the newly established science and technology sector. These additions to the ADM portfolio permitted an enhanced logical career progression within Industry Canada.

In my first few years at Industry Canada, I spent a considerable amount of time recruiting new Senior ADMs as well as staffing the new Associate ADM jobs. I pursued two goals. The first was enhancing the relationship with central agencies by recruiting from their ranks. The second was promoting high-performing directors general within Industry Canada to the ADM level.

The following executives all accepted a lateral move to Industry Canada from central agencies: Matt King from the Privy Council Office, Ron Parker from the Bank of Canada, Helen McDonald and

Kelly Gillis from the Treasury Board Secretariat, and Rob Dunlop from the Department of Finance. Susan Bincoletto, Iain Stewart, and Mitch Davies were all promoted from within Industry Canada.

Another area I worked on was performance assessments. I did not like the approach whereby all members of the executive committee would offer comments on executives. I felt these ranged from mildly useful to somewhat irrelevant. This was quite understandable since they did not interact often with executives not in their sector. I put a different model in place. ADMs would present their draft assessments for all EX2s and EX3s to the Associate DM and to me. The DG of human resources took notes. This format permitted a more in-depth discussion of each executive, including developmental needs, strengths, and potential future jobs in the department. The EX1s were left totally to the discretion of the ADMs.

Speaking of performance assessment, another area where we “innovated” was for the DM and Associate DM to have the same performance objectives and the same rating at the end of the year. This change was accepted by the PCO. What was not accepted was the monetary sharing of the incentive award. I believed that our basic pay was sufficient differentiation from a compensation point of view. The incentive award should be shared in equal parts, even though it meant that the deputy minister would leave money on the table. The PCO rejected this suggestion.

This approach to the performance assessment of deputy minister and associate deputy minister followed directly from our system for managing the department, a system we called “two-in-a-box.” The “box” referred to the signature block included with all formal advice and recommendations coming from the department to the minister. Traditionally in Ottawa, all such memoranda are signed by the deputy minister or by the associate on behalf of the deputy. By allowing either the deputy or the associate to approve departmental

advice and recommendations under their own signature, we signalled to the minister and the department that the deputy and the associate were jointly responsible for managing the department and the results it achieved.

To make this system operational, we shared our calendars, issued standing invitations to each other's meetings, and consulted each other in real time on all contentious files. As a deputy minister, this allowed me not only to share the workload of management, but also to gain a sounding board for ideas and show the associate how I actually managed the department. A number of my associate deputies instituted the same system when they became deputy ministers in their own departments.

Encouraging non-performing executives to move on and out is an important part of talent management. This has two beneficial aspects. It improves overall productivity, since the laggards are not driving down productivity. And it reminds other executives that there are consequences for non-performance.

Finally, sometimes talent management requires giving a second chance. One day, the DG of human resources sought an emergency meeting to discuss a recent incident. An EX3 had been seen watching pornography on his office computer after business hours. The DG wanted him terminated. The ADM to whom the EX3 reported argued for a strong slap on the wrist. Before making my final decision, I asked the EX3 to see me. I asked him to describe in detail what he had done. I thought forcing him to say the words aloud would help him break out of his denial frame of mind. After his many tears, apologies, and promises, I said that I hoped he would continue in the department. I gave him a two-week suspension to be served over the course of the next six months. He could, for example, take every second Friday off. It was important that his punishment



not be a public flagellation. He was a good employee who deserved a second chance.

In addition to the importance of talent management, I also learned lessons related to ministers, minister's offices, and the relationship between ministers and ministers of state.

As noted earlier, I worked for four different ministers at Industry Canada. Two came from Quebec, one from Ontario, and one from Alberta. My four ministers of state came from Alberta, Saskatchewan, Quebec, and Ontario. Even though all four ministers of Industry Canada were lawyers, they were quite different in the way they approached their ministerial duties.

The minister I enjoyed working with the most was Jim Prentice. We established a solid relationship early on. Immediately after he was sworn in, he came unannounced to see me in my office. The two of us talked and talked. We were in some respects mutually interviewing each other. Throughout his tenure as minister, we maintained a close relationship and communicated frequently and regularly. Every second weekend, he would go back home to Calgary. Prior to his boarding the 4:00 pm Sunday flight back to Ottawa, I would send him a three-or-four-page message from my BlackBerry. This note would provide an update on all major issues, identify areas where a decision was required, flag key developments that would occur in the next two weeks, and give a general overview of appointments, key meetings, and new senior staff. He would review this message during the flight and provide a response on Sunday when the plane landed. We still had our regular minister-deputy minister weekly meetings with staff and senior officials, but there were rarely any surprises at those meetings.

We had the type of relationship that permitted us to have some personal conversations. For example, one day we talked about swim lanes and who does what. I said something to the effect that

I thought he could be a great deputy minister of industry, given his skills and personal attributes. Unfortunately, however, that job was not vacant, and I had no immediate plans to leave. I also reminded him that, as a lawyer, he had been trained to dig down on every file and to master every detail. As minister, this approach would be taken at the expense of his becoming the warden of the Industry Canada forest. I pursued the analogy by noting that, if he spent a lot of time on a leaf on a branch on a tree, he would not have much time left to worry about or focus on the whole forest. I committed to providing him whatever information he wanted on whatever file he chose, but pleaded the case for his responsibilities as warden of the whole forest.

On another occasion, Minister Prentice and I were in New Orleans. He was participating in the Three Amigos Summit among President Bush, Prime Minister Harper, and President Calderon. The meeting of the leaders, with their economic affairs ministers, was scheduled for a Wednesday morning. On Tuesday afternoon, the Minister asked to see me. He had received an email. His Chicago-based daughter had just been taken to hospital. Her roommate said she was in satisfactory condition and tests had started. Jim wanted to discuss if he should stay for the Leaders' meeting or go to Chicago. He left New Orleans later that afternoon.

Jim Prentice was a great minister to work for and with. Somewhat like Marc Lalonde, he always read his documents prior to a meeting, and was prepared to engage on the strategic issues. He had a predictable turnaround time on documents that went into his office for decision. He genuinely enjoyed meeting with stakeholders from all different sectors and learning about their business challenges. His staff were demanding, but never rude. He knew how to convey disappointment when he felt the department had produced underwhelming products or when his political staff had missed the ball. He maintained professional relationships with the PMO, seeking advice

when appropriate but never surrendering his ministerial prerogatives. He established, with his ministerial colleagues, a trusting relationship that made him an effective Chair of the Operations Committee of Cabinet. He understood the usefulness of having three additional ADMs at Industry Canada, and successfully lobbied his Treasury Board colleagues. He spent a lot of time on his speeches. He believed that the specific words of a minister of the Crown mattered. Lastly, he cared about the public interest.

On November 4, 2008, I invited Minister Prentice and his wife, and Paul Boothe, the Associate DM at Industry Canada, over for dinner at my house to watch the US election results. We watched until President-Elect Obama had finished his victory speech at Grant Park in Chicago. For Minister Prentice, it was a difficult evening. On October 30, Mr. Prentice had been sworn in as the Minister of Environment. He was disappointed and sad to be leaving the Industry Canada portfolio at this critical time. Bad things happen to good people. For my part, I learned what having a great minister looks like.

I gained some important insights into minister's offices during this period. Given the many ministers and ministers of state who provided ministerial guidance during my time as deputy minister, I had the opportunity of meeting many of their staffers. Many, such as Steve Kelly in Minister Prentice's office and Rob Taylor in Minister Ablonczy's office, were excellent to work with. The majority were okay. However, there were a few who had a misconception about their role and how they went about it. For example, one individual displayed rude and insulting behaviour. There were repeated warnings that this behaviour would not be tolerated. I ended up "benching" him because he would not change. I advised the chief of staff that I had directed all departmental executives not to respond to any emails or phone calls from this individual for two weeks. If his behaviour did not improve, a further suspension would be implemented. I offered

to discuss this matter with the chief of staff or the minister if they so wanted, but they did not avail themselves of the opportunity.

In another case, a chief of staff was pushing quite hard for the department to proceed down a certain path, but the officials were rightly concerned about the advisability of doing so. Reasonable and compelling arguments were having no impact on the chief of staff. I finally wrote to him saying that I was prepared to move on the matter, with two conditions. First, I wanted a note from him saying the minister explicitly wanted this path taken. Second, I wanted him to agree to be a witness at the next parliamentary committee in order that he may explain to all concerned why the minister had chosen this path, since I would not be able to do it justice. I never got a response from him, and the path was not pursued.

Senior officials must work in a cooperative and professional manner with ministerial staffers. The reality of a very present and, at times, ubiquitous ministerial office is not going to change soon. Sometimes there is a need to forcefully push back if ethics or a healthy workplace gets challenged.

In two previous jobs, I had to deal with the relationship between ministers and ministers of state. At Industry Canada, it was my first time doing it as a deputy minister. Generally, the relationship worked. In a few circumstances, however, it did not work well.

On one occasion, the minister of state inquired if I was “on his team or the other minister’s team?” Quickly sensing that my answer, if limited to these two options, would create some sadness somewhere, I introduced a third option: “I am on the Prime Minister’s team. That is why deputy ministers are appointed by the Prime Minister.” This quick response permitted me to take my leave.

On another occasion, the minister explicitly delegated the administration of a program to the minister of state. A week later, the minister changed his mind, and asked me to tell the minister of state

that he would no longer be running the program. This about-face required many meetings with the two chiefs of staff. At the end of the day, it was agreed that the program would be jointly led by the two ministers, with each minister having the lead in five provinces. The public service would support both ministers and ensure program consistency.

The issue of accountability resurfaced when the issue of cuts was on the agenda. The minister in this case was quite supportive of having the minister of state assume full responsibility for any cuts in his sector. The concept of ministerial paramountcy was part of an unremembered past.

Finally, I learned that it is useful to sort out ministerial accountabilities as soon as ministers of state are appointed. Feelings of camaraderie are always at their highest immediately after the swearing-in. Having said that, the best-laid plans are always subject to buffeting by circumstances.

# CHAPTER 16

## GOVERNMENT OF ALBERTA, 2014–2016

In the eighteen months after I retired from Industry Canada, I was recruited for a couple of boards, did some strategic advising, and developed an executive development program for assistant deputy ministers with my former colleague, Paul Boothe.

My wife Carole and I also travelled a great deal. We spent ten days on the Amalfi Coast, we golfed in Scotland, we toured First and Second World War sites, we rode in a hot air balloon over Napa, and went to Paris on a couple of occasions.

In late July 2014, I took a call from the Honourable Jim Prentice. After some cordial mutual updates, he got to the point: “I am going to win this thing [the leadership race for the governing PC party in Alberta and thus premier], and I would like you to consider becoming my clerk, the deputy minister to the Premier of Alberta.”

This call was followed by several other exchanges during August. In early September, I sent him a note declining the invitation. Later that day, I flew to London, Ontario, to launch, with Paul Boothe, a week-long executive leadership program for ADMs at the Ivey School of Business. Paul had left his position as deputy minister of environment to join the Ivey Business School faculty as a Professor and Director of the Ivey School’s Lawrence National Centre for Policy and Management. This was going to be the first day of this new program.

During the flight, I started having second thoughts. By the time I landed, I had changed my mind. I had two phone calls to make. The first one was to Carole. As always, she was very supportive. The next

one was to Mr. Prentice advising him that I had changed my mind and was interested in taking him up on his offer. His only request was that I stay in the position for eighteen months — that is, until spring 2016, when the next election was scheduled to take place.

My only request was that, prior to starting officially on October 14, he, his chief of staff Mike Percy, and I hold a town hall meeting with all the senior executives of the Government of Alberta (GoA). The purpose of this session was for Mr. Prentice to communicate publicly to the leadership of the public service his view of the relationship between the political world and the bureaucratic world. He spoke about how he valued public servants, how he trusted them, and how he would maintain an appropriate decorum — apparently, the previous administration had featured a lot of screaming. I spoke briefly afterwards, saying that I thought that all my previous executive leadership jobs had in many ways prepared me for this next job. A couple of weeks later, I walked from my newly rented condo to my new office, Room 305, in the Alberta Legislature. It was across the hall from the Premier's office. It was good that his office was close to mine because he was the only person I knew in the GoA.

I did not see much of the Premier over the next two weeks since he was busy campaigning in the riding of Calgary Foothills to get a seat in the Legislative Assembly. He won that seat on October 28, as did the PC candidates in three other ridings that were having by-elections. The sweep had not been expected. Mr. Prentice definitely had the wind in his sails. A month later, Kelly Towle, a Wildrose MLA, crossed the floor and joined the PC caucus. This was a precursor of things to come.

### **MY PRIORITIES**

My first task was to get to know the DMs and the ADMs. The second was to get a handle on the decision-making processes in the

Government of Alberta. The third was to focus on Mr. Prentice's priorities and establish processes to get them done.

### *Deputy Ministers*

My first overall impression was that the senior public service had been berated and bruised in the prior years. They were understandably skittish about yet another new regime. I would describe their situation as being akin to that of a turtle. Most of the time its arms, legs and head are pulled in under the shell. Not a lot of movement is possible, but it is extremely safe since the shell is quite sturdy.

The second observation was the inexperience of the team. The average tenure of deputy ministers was under three years, rather than the six years it had been in 2009. The five longest-serving deputy ministers in 2014 had an average of eight years at the DM level; in 2009, it had been twelve years. A third of the deputy ministers had less than one year's experience at that level.

This situation was due to several interconnected factors. Political churn at the ministerial level was accompanied by the practice of having ministers take their deputies with them when they switched jobs. Other factors included the normal age-related retirement cycle, the attractiveness of opportunities in the private sector, and the unpleasant working conditions. DM vacancies in education, Service Alberta, and tourism were symptomatic of a deeper talent management problem.

The head of the Civil Service Commission wanted to get these jobs advertised in *The Globe and Mail*. I declined the opportunity to find deputy ministers via want ads. Moreover, I did not like the optics of advertising the bare cupboard as I was assuming my new job. This approach spoke to the bad shape of succession planning in Alberta. After just one week on the job, I was advised by the acting DM of Health that he wanted to leave his post at the end of the week.



I now had four vacancies representing 20 percent of the total DM cadre. The four departments accounted for over 65 percent of the expenditures of the Government of Alberta.

To get to know the deputies, I arranged one-on-one meetings with DMs in their ministry offices and then met with their executive teams. This approach also helped me to get to know the ADMs. First impressions are lasting impressions, so I took good notes.

Lastly, I was briefed on the work of the policy committees of DMs that were parallel shadow committees to the political ones. I thought the concept was somewhere between odd and useless. This perception flowed from the inexperience of the team and the difficulty in spotting the impact of the committees. I cancelled them. Instead, I institutionalized a weekly DM meeting that provided a good platform to discuss horizontal issues and governmental priorities with DMs, and to hear about what they were doing.

### *Assistant Deputy Ministers*

There were approximately 125 ADMs in the Government of Alberta. Forty percent had been on the job for less than a year — a consequence of the churn at the DM level and difficult working conditions.

I made a few early decisions. First, I started meeting once a week with three or four ADMs from different ministries to get a sense of morale in the GoA, of their career ambitions, of their perspective on the decision-making processes, and on the role of the Executive Council. These meetings also helped me develop my own talent management data bank, since one did not exist.

Second, I established a one-day training program for all ADMs appointed over the previous two years. The instructors were DMs who excelled in specific aspects. For example, one DM had a ninety-minute module on dealing with minister's offices. Another had a

sixty-minute module on dealing with arm's-length agencies. Another dealt with the budget and the fiscal framework. The purpose of this training was to enhance the likelihood that all ADMs understood their key responsibilities. We would close off every training session with a wine (I paid for it) and cheese (government paid), where all ADMs mingled with all the instructor DMs. This was also a good opportunity to add to the data in the talent bank.

Third, every month ADMs had a breakfast. The breakfast had an excellent turnout. I let it be known that I would welcome an opportunity to meet with them. Given that the first meeting went quite well, it was agreed that I would come back at least every second month. This proved to be an invaluable forum in which to answer questions from the ADMs and for them to hear from me. It also contributed to demystifying decision-making and processes.

### **THE PREMIER'S PRIORITIES**

The Premier's first priority coming out of his leadership campaign was property rights. He had heard this very clearly from the rural ridings. He wanted this to be his Bill 1. The challenge was that no Bill would ever go far enough to satisfy the property rights advocates. On the other hand, any Bill that enshrined in law meaningful property rights was going to be very contentious and disruptive. There was in Alberta a certain libertarian streak that found any form of government engagement or oversight an infringement on property rights. For example, health and safety legislation did not apply to farms and ranches, and health and safety officers had no jurisdiction to investigate injuries that occurred in those places. Some form of Bill 1 was eventually passed by the Legislative Assembly in December 2014.

Mr. Prentice's second priority was getting oil to tidewater. He recognized that Alberta's landlocked geography meant it needed pipelines. To achieve this goal, he travelled east to meet Premier

Couillard in Quebec City and then Premier Wynne in Toronto. Both agreed on the benefits of the pipeline, subject obviously to provincial concerns being given appropriate consideration.

His third priority was reconciliation with the First Nations of Treaties 6, 7, and 8. To this end, he had appointed himself Minister of Aboriginal Affairs and spent considerable time meeting with the leadership of the First Nations.

His fourth priority was improving the environmental performance of the oil and gas sector. He often referenced that his most horrible time as a federal cabinet minister was when he, as Minister of the Environment, was leading the Canadian delegation at the COP meeting in Copenhagen in 2009. He was screamed at, insulted, criticized, and humiliated. Some in the sector argued that the GoA and the industry had to up their communications game. The assumption was that the industry was not getting its message out. But the Premier was convinced, based on his Copenhagen experience and his grasp of the public policy challenges of climate change, that more would have to be done if Alberta were to find lasting customers for its oil. The matter was not just a communications issue. For these and other related matters, an overall plan was being developed for implementation over the next fifteen months.

### **THE REALITIES OF GOVERNING**

As is often the case, however, these priorities were affected by three unforeseen and unpredictable developments.

The first development to surface was the issue of establishment of gay-straight alliances in high schools. In normal circumstances, this matter, while delicate, could have been managed. Instead, the issue festered, in part because the Premier had given a commitment to his newly elected minister of education that he would not have to deal with this file. The Premier therefore took it upon himself to

be the government's lead. He felt strongly about this matter, given previous positions he had taken as a federal politician. For example, he had been one of the few PC MPs to vote in favour of same-sex marriage. It was an important matter, especially for kids who were courageously trying to understand their sexual orientation. At the end of the day, the matter was resolved, but it consumed a tremendous amount of that precious commodity called premier's time.

The second unforeseen event was the onset of a daily decrease in the price of oil. Given the province's dependency on royalty revenues and a healthy oil and gas sector, the decline was creating an increasingly large hole in the fiscal framework. The bottom was nowhere in sight, which made budget planning a nightmare.

The third unforeseen development was that Danielle Smith, leader of the Wildrose Party, crossed the floor with eight other members of her caucus to join the PC government. According to media reports, Ms. Smith was facing internal challenges in her party. These challenges had grown when the PCs swept the four by-elections. The rapidity with which her decision came about contributed to the somewhat chaotic circumstances when it came time to make the joint announcement. On the surface, it was another definitive gain for Mr. Prentice. It also laid the seeds for his defeat at the next provincial election. This development, too, consumed a lot of political oxygen and premier's time.

### *Budget 2015*

In the winter of 2015, the Minister of Finance approached me, as we were working diligently on preparing the budget. He suggested that the government should prorogue the legislature, have a new Speech from the Throne, and then call an election without tabling a budget. His view was that the volatility in oil prices made a difficult budget process almost impossible. As previously noted, no one knew when

oil prices would hit bottom. He also mentioned that it would be difficult to reach a consensus on expenditures to be reduced and the revenues to be increased. He argued that the government would be better off if it campaigned on the basis of a Speech from the Throne rather than a detailed budget.

At the end of the day, the government decided to proceed with a budget that raised some taxes and fees, cut some expenditures, wiped out the surplus, and projected a deficit. The budget proved to be a tremendous *piñata* for the political right, which challenged the government on the need for additional taxes, and the political left, which accused the government of abandoning the public interest. It was a singularly unpopular budget.

### *Election 2015*

The 2015 election was going to be very different than the 2004 election. The number of eligible voters had increased by 60 percent from 890,000 to 1,500,000. Alberta had changed significantly over the past ten years.

A few days before the writ was issued, the Premier alerted some of the ministers to the fact that certain opinion polls would be coming out in the next few days. They were not going to be favourable, but he was optimistic that the government would prevail on election day. He reminded all ministers that from then on, the government was going into caretaker mode. His chief of staff had sent a memo to all ministerial chiefs of staff explaining the concept. I had done the same thing to all deputy ministers. The message was clear: if ministers wanted to do anything substantive with their officials and their ministry, they had to clear it with me first.

The Premier and I discussed his priorities and plans for after the election. He had several very specific proposals that he wanted me to work on during the election campaign. Given his optimism

about how the campaign was to unfold, I was not comfortable asking him if he was okay with my engaging with the opposition parties in the context of a possible transition. Instead I took a pass, and did not raise the delicate matter. This was an error on my part.

The day after the writ was issued, I met the deputy ministers to discuss the prep work that should be done during the rather brief election campaign. An important task was preparing the usual transition books with the thirty-, sixty-, and ninety-day calendar. These books included key policy and program decisions, appointments, and major forthcoming events and activities. The public service was very good at this, considering the multiple changes that had taken place over the past ten years. I tasked four deputies with the responsibility of reviewing the platforms of the four parties and developing implementation plans for each one. As well, I directed that important operational decisions that could not wait until after the election be identified.

I asked Marcia Nelson, a trusted and very competent DM, to reach out to NDP policy supporters, given that party's lead in the polls. The goal was to get a sense of their priorities.

A few weeks into the election campaign, some trends were emerging. To the surprise of most observers, the NDP was continuing to lead in the polls. The possibility of a first-ever minority or coalition government was real.

This evolving picture led me to seek advice from various scholars regarding the continuation of the caretaker model until the government had secured the confidence of the Legislative Assembly. I reached out to trusted former colleagues and associates who had credible connections with the major campaign teams. I explained that I had not secured the permission of the Premier to initiate contacts with opposition campaigns. However, I would be receptive to taking calls from representatives of the opposition parties if they wanted to

get a sense of how government ministries were preparing for a new government. This was something of a fine line, but I felt I had to be responsible, especially in light of the polls.

Ten days before the election I received a call from Brian Topp, transition chair for the NDP. At the outset, I established the parameters of our talk — that is, no discussion of government activities and no disclosure of confidential government data or information. Having previously worked as a deputy chief of staff to the Premier of Saskatchewan, Brian understood, and agreed to these parameters. The focus of our discussion was the activities being carried out by the public service in preparation for the possible election of the first non-PC government in forty-four years. Our second conversation, a week later, was a walk through the NDP platform document. I used this opportunity to get his sense of the priorities and to flag that the revenue assumptions were collapsing. Their proposed tax increases would not yield the anticipated fiscal dividend. The reason was that the NDP's revenue numbers were annualized, and tax increases required legislative change. This meant that, at best, they would get 75 percent of the proposed corporate tax increases and 50 percent of the personal income tax increases. The actual fiscal dividend would also be lower than expected given the decrease of economic activity.

Our third call was on May 5, election night. He phoned a few minutes after the CBC projected that the NDP would form a majority government. The NDP had won fifty-four seats, an increase of fifty from its previous position of four. This outcome was similar to Peter Lougheed's victory in 1971, when the PCs had gone from ten to forty-nine seats. In that election, the NDP had elected one MLA, Grant Notley.

Contrary to assumptions in Premier Prentice's office, the Wildrose Party was not dead. It won twenty-one seats, an increase from five. The PCs won only nine seats, a decrease of sixty-one.

Rachel Notley would become the sixth premier from Alberta with whom Prime Minister Harper would be dealing. After a brief exchange with Brian Topp, he passed the phone to Rachel Notley, the Premier-Elect. This was my first ever conversation with her.

On the Saturday and Sunday preceding the election, I had convened a meeting of all deputy ministers to review transition documents. We spent a fair amount of time reviewing the NDP platform using the work of the DM who had been tasked to analyze it. This work proved invaluable for my first meeting with the Premier-Elect on May 6.

A few days after the election, I phoned Mr. Prentice and had a delicate and difficult conversation. We discussed his future plans and some potential transfer-of-power dates. During the course of the conversation, I invited him to have one last meeting with the deputy ministers. He graciously accepted.

I stayed in touch with Mr. Prentice occasionally over the next few years. As I wrote after his tragic accident in October 2018, he had come back to public service in 2014 to make a difference. He had left a successful and lucrative career at CIBC to advance the public interest. We had had dinner in Calgary the month before his accident. He was in the best physical shape of his life. He had just brought his suits to the tailor to have them taken in. He was enjoying being a grandfather, and was looking forward to trips he was planning with his wife, Karen. He was also supportive and very comfortable with the climate change policy that Premier Notley had developed. Life in the world of politics is very fickle. At times, it is rewarding; at other times, it is crushing. But throughout, Jim Prentice always believed in the capacity of the state to do good.



## THE NOTLEY TRANSITION

When a new government takes office, there are, in my view, three transition phases. Phase 1 is from election day to the swearing in of the Cabinet. Phase 2 is from swearing-in day to the Speech from the Throne and the resumption of the legislature. Phase 3 is from the Throne Speech to the first full-year budget. Here is how it all went with the transition to the Notley government.

### *Phase 1: May 6 to May 25, 2015*

For the first nineteen days of the transition, I met with the Premier-Elect almost every working day. Given that I had been recruited personally by Mr. Prentice, there was a fair amount of speculation that my tenure as an official in the Government of Alberta was coming to a close. This matter was quickly to put to rest. On May 11, Brian Topp, who had been designated as the incoming chief of staff, asked if, hypothetically, I was asked to continue as deputy minister of the Executive Council, how I would respond. I advised that it would be a privilege and that I would look forward to it. On May 12, the Premier-Elect formally asked me, and I accepted. The press release announcing my continuation in the job went out in the afternoon. Needless to say, the announcement made my next daily meeting with the deputy ministers a more enjoyable and productive session.

Some months later, Brian indicated that he had checked me out with people in Ottawa, Toronto, and Edmonton. One of my “references” was Ruth Grier, former Minister of the Environment in Ontario and the first minister I had worked for as a deputy minister. This had occurred over twenty-five years ago. Fortunately, she had said good things about me, and believed that I could be trusted to support the government.

The primary objective of the first transition period is to permit a newly elected leader to become familiar with the instruments of

government that will be at the leader’s disposal, and to prepare to govern. For the public service, it is first and foremost an opportunity to earn trust. My first remark to the Premier-Elect, after the formal congratulations, was something along the lines of “How can I help you implement the platform that you have just been elected to achieve?”

For my first meeting, I brought half a dozen iPads that contained the transition “books” of all of the ministries, including the Executive Council, as well as my dog-eared copy of her platform document and a five-page memo. The memo included a proposed briefing schedule for the next three weeks, the short-term decisions that had to be made, comments on the size of cabinet, an outline of the volume and process of government appointments, possible dates for the Cabinet swearing-in and the return of the Legislative Assembly, a review of the cabinet decision-making process, options for machinery of government changes, and a profile of all deputy ministers. The note also discussed major forthcoming events, including the Meeting of Canada’s Premiers in Newfoundland and Labrador, the Calgary Stampede in July, and the COP meeting in Paris in December. Lastly, it proposed agendas for the first two Cabinet meetings in Edmonton and in Calgary. The substance of these agendas was drawn from the NDP platform document — for example, extending the period in which school boards had to submit their budgets, which, in turn, would permit the government to adjust its fiscal framework.

The rationale for these early meetings was to communicate to Albertans that the new government was getting down to business quickly and competently. A secondary objective was to familiarize the new ministers with collective decision-making — that is, cabinet government — while recognizing that the Premier is *primus inter pares*.

Throughout this period, I was quite aware of the reality that fifty out of the fifty-four MLAs were new to the legislature.

None had ever been in Cabinet and few had held executive leadership jobs. To facilitate the transition of the elected officials to being ministers, the Premier-Elect asked Brian and me to meet confidentially with all ministers prior to their appointment to review their portfolios and the general machinery of government process. The only piece of paper I provided to the about-to-be-appointed ministers was the iconic letter by Gordon Osbaldeston entitled “Dear Minister.” This letter has stood the test of time in mapping out how the relationship between a minister and a deputy minister should be.

One item on my briefing list to the Premier-Elect was deputy ministers. This was understandably a delicate matter, so I scheduled it toward the end of the second week of transition. I wanted to have the opportunity to solve problems for the incoming government before engaging on this personnel matter. There had much talk about the NDP’s getting rid of Tory appointments in senior public service positions. This type of “housecleaning” had occurred in several other provincial governments, including Ontario, where in 1995 the incoming PC government under Mike Harris had terminated all but one of the deputy ministers appointed during Bob Rae’s term as Premier. My approach was to walk the Premier-Elect through the profile of every deputy minister, pausing where she had concerns and/or comments.

In a nutshell, I recommended not changing anyone, for a few reasons. Cabinet ministers would be new to governing, and the existing crew would be helpful in supporting them through the first six months of the mandate. In reality, there was not much bench strength in terms of people who could be promoted. If there was a compatibility problem or a dysfunctional relationship between minister and DM, we could revisit it at the Christmas break.

I argued that starting with the existing team of deputies would, on balance, reduce the risk of unforced errors, and that continuity

was important. There had been too much churn in government: in the past ten years, there had been six premiers, six ministers of energy, and five ministers of health. There had also been a corresponding level of churn in the senior ranks of the public service.

Although Premier-Elect Notley had definite and understandable concerns about a couple of individuals, she agreed with the advice to continue with the existing team.

### **The Machinery of Government**

To minimize the risk of screw-ups, the only recommendation I made about the machinery of government was to merge Forestry and Agriculture. My rationale was that both ministries oversaw putting things in the ground, watching them grow, and then selling them. The rest of the GoA was left as it was.

There was a small modification to cabinet decision-making. The Treasury Board would no longer be a stand-alone committee of the Cabinet. Instead, the chair of that committee would report back to the full Cabinet, which would have final decision-making authority. This decision was made because of the Cabinet's unfamiliarity with government processes. It was important to have all ministers informed of all forthcoming financial decisions. The Deputy Minister of Treasury Board and Finance, Ray Gilmour, was somewhat surprised by this modification, but understood its usefulness in keeping the Cabinet working coherently.

### **The Cabinet**

I was not involved in the identification of cabinet ministers. My only contribution to the building of the Cabinet was to argue for a small cabinet out of the gate. Bob Rae had phoned me after the May 5 election to pass on a personal observation that, in year 1 of his term, 75 percent of his problems came from the last 25 percent of his

cabinet appointments. I passed this observation on to Brian and to the Premier-Elect. I also added the following three observations.

First, at that time, there was a finite number of competent individuals who could be quickly recruited to staff both the Premier's office and minister's offices. Having a smaller Cabinet would reduce the need to recruit. Second, a Cabinet of eleven, with six ministers having two portfolios, would facilitate consensus decision-making at the cabinet table. Finally, the Premier could take stock of the strengths and weaknesses of different MLAs over the course of the next nine-to-twelve months and then determine who had the abilities to be promoted to the Cabinet. On swearing-in day, eleven MLAs were appointed to cabinet positions. This was a decrease of six from the previous Cabinet.

### **Fixing Problems Real or Not**

During the period between the election and the swearing-in, only one elected politician and one senior official are confirmed in their job. Ministers have not yet been appointed, and deputy ministers have not yet been confirmed.

This has both advantages and disadvantages. One matter is clear: it is the prerogative of elected leaders to define priorities. If the Premier-Elect deems something important, it automatically goes on top of the pile. For example, on day 4, the Premier-Elect asked me to look into a delicate potential conflict-of-interest matter that the ethics commissioner had brought to her attention. Sorting ethics matters with the commissioner and a future minister was not in the traditional job description of the DM of the Executive Council. However, it was important to the Premier-Elect, so, working with Brian Topp, we got the matter resolved.

During this period, a news report indicated that officials in the Ministry of the Environment had been seen shredding documents.

The media made this out to be a big thing. It was much easier to push a narrative that the Tories on their way out were destroying secret documents so that the new government would not have access to them. The alternative narrative — which happened to be the valid one — that shredding took place every month, was less appealing. Nonetheless, to avoid any perception of supporting an illicit shredding operation, I declared a ban on shredding for one month.

### **The Curse of Bureaucracy**

An incoming party that has been out of power for many years — or, in this case, forever — understandably will be leery of the bureaucracy it is inheriting. The new government will have a concern about the loyalty of officials who, two months previously, were working closely with its political opponents. I saw it in 1984, when the PCs won the federal election. At that time, rumours began circulating about lists of former Liberal staffers who were now in the public service. I also saw it when I joined the Ontario public service in 1992. There was still a degree of mistrust two years after the election.

I was determined to avoid this type of situation as it quickly breeds dysfunctionality and perpetual fears of internal sabotage because of a fear that the officials are not aligned with the new directions. Generally, the new Notley government did not harbour such ill feelings toward the public service. However, in order to reduce the risk of perceived disloyalty becoming a problem, I had a general discussion with the Premier-Elect about bureaucracies. I predicted that there would be some embarrassing screw-ups in the first six-to-nine months. I argued that such developments occur in all large bureaucracies. These blatant acts of incompetency or bad judgment should not be confused with sabotage or disloyalty. I am glad that I mentioned this curse early in her mandate. It made a good

reference point to explain the inexplicable when screw-ups occurred, and they did.

*Phase 2: May 25 to June 15, 2015*

The Cabinet was sworn in on May 25 in a public ceremony in front of the Alberta legislature, the Dome. It was a beautiful, sunny spring day. Over the next month, the Cabinet got down to business. Key decisions included the preparation and approval of the Speech from the Throne. Brian prepared the first draft and coordinated the process for its approval. The government adjusted the fiscal framework both in terms of revenues and expenditures. It decided on its signature priority, Bill 1, and began the review of appointments to agencies, boards, and commissions.

The other decision taken during the month was not to issue mandate letters to ministers. For different reasons, both Brian and I were of the same view on this matter. The economic situation in Alberta was particularly uncertain. Capital expenditures had been \$97 billion in fiscal year 2014/15; they were projected to decrease to \$60 billion in 2015/16. The decline was largely due to the completion of many oil sands projects. Royalty revenues, on which the province depended a great deal for operating expenditures, were \$9 billion in 2014/15. They were projected to decline to \$2.5 billion in 2015/16 and to \$1.5 billion in 2016/17. Real GDP growth, however, was 3 percent in 2014/15 and projected to be 5 percent in 2015/16. Early in 2014, the assumption had been that growth would continue for the rest of the decade at around 4 percent, and the 2014 budget had resulted in a \$2.6 billion surplus.

These assumptions were no longer valid. Before making a single decision, the new government was already facing a significant fiscal problem. The economy was collapsing. It would have been most imprudent to make policy commitments in mandate letters

based on rapidly changing fiscal assumptions. The government was going to produce its statement of priorities via the Speech from the Throne and its approach to financing the operations of government with the budget. Within these two foundational documents, ministers could discuss and describe what they were going to do. Together, the throne speech and the budget would set the strategic framework in which ministers would have to work.

Moreover, social media and the 24/7 news cycle were contributing to enhancing the power of central agencies at the expense of ministers. Sending letters to ministers with a to-do list would further concentrate power in the hands of the few at the centre. I thought the centre had enough power, and perhaps too much.

Finally, four years is a long time. Why pour cement via mandate letters on a series of priorities that might not be relevant in six to eighteen months?

During the transition period leading up to the May 25 swearing-in, we presented several briefings to the Premier-Elect on the calamitous worsening of the fiscal framework. Although it was impossible to pinpoint specifically where economic indicators were going to land, one thing was certain: they were all pointing in the wrong direction.

In this context, the Premier made an unusual request. Together with the Deputy Minister of Treasury Board and Finance, she asked me to brief the caucus on the evolving fiscal framework. While it was not common for officials to brief caucus members, I accepted, as it was thought that a senior official would make a compelling case to caucus about the province's weak financial situation.



*Phase 3: June 16, 2015 to April 14, 2016*

The weeks between mid-June and mid-April marked the end of the transition period, as the full-year budget was tabled in the legislature on April 14. In my view, the budget was akin to the government's finally signing the official adoption papers. They had made decisions on revenue and expenditures. They now were fully accountable for results. April 14 also marked my last day as the DM of the Executive Council. I had given Mr. Prentice a commitment of eighteen months, and I had reminded Premier Notley of this understanding when she rehired me.

**Outreach**

Capital markets were understandably curious and somewhat concerned about the election of an NDP government in Alberta. Moreover, the oil and gas industry did not know many individuals in the new government. Few had foreseen the fourth party becoming the first party. Most industry associations had not spent much time meeting with and briefing Notley when she was leader of the fourth party. Fortunately, I knew some senior members of the sector, such as Murray Edwards, who had been part of the federal Competition Policy Review Panel, established in 2007.

To address potential concerns and misperceptions, in October the Premier decided to undertake a trip to Montreal, New York City, and Toronto to meet with investors. Leading up to this week-long trip, she met with a number of financial executives. These included the CEOs of the Alberta Treasury Branches (ATB), Alberta Investment Management Corporation (AIMCO), and the Alberta Securities Commission. These individuals and others provided an excellent overview of the Alberta economy and the important role investors played.

In Montreal, we met with Michael Sabia, CEO of the Caisse de dépôt et placement. He provided a solid overview of the Caisse’s investment portfolio in Alberta, and flagged the important public policy issues his organization was monitoring. In New York City, the Premier gave a speech to an RBC capital market symposium, had numerous meetings with investors, and was interviewed by Bloomberg News.

When we arrived in Toronto on the following Thursday, I received a call from the CEO of a major oil and gas company. He had expressed some concerns about the trip and identified some risks. Having received feedback from the various sessions in New York, he was phoning for a different reason. He had a list of major investors he wanted the Premier to meet in Toronto. He emphasized how comfortable he was with her narrative, and wanted his investors to hear it directly from the Premier. His call was a clear indicator that the trip was a success.

### *Key Policies*

Excellent books and scholarly articles have already been written about Rachel Notley’s stewardship of the province between 2015 and 2019. For example, Don Braid’s *Notley Nation* provides an excellent overview of her term in office. Here, I want to focus on her government’s climate change policy and the review of the province’s royalty regime with respect to the oil and gas sector.

### **Climate Change**

Developing a climate change policy had bedeviled many Alberta governments. The NDP platform had a general, somewhat unspecific, set of objectives. This issue had not been top of mind for most Albertans when the time came to cast their ballot on May 5. On the other hand, external deadlines were fast approaching.

For example, the COP climate change meeting was scheduled for Paris in early December 2015.

When I looked at the GoA policy capacity in this space, it was modest. Over the years, the best and brightest had not stampeded to work on the climate file in the Ministry of the Environment. Even with a new, engaged, and smart minister, it was not realistic to assume that the ministry could ramp up sufficiently quickly to meet the new government's expectations.

I determined that it would be in the public interest to outsource the policy development on this file. The chosen model was to establish an external panel that would travel across the province, hold dozens of meetings, and make recommendations on how Alberta could meet its targets. To lead this task force, I recruited Andrew Leach from the University of Alberta. He had been recommended by Paul Boothe. For a year, Andrew had been the academic in residence at Environment Canada when Paul was the deputy minister. He had also written many thoughtful articles on the oil sands for *Macleans*'s magazine. We had a good discussion about the project, and he was quite interested. He was hesitant, however, given the impact it could have on his academic career. Universities are not known for recognizing practitioners' work. With a few strategic phone calls, including one from Minister of the Environment Shannon Phillips and another one to the Dean of the Alberta School of Business, Andrew felt able to accept the job of chairing the Climate Change Advisory Panel. Four additional members were named shortly thereafter.

Throughout the summer and fall of 2015, the panel met with farmers, business leaders, academics, and environmentalists. It also hosted several information sessions. The report the panel submitted in October provided the intellectual underpinning of the government's final policy.

In parallel, a group of individuals representing major oil and gas companies and environmentalists had been meeting informally to discuss measures that could be taken to feed into the policy process. Brian Topp and I occasionally participated during their weekend stock-taking sessions. In late October, the group asked if Brian and I could join them as they finalized the package. When consensus was reached on the key points, including a cap on emissions, Brian asked all participants to sign a placemat-type document. He wanted it for historical purposes, but also to reduce the risk of backsliding. We then took the package to the Premier. After a solid discussion, she agreed to make this agreement part of the Alberta government's policy.

A few days later, on October 22, Andrew Leach, Brian Topp, and I flew to Ottawa to meet Janice Charette, Clerk of the Privy Council, and Gerry Butts, Principal Secretary to Prime Minister-Elect Justin Trudeau. Over dinner in the ByWard Market, we discussed the major elements of the emerging Alberta climate change policy. The response from the two federal interlocuters was very positive. The final plan merged the consensus proposals from the industry and environmental groups with proposals that Andrew Leach and his panel had developed.

On November 22, Premier Notley announced the plan that Alberta would be taking to the COP meeting in Paris. She shared the stage on that occasion with a number of stakeholders. They included industry leaders such as Murray Edwards, CEO of CNRL; Brian Ferguson, CEO of Cenovus; and Lorraine Mitchelmore, CEO of Shell Canada; and environmentalists such as Steven Guilbeault, Ed Whittingham, and Mike Hudema from Greenpeace. Treaty 6 Grand Chief Tony Alexis was also present. Murray Edwards's comments are worth noting. He said, "On behalf of CNRL, my colleagues from Suncor, Cenovus, and Shell, we applaud Premier Notley for giving us leadership on climate policy."

The plan, he said, “recognizes the need for a balance between the environment and the economy.” The other individuals on stage basically provided a similar message.

Four key factors were critical to forging the agreement. First, there was the political determination and conviction by the government to develop a substantive plan. Second, there was meaningful engagement, behind the scenes, with industry and environmentalists to find appropriate accommodation. Third, the chair of the consultation panel was articulate and thoughtful. Fourth, the public service played a role appropriate to the process.

### The Royalty Review

Policy reviews on royalties have always been contentious in Alberta. The last one, under Premier Stelmach, caused no end of grief for all participants. When she was an MLA, Premier Notley had introduced a private member’s bill in the legislature to recalibrate the amount the oil and gas industry would have to pay, as well to develop a new governance model for the allocation of these funds. In the early weeks of her premiership, she expressed no interest in reintroducing her former private member’s bill as a government-sponsored bill. As she put it, such a bill would not be fitting for a premier. Having said that, she was still very interested in reforming the royalty regime.

Since I did not believe that either Finance or Energy had the capacity to undertake this foundational policy review, I discussed with Brian the concept of another panel and suggested some options for the chair. He had some names himself. We agreed to recommend to the Premier the current President of ATB, Dave Mowat. We then worked with Dave and other officials to recruit other panel members. We recommended Peter Tertzakian, a highly respected economist based in Calgary; Annette Trimbee, former Alberta Deputy Minister of Treasury Board and Finance, and now President of the University

of Winnipeg; and Leona Hanson, Mayor of Beaverlodge, in northern Alberta. The Premier accepted our recommendations.

This panel met with industry, communities, technology experts, and civil society leaders. The report recommended a net-revenue approach similar to one used for the oil sands and production-sharing frameworks that were common around the world. It also recommended that pre-payout rates and post-payout rates vary with commodity prices. For the oil sands, the panel did not recommend any changes to royalty rates or structure.

The government accepted the panel's report, even though the NDP had campaigned on major changes to the royalty regime. When asked why, the Premier noted that "times had changed. The government had to work within the economic challenges that the industry was facing. The reality was much different than eighteen months before."

The panel was successful for exactly the same reasons as the Climate Change Advisory Panel. The difference was that the political goal in this case was to do no harm in an already-fragile environment.

### **The Capital Plan**

A third area where the new government sought external expert advice was on the Capital Plan. David Dodge, former Governor of the Bank of Canada, was retained to provide advice on "the overall size of the Capital Plan, the availability of labour, and the potential impact of inflation." The government wanted to find the right balance between delivering services to Albertans, building infrastructure for the growing population, and financing the plan in the current economic climate. David's report was released at the same time as the interim budget in the fall of 2015. It provided a solid and responsible framework for the Capital Plan.

### Agencies, Boards, and Commissions

Like all provincial governments, Alberta has a large number of agencies, boards, and commissions (ABCs) — about three hundred of them when the NDP came to power. These included Canada’s largest operating Crown corporation, Alberta Health Services (AHS), with a budget of \$14 billion and a staff of over 100,000 employees; AIMCO, the investment manager for pensions, endowment, and government funds in Alberta; ATB, Alberta’s big non-bank financial institution; and the Alberta Energy Regulator. There were approximately thirty-five other major organizations of different scales and budgets headed by CEOs or their equivalent. Over the course of her first nine months, the Premier focused on dealing with governance gaps at AHS, recalibrating the compensation of the boards and CEOs of the major agencies, and enhancing transparency.

#### Establishing a Board at Alberta Health Services

At the time, the largest Crown corporation in the country was accountable to an administrator. This “governance model” had been in place since the government of the day had fired the board over a compensation matter in 2012. This approach had several dysfunctional implications, including the blurring of lines between the Ministry of Health and AHS. It became quite common practice for officials in the ministry, at various levels in the organizational chart, to share their best advice with executives in AHS. At times, this advice would be upgraded to strong suggestions. This “model” also reduced the capacity to hold AHS executives accountable. Lastly, it reduced AHS’s ability to hear comments and perspectives on regional health care delivery operations directly at a board level.

The matter was brought to Cabinet, which, after some discussion, endorsed the recommendation by the Premier and the Minister of Health to establish a board of directors. Linda Hughes, former publisher of the *Edmonton Journal* and former chancellor of the

University of Alberta, was appointed as the first chair. The government subsequently appointed other superb board members, such as Glenda Yeates, former Deputy Minister of Health in Saskatchewan and Ottawa. In an unusual move, the Premier also appointed me as a board member.

### Executive Compensation

Establishing the appropriate level of compensation for executives in Crown corporations is an issue that has challenged most provincial governments. Alberta was not an exception. There were several head scratchers. For example, the CEO of a Crown in Alberta with the same line of business as his Ontario counterpart was making twice the salary but had only one third of the volume of work. The CEO at the Alberta Energy Regulator was, by far, the best-paid regulator in the country. It seemed that several CEOs had benchmarked themselves against senior executives in the oil and gas industry and other global entities that were not appropriate comparators.

The matter came to a head when the job of president and CEO of a regulatory agency became vacant. These types of jobs are not easy to benchmark from a compensation perspective. At the end of the day, it was decided that the job would pay up to \$500,000, which represented a \$200,000 decrease from the compensation of the previous incumbent. The board was concerned that it would not be able to find a competent CEO for such a reduction in salary. Working closely with a search firm, the board presented a top-notch individual but who was unwilling to take a pay cut. The Premier showed resolve, however, and did not pursue the appointment, knowing that this would set an early precedent for future appointments. Another well-qualified and experienced candidate was found to fill the job at the lower compensation level. The Premier had taken a risk and had won, setting the tone for a disciplined approach to compensation



reform in the ABCs. I became less attached to selective peer group benchmarking.

We then focused our attention on the top twenty or so highest-paying CEO jobs in the ABCs. To initiate the process, I asked board chairs for an analysis of how the corporation had arrived at the compensation framework for its CEO. In a second step, staff provided comparisons from Ontario and British Columbia via publicly available information. Third, a group of senior deputy ministers was convened to review the challenges of these jobs and current compensation frameworks. They were also asked to make recommendations, based on the information gathered and their professional experience, of appropriate adjustments to the compensation of CEOs. Finally, a reputable national consulting firm was engaged to help set compensation ranges better aligned with core public service salaries in Alberta and more reflective of national broader public sector compensation norms.

Cindy McKinley, who had worked with me at the Department of Secretary of State, was the executive director of the project. She was calm, deliberate, and very focused. In particular, she was most helpful in answering all of the Premier's questions. The Premier and the Minister of Treasury Board and Finance approved the new pay levels. In many cases, the recommendations were below the current rate. To avoid having these decisions challenged as constructive dismissal, enabling legislation to apply compensation frameworks to designated executives and agencies was introduced, and it was agreed that incumbents would be informed of the new lower salary levels, but that those would be implemented only after two years. This approach provided stability, and gave the incumbents an opportunity, if they wished, to look for another job at a salary level that, in their view, was commensurate with their skills.

### **Compensation Transparency**

To enhance transparency, the government decided to subject the majority of ABCs to compensation disclosure. The only exceptions were those, such as ATB or AIMCO, where the public interest would not be served by disclosing compensation information. In fiscal year 2016/17, all employees of the GoA and of ABCs who made more than \$125,000 had their salary disclosed.

### **The Senior Personnel Committee**

One of the most important aspects of being a DM or ADM is talent management. Early on, I turned my attention to establishing a committee of five seasoned deputy ministers to provide central coordination on talent management and to advise me on the readiness of ADMs to become DMs. One of these deputy ministers, Marcia Nelson, was given a new role as Associate Deputy Minister of the Executive Council. In addition to assisting with our overall capacity to deal with issues and priorities, Marcia helped to maintain a steady focus on talent management and provided continuity when I stepped down after fulfilling my original commitment of eighteen months as deputy minister.

The specific remit of the talent management committee was to receive and discuss with DMs on an annual basis the performance appraisals of all ADMs, and to review on a regular basis job opportunities for ADMs and identify potential candidates. The committee was charged with developing an in-house training program for all new ADMs and those appointed in the recent past. The committee became a focal point where executive leadership matters could be discussed and followed up on, and that maintained a watching brief on governmental priorities to ensure that the best and brightest were deployed to priority areas. All this was done without impinging on the ability of DMs to recruit their own senior staff.

## **CONCLUSION**

The April 2016 budget, coupled with the policies that emerged from the two panels, were the signature pieces of the first year of the Notley government. They were driven by values, principles, and pragmatism. Industry saw a leader with whom they could do business. The fears of some in the capital markets of having a “new Hugo Chavez in drag” were buried.

# CHAPTER 17

## MINISTERS AND PREMIERS

### MINISTERS

Over the years, I have worked as a deputy minister or assistant deputy minister for twenty-five ministers and a dozen ministers of state. In law, all ministers are created equal. In practice, this is not the case. Some ministers were singularly better than others. The ones that stand out for me are, in alphabetical order, Perrin Beatty (1990–91), Lucien Bouchard (1987–88), Jean Chrétien (1980), David Crombie (1986–87), Ruth Grier (1992–93), Marc Lalonde (1978–79), and Jim Prentice (2007–08).

The ministers on my list share some common characteristics. They wanted to get things done. Being a cabinet minister was an opportunity to pursue the public interest. Lucien Bouchard was very supportive of literacy initiatives. One evening, he told me how his father, who was not well educated or very literate, saved all he could so that his children could have the best possible education. Bouchard wanted to use his post as a minister to help people improve their literacy skills. Perrin Beatty wanted to help people with AIDS. Jim Prentice saw his role as Minister of Industry as a platform to enhance the competitiveness of Canadian businesses and help them grow. These ministers were not super partisans. Obviously, they all had a political affiliation, but this “affiliation” was not, however, their North Star.

David Crombie always had a sunny disposition and outlook on life. Meeting with him was never an exercise in terror. He knew

what he wanted to achieve and set about doing it in a constructive, cheerful, and positive manner. Marc Lalonde was a very smart person who had initially come to Ottawa as a political assistant to the PC minister of justice, Davie Fulton. He was polite, efficient, and very outcome oriented. He set high standards for himself and expected others to follow suit. He always read his files, and was prepared to discuss and decide. He would have been a superb CEO.

Jean Chrétien brought passion and strategy to the table. He was also very focused on priorities. At one point in April 1980, some officials tried to brief him on strategic options in case the YES side prevailed. He had read the twenty-page memo and advised the officials to destroy all copies of this defeatist note. There would be lots of time after the referendum to consider the results if the YES side prevailed. He did not have time to waste on this. He wanted to spend his time on winning the referendum.

Jim Prentice cared about being a minister of the Crown. He understood the power and the limitations of a minister. He was a man for all seasons. He was always engaged whether he was in meetings with captains of industry, environmentalists like David Suzuki, or Indigenous leaders. He understood that the life of a cabinet minister is measured in months, not years. He always wanted to make every day count.

Ruth Grier was an environmentalist. She wore that label with pride. She introduced a number of tough environmental measures, but she was always conscious of the reality that she could introduce these measures only because her party was in power. While she focused on the environment, she always tended to her role as a senior minister in the Rae government.

All of these ministers were attentive to their brief. Some, like Jim Prentice and Marc Lalonde, were voracious readers: the longer the note, the better. All these ministers were polite toward officials, and

had staff that emulated them. They had great integrity, and motivated individuals to try hard to assist them. They trusted their officials. In sum, they were all individuals with whom it would be stimulating and enjoyable to take a train trip from Montreal to Vancouver.

Diane Ablonczy deserves a special mention. She was elected to Parliament as a Reform Party candidate in the riding of Calgary North in 1993. In 2008, she was appointed Minister of State for Small Business and Tourism, and was the minister responsible for overseeing the Marquee Tourism Events Program described earlier. In the second tranche of funding allocations, officials provided Minister Ablonczy a list of projects that all met program criteria and stood at the top of eligible projects. The total value of projects submitted was double the amount of available funding for this tranche.

The rationale behind this approach was that I did not want to constrain the minister too tightly. In this highly discretionary space, ministers and their offices should not be hostage to the advice of bureaucrats. Quite consciously and deliberately, Minister Ablonczy decided to allocate \$400,000 to the organizers of the Toronto Pride event. This amount was in keeping with other projects being supported, such as Caribana and the Montreal Jazz Fest. However, it was different in one key respect. It was very contentious politically within the Conservative caucus. Prior to officially approving the grant and issuing the press release, I double-checked with her: “Are you sure you want to do this?” “Yes Richard,” she replied, “I want to do it because it is the right thing to do.”

I felt fortunate to have had the opportunity to assist these individuals as they pursued the public interest.

### **PREMIERS**

I worked directly with premiers Mike Harris, Jim Prentice, and Rachel Notley. They were different individuals with very different

political philosophies. All took office somewhat unexpectedly. For Harris and Notley, public opinion surveys did not project them as winners in the months preceding their election. For Prentice, he was comfortably ensconced as a Vice-Chair at CIBC. Re-entering politics was not part of his personal strategic plan.

Harris and Notley had strong personalities and felt deeply about what they wanted to do. They were, however, generally open to advice. They knew what they did not know and understood that they had to close the gap if they were going to be good premiers. Mike Harris made the time available for matters related to the 1995 referendum and the post-referendum issues. The “National Unity” file was not in his “Common Sense Revolution” platform, but he knew that the Premier of Ontario had the responsibility to play a role and make a contribution to national politics.

Jim Prentice wanted to unify civil society in Alberta, and guide the province toward a more modern version of itself. He understood that the world was changing and that Alberta had to change. He wanted to achieve those changes as constructively as possible.

Rachel Notley had campaigned on a detailed platform document. Reassuring capital markets in New York and Toronto that she was no Hugo Chavez in drag was not part of her platform. She understood intuitively that communicating with the investment community on Wall Street and Bay Street was something she had to do and do well.

Harris, Prentice, and Notley always put in the required hours. But they also had the capacity to leave most of it behind when they got together with friends and family. This gave them balance and perspective. Harris and Prentice loved to play golf. Notley was an avid jogger.

Harris and Notley both had a temper that they would lose from time to time. Prentice was somewhat calmer, but had a way

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of expressing his feelings. For example, he once told his senior political and bureaucratic staff, “I am no longer mad, now I am just disappointed.”

To me, it showed they all cared and were prepared to trust the individuals they were arguing with. Being on the receiving end of a torrent of unpleasant comments was at times difficult, but I preferred it to the politician who withdraws behind closed doors and lambastes officials in their absence. All three premiers felt they could trust me, and I felt that I could trust them.



# CHAPTER 18

## **PUBLIC SERVICE IN A NEW CONTEXT**

Senior public servants today face a significantly more complex environment than I ever had to deal with in my career. They must deal with a news and social media cycle that never rests and a business model that can't rest, increasingly atomized stakeholders, the significant growth in the number and roles of staffers in minister's offices, and the purposeful and, at times, accidental drift toward the empowerment of central agencies.

### **MEDIA AND SOCIAL MEDIA**

There is no such thing as a media deadline anymore. The online edition is always available for update. The business model for print media continues to be a work in progress as advertisers experiment with different platforms. This evolution is also affecting the print media's role as an important societal influencer and agenda setter. Some iconic media figures are raising existential questions. Peter Mansbridge, on *The Bridge Podcast*, had an episode entitled "Is Print Journalism Dying?" Maureen Dowd of the *New York Times* wrote a column entitled, "Requiem for a Newsroom." Another indication of decline is the decreasing impact of the editorial pages of newspapers. In the 2016 presidential campaign, Hilary Clinton received the endorsement of fifty-seven major newspapers. The winner, Donald Trump, was endorsed by two. Print reporting is still part of the political ecosystem, but it does not have the same market share as before. Yet print media continue to seek to reclaim their past glory days.

The situation for mainstream broadcasters is similar as they face the reality of declining audiences and its corollary, declining advertising revenue. Different networks try different strategies to increase viewership or at least to stem the decrease. Some are successful, some are not — for instance, the dismissal of Lisa LaFlamme was not CTV’s finest hour. “Breaking News” is now a familiar catchphrase for broadcasters. The importance of the news that is being broken is not always consistent.

Social media continues to grow as more individuals, especially young people, get their information from non-traditional sources. Social media provides an endless source of news nuggets, rumours, facts, alternative facts, weird storylines, and theories of varying degrees of plausibility. It also provides an echo chamber for people to hear what they want to hear. Social media also provides, as Danielle Smith discovered in the 2023 Alberta election, a treasure trove of everything that a politician has said in the past five years. The bizarre and unsubstantiated rants of various intervenors can generate as much, if not more, viewership and advertising revenue as a thoughtful discussion of the pros and cons of a given policy.

In combination, these factors result in unpredictable outcomes. Some news items feed off the combustion of mainstream and social media and create sustained fireworks. Other items suddenly trump yesterday’s and take over. It is more difficult to determine what is news, who should or should not be believed, and what proactive communication effort should be undertaken to better communicate the preferred storyline. My world as a senior public servant was much simpler.

### **THE INCREASING ATOMIZATION OF STAKEHOLDERS**

In the past, national bodies helped achieve societal consensus and had more power. They now share the stage with narrowly

based groups that are often focused on a single issue and a single community. National organizations such as the Canadian Chamber of Commerce, the Canadian Labour Congress, and the Business Council of Canada are all still present, but their influence as opinion shapers is not what it used to be. There are fewer incentives for more-focused stakeholders to compromise or pour a bit of water into their wine. The supporters will be more easily rallied if the cause is not diluted because of a compromise. A recent poll by Innovative Research asked Canadians if they felt government cared more about special interests than about the average person. Seventy percent supported this view, eight percent disagreed, and the rest did not have a view. The diversity of stakeholders and their ability to reach very narrow audiences creates a much more complex environment than the one I dealt with. It is more difficult to forge a broadly based coalition. Multisectoral and regional coalition building is a more time-consuming and complex manoeuvre.

### **THE GROWTH IN THE NUMBER AND ROLE OF STAFF IN MINISTER'S OFFICES**

Every administration over the past fifty years has built on the achievements of its predecessor and increased the size of its political staff. Retrenchment in the scope and numbers in minister's offices has historically not been in the playbook of a newly elected government. In the late sixties, under Prime Minister Pierre Trudeau, ministerial offices had approximately four staffers. The Mulroney government doubled that number and changed the titles from executive assistants to chiefs of staff. The Harper government enhanced the power of minister's offices by having, among other things, political staffers attend cabinet committee meetings and by institutionalizing the concept of the Four Corners meetings — the four corners being the department, the minister's office, the Privy Council Office, and the Prime Minister's Office. The scope of the Four Corners meetings had

no boundaries. Moreover, one corner was always more powerful than the other three, thereby reinforcing the role and power of the PMO.

The Justin Trudeau government increased the number of ministers and thereby the number of staffers to support each minister. They also began to codify functions and establish specific positions. Minister's offices now have a chief of staff and often a deputy chief of staff. They have directors of policy, of appointments, of issues management, of communications, and of regional operations. These executives are supported by policy and communications advisors. Minister's offices can easily reach a total of thirty people. In *The Rise of Political Advisors in the Westminster System*, author Yee-Fui Ng states that, among Westminster governments, Canada has by far the greatest number of political advisors — Canada has a lot of ministers, and each minister has a lot of advisors.

The United Kingdom has a population of 65 million and a House of Commons with 630 members. As of the end of March 2022, there were approximately 126 special or political advisors in the UK government. Moreover, to ensure appropriate transparency and visibility, the names and compensation of each advisor are published. It is fair to say that Canadian ministers benefit from a lot more political advice than do their counterparts in the United Kingdom, New Zealand, or Australia.

The multiplicity of political advisors in Canada has governance implications. For example, it contributes to spending more time on narrow issues — that is, the remit of a specific advisor — than on broader strategic issues. Everyone needs to have a share of the pie, no matter how small. Moreover, the greater the number of advisors, the greater the number of issues that warrant the value-added contribution of a ministerial staffer. The senior public servant is increasingly forced to spend more time on issue management, at the expense of department management and strategies.

The great majority of political advisors work in partnership with the senior public service to protect and enhance the public interest. Having said that, it is likely that, within this large group — say, around five hundred — there will be some who value friction over collaboration, some who are in over their head, some who don't stick to their swim lane, and some who don't appreciate the concept of an arm's-length Crown corporation.

The greater the number of advisors, the greater the likelihood that some unwittingly might be the source of problems. Having said that, it is important to note that smaller ministerial offices are not necessarily a guarantee of competence and integrity. For example, in 1964, Raymond Denis, executive assistant to the Immigration Minister, offered a \$20,000 bribe to a lawyer to drop his opposition to a bail application of Lucien Rivard, an alleged drug smuggler. In 1985, Rick Logan, chief of staff to Defence Minister Bob Coates, organized a late-night visit to a Berlin nightclub for his minister that featured nude dancers and pornographic movies. This was not a great photo-op for a minister of national defence. The point is that, if you have more than five hundred political assistants, it is more likely that there will be a problem of some sort than if you had one hundred assistants. This is especially true if the vetting/recruiting process is uneven.

The body politic will come to a consensus at some point about the scope, size, and remit of minister's offices. I am not arguing to go back to the "good old days." I am, however, advocating that, if the government of the day believes it needs a large minister's office, it should institutionalize the talent management of the group concerning recruitment, training, and job descriptions. Informal processes work when numbers are small. Beyond that, there is merit in a more systematic overall governance of minister's offices.

The other effect of having up to thirty assistants in a minister's office is the diminished likelihood that an assistant can speak directly to the minister. Senior public servants thus have to consider the input of ministerial advisors who come to the table with varying degrees of access to the minister and unequal judgment and insights. This combination does not enhance the quality or efficiency of decision-making in the public interest.

### **THE DRIFT TOWARD THE EMPOWERMENT OF THE CENTRE**

Donald Savoie has written at least three books on the purposeful, but at times accidental, drift toward increasingly powerful political centres in Canada over the past two decades. Other scholars have opined on the same issue — it is a development occurring in many Western countries.

A number of factors have contributed to this trend. First, election campaigns are increasingly leader focused. Although every party has a policy platform, the emphasis is most often on the leader. Once in power, leaders understandably can claim that the party was elected due to their efforts, and often wish, therefore, to take a larger role in the affairs of state. Leaders will tend to surround themselves with like-minded people. Some leaders, such as Jason Kenney, go a step further by taking a very direct and substantial role in crafting the platform. Mr. Kenney was both the policy developer and chief spokesperson. This combination can lead to a certain degree of hubris.

Second, the preparation and public release of mandate letters from the leader to ministers is a recent addition, relatively speaking, to the public administration toolkit. It is an innovation that without a doubt reinforces the power of central agencies. It remains, however, of questionable value in terms of usefulness and effectiveness. Why, in this era of ubiquitous social media, with constantly changing circum-

stances, does one want to pour cement on a series of measures and evolving priorities that might be irrelevant in nine or twelve or fifteen months? Why make commitments when the fiscal environment is so fluid and unpredictable? Why provide lists of dozens and dozens of activities and measures without producing a sense of priorities? Performance goals are a key part of performance management. They differ from mandate letters because they get updated as circumstances change, and they are not public. These two instruments should not be confused.

Third, another relatively recent development is the centralization in the PMO and in the premiers' offices of the appointment, promotion, and dismissal of political staff. Bill Morneau spoke about his surprise when he discovered that the trusted Liberal operative he wanted to appoint to be his chief of staff was not the first choice of the PMO. He acceded to the suggestion from the PMO. This is not unique to Canada. In the United Kingdom, a similar situation arose that had a different outcome. Dominic Cummings, who was Prime Minister Johnson's chief aide, wanted to appoint people to the Office of the Chancellor of the Exchequer. The minister did not agree and resigned.

All these factors contribute to varying degrees to reducing the power of ministers and enhancing the space of central agencies. Donald Savoie may indeed have a point. For the senior public servant, it means that the approval process can be long and the path to decision-making is not linear. In addition to the solid work that needs to be done regarding analysis, stakeholder consultation, intergovernmental consultation, and support from the appropriate ministerial staffer(s), there is a need to navigate the shoals of the central agencies.

Much of the literature on the federal government has focused on the growth of the PMO. It is important to note, however, that

other agencies, such as the Treasury Board Secretariat — including the Office of the Comptroller General and the Office of the Chief Human Resources Officer — the Privy Council Office, and the Department of Finance have also grown in stature, size, and scope. Given the 24/7 news cycle, there is a high likelihood that someone, somewhere, will screw up. It is also as likely that someone in some central agency will step forward courageously and identify the need for a new controlling rule or dictum to avoid similar circumstances occurring ever again.

### **THE INCREASING LACK OF TRUST IN INSTITUTIONS**

Trust in institutions is decreasing and is increasingly fragile. The changing relationship of trust between individuals and governments is highlighted in the annual Edelman Trust Barometer: all of the trust indicators are trending lower. The COVID-19 pandemic, in particular, had an impact on trust with respect to institutions, government, and health advisors. Credibility, however, is built on trust, and societal trust is an essential commodity for senior public servants who are trying to shape the public good. It is important for the public to give government the benefit of the doubt.

As in many other countries, the trust deficit in Canada is being driven by the rise of “populism” and a multiplicity of social media platforms. It is also fuelled by declining faith in national institutions that used to be more credible: the RCMP, which has had multiple scandals over the past fifteen years; the Senate, which has been embroiled in internal ethical battles; and the CBC/Radio-Canada, which has lost trusted anchors such as Knowlton Nash, Peter Mansbridge, and Bernard Derome.

Senior public servants currently face a more skeptical public than I ever did in my period as a senior official. Wicked problems such as national and regional reconciliation with Indigenous



communities, climate change, and lagging productivity have not gone away. They are as wicked as ever. What has changed is that the environment within which senior public servants must do their job is much more fractured and polarized. Consequently, few people or institutions have the benefit of the doubt.

### **MANAGEMENT**

There is no magic potion or recipe that will assist a DM, or an ADM, or the CEO of a Crown corporation in dealing with all the new factors that have emerged in recent years in addition to the ongoing challenges that have always been inherent in the job. I do believe, however, that there is merit in considering a back-to-basics approach to modern public administration.

#### *Focusing on Getting Things Done*

Hundreds of books have been written about public sector management and thousands about management in general. It would be presumptuous to seek to add to this voluminous literature. I would note, however, four principles that have often guided decisions throughout my career. First, flowers do not grow any faster if you pull on them. Second, engagement with stakeholders needs to be strategic. Third, communications need to be done with a purpose. Fourth, metrics, outcomes, and milestones (MOMs) must be part of all policies and programs.

#### **Flowers**

There often have been circumstances where the decision-makers wish to accelerate the process and make an announcement before implementation plans have been finalized, or the appropriate due diligence has been conducted, or work with stakeholders has been only partially completed. A few examples of decisions that would have benefited from more time include the early announcement

of the massive changes to the *Unemployment Insurance Act* in 1972, and the very quick decisions by the Ontario Hydro board regarding the nuclear recovery plan or the desire to shut coal plants in haste. It is a flawed assumption that flowers can grow faster if one pulls on them or that outcomes will be achieved faster if political leaders insist forcefully. It is fair to state that bureaucracies at times can be overly cautious in implementing change. The prudence that seeks to differentiate between rhetoric and reality should not be perceived as disloyalty. Flowers need time and sunshine to grow. Insisting that matters should proceed faster — that is, without appropriate planning — undermines the public interest.

### Strategic Engagement

A few years ago, I was putting up a bird feeder in my backyard. I remember coming home the following day and noticing that many of the bird seeds were on the ground. No birds were visiting the bird feeder, and a squirrel was feasting on the seeds. I quickly sprang into action and moved the bird feeder to a more secure location. The following day, I was forced to confront reality. The score was Squirrel 2, Dicerri 0. The squirrel had beaten me again. The birds were still crying, and the squirrels were still laughing.

In reflecting on this situation, I had a profound glimpse into the obvious. The squirrel was working on this project full time. When he was not sleeping, he was focused on getting at the seeds on the bird feeder. I, on the other hand, was devoting only one or two minutes per day to the project. The “quality” of my work was no match for the relentless squirrel.

From a management perspective, I learned that I needed to offset the squirrel’s time advantage. This principle applies to many situations in government. Stakeholders will always spend more time and be more single-minded about their desired outcomes. Ministers and deputy ministers will always be preoccupied by many other prob-

lems and issues. If the issue is sufficiently important, however, they need to reallocate discretionary time. Governments have an array of instruments that can be used to prevail on public policy issues. These instruments include appointments, fiscal levers, and broader policies. This array of instruments needs to be used in a strategic and coordinated manner.

### **Communicating with a Purpose**

Now, more than ever, there is a need to explain and communicate the why and the how of government decisions. I recall a conversation I had with my mother during the financial crisis. The subject of the GM restructuring came up. My mom was in her late eighties and still an active consumer of news and public affairs. She listened patiently to my description of our efforts to save GM. She had two questions. The government had been saying forever that it did not have discretionary money, so, she asked, where did \$10 billion come from? I responded to the best of my abilities, but my explanation, in her eyes, was not totally credible. She went on to her second question. Can you guarantee that politicians won't go after my government pension? In this era of the ubiquitous social media, where everyone is being bombarded by tweets, Instagram posts, and Facebook notifications, government must fight for market share as a transmitter of trusted information. Public policy without the support of the public does not have a long shelf life. Commonsense explanations of solutions to complex problems must always be part of the package.

### **MOMs**

Peter Drucker, management guru, is credited with a much-used dictum: What gets measured, gets managed. Too often, outcome measurements are confused or substituted with the amount of money that is going to be spent on a given initiative. Milestones are

often confused with input measures. Further, stated milestones are sometime related to items of secondary importance.

The Pickering Unit 4 return to service did not have good metrics for a successful outcome. The “earned value report,” on the other hand, for the Pickering Unit 1 return to service was useful and reliable. The setting of specific objectives for government policies will always be more complex than for the private sector. Neither will they be as precise. The complexity of the task was one of the reasons the government’s Science and Technology Strategy mandated the creation of an arm’s-length body, the Science and Technology Council, to prepare a biannual report on the state of science and technology in Canada. Likewise, the RCMP has had challenges in dealing with and policing Indigenous communities. The RCMP therefore committed to having a national reconciliation strategy with Indigenous peoples. While progress has been made, given the many dimensions of this objective it will not be easy to track and define success. This initiative needs specific outcome measures if the RCMP is to make progress.

In a nutshell, one should always be clear about what will be done, by when, and for what reasons. There needs to be a clear understanding of who the supporters and opponents will be, how the initiative will be communicated, and how success will be measured.

### *Talent Management*

Talent management is the key that unlocks all doors. It is an activity that needs to be sustained in a rigorous manner on an ongoing basis. It is not a sporadic action that gets undertaken when there is a vacancy or when it is time to do performance appraisals.

The debacle of the Pickering restart was, in part, caused by inept talent management over the previous decade. It was characterized by the inadequate development of nuclear executives,

inadequate recruitment processes, and flawed assessment processes. It almost sank the corporation.

There are four key areas in talent management. Recruitment is the essential first step of a solid talent management strategy. The second step is training. There should always be a training and development program for senior executives to enhance the likelihood that they will reach their full potential and to ensure they keep learning as they move up the organizational chart. Programs I have used include the Judy Project at the Rotman School of Management, the Advanced Leadership Initiative at the Harvard Business School, and the Senior Public Sector Leader Program at the Ivey Business School. There is also merit in developing targeted programs that focus on the needs of the whole organization. At Industry Canada, we supported the development of a week-long in-residence program at the Ivey Business School for junior executives. The goal of the program was to enhance the business knowledge of Industry Canada executives. In Alberta, we developed an in-house program for ADMs to ensure that they all had the fundamentals of what it meant to be in that role.

The third step in talent management is performance appraisals. These need to matter. To make them work, the desired outcomes, critical milestones, and metrics for success must be established. Feedback needs to be offered regularly and constructively. This type of appraisal process helps executives do their job better and get promoted. It also facilitates the redeployment or termination of those who are underperforming.

Large organizations need to have the central capacity to plan and execute the talent management strategy. This is the fourth step of an effective strategy. In the 1970s, the Public Service Commission had this capacity in Bert Wisking. He and his team interviewed all candidates recommended by deputy ministers for the senior executive

ranks. The Alberta government was at the other end of the spectrum. This led to a situation where I was asked to approve three recruitment ads for three DM positions on my first day. Having a central planning capacity facilitates the redeployment of high achievers to critical roles. The accountability for recruitment must remain with the executive lead.

### *Oversight Reports*

Delegation is essential in the management of large organizations, especially given the ubiquitous presence of social media. It is essential, however, for DMs, CEOs, and boards of Crown corporations to have reliable and regular oversight reports. Inadequate field reports about the number of delayed employment insurance claims contributed to management delays in coming to grips with the real scope of the problem. The boards of Ontario Hydro and Ontario Power Generation did not receive accurate and regular progress reports on the return to service of Pickering Unit 4. On the other hand, the reports produced by the law firm Schiff Harden on Unit 1 were of significant benefit to the board and the project management team. At Industry Canada, the biweekly reports that outlined what had been done in the previous two weeks, what was going to be done in the next four to six weeks, what were the potentially incendiary files, and what was going to happen strategically in the next six months were central to my stewardship of the department. I used the same model with deputy ministers in Alberta. In both cases, written and/or verbal feedback was provided to ensure that we were always on the same page.

### *External Perspectives*

Andrew Leach, Ron Watts, and Ken Roberts all shared a common characteristic. They came from outside regular management.

Andrew, a tenured professor at the University of Alberta, chaired the Climate Change Advisory Panel. Ron was a former Principal of Queen's University and Assistant Secretary in the Privy Council Office who helped shape the government's constitutional proposals. Ken, a partner at Schiff Hardin, provided oversight reports on nuclear refurbishment. All contributed in different ways to enhancing the public interest.

Seeking and integrating external advice in the development of policy via advisory panels is a path governments and senior officials are increasingly choosing. Governments convene panels for different reasons — for example, there might be inadequate capacity in the public service to develop new policy. As well, there might be a need to consult the general population and stakeholders or public attention on a given matter, or for a fresh set of eyes to consider a wicked problem.

Over the course of my career, I have facilitated the establishment of panels such as the Climate Change Advisory Panel in Alberta (2015), the Expert Panel on Research and Development in Ottawa (2010), the Competition Policy Review Panel in Ottawa (2006), and the Advisory Panel on the Future Direction of Post-Secondary Education in Ontario (1996). I have received panel advice, such as that of the Manley Panel on OPG (2004), and I have led panels, such as the Ontario Energy Board Modernization Review Panel in Ontario (2017–18).

The rise of advisory panels has occurred as the previous mechanisms used to consult have decreased. For example, white papers and green papers have almost disappeared as consultations mechanisms. The same is true for Royal Commissions. There are several reasons governments do not use these types of instruments. One important reason is the ubiquitous nature of social media and its capricious demands. For example, let's say a government issues a white paper

that sets out its desired outcomes, key principles, and some implementation options. The key issue for which the government wishes to receive advice is implementation. Social media commentators will quickly challenge the objectives, the principles, as well as the options. If, during the feedback period, the government seeks to respond, it would quickly be criticized for “not really wanting to consult and listen to the people.” Alternatively, if it does not respond or comment, it leaves its proposal to suffer death by a thousand cuts/tweets.

The decline in the use of Royal Commissions can also be linked to social media. These days, there is no tolerance for responses that take a long time to gestate. There is an increasing belief that matters are not as complicated as people make them out to be. Therefore, the use of Royal Commissions that take years is seen as a colossal waste of time and money, especially since there is always someone on social media with a faster, cheaper proposal.

The establishment of an arm’s-length panel is a much safer and faster way of consulting the public and getting policy advice. Some panels have been successful, others less so. Looking back, the panels that have worked have had some of the following characteristics.

First is the quality of panellists. Panels live or die by the quality of the individuals who agree to sit on them. Panellists must come to the task at hand with knowledge and an open mind. Many panels do not clear the trees on takeoff because the panellists are not credible as independent policy advisors. Andrew Leach for the Climate Change Advisory Panel, Red Wilson for Competition Policy, and John Manley for OPG all began with their tasks with a foundation of credibility.

Panel size is important. Panels work best if they have between three and five members. Larger panels run the risk of having panel members participating at different levels based on their available time. Panels become somewhat dysfunctional if, for example,



three panel members have a lot of discretionary time and three members have other responsibilities that preclude devoting the required hours. A three-to-five-member panel provides adequate flexibility to have regional and sectoral interests appropriately covered.

Every good panel needs to have a competent scribe who can write up in a user-friendly manner the policy framework that is being considered, the nature of feedback from the consulted community, and the report and recommendations. This role can be performed by the executive director of the panel or another staff member. It is important to assign this accountability early in the process.

Without tipping its hand explicitly, a successful panel maintains an ongoing dialogue with government officials. Few people in government enjoy surprises. At the end of the day, informal dialogue that does not compromise the integrity of the report enhances the likelihood of getting traction on the recommendations.

Successful panels operate within an appropriately defined time frame — in months, not years. The likelihood of the panel's success will be enhanced if its mandate is clear to stakeholders and to the general public.

In many ways, these points are all profound glimpses into the obvious. It is nevertheless noteworthy that they do not always get implemented. In the future, government will increasingly use external panels to assist in policy development. Panels bring new insights and are transparent. The era of white papers and Royal Commissions has passed, and will not return any time soon.

### *The Robustness of Assumptions*

Flawed assumptions have been a major cause of many debacles and unfortunate outcomes in public policy. At the geopolitical level, examples of flawed assumptions include Putin's assumption about

the time it would take to take over Ukraine, the Confederacy's assumption that the Civil War in the United States would be over in five months, the Parti Québécois' assumption that four years of good government would enhance the likelihood of a referendum victory, and the assumption that the Allies would be greeted as liberators in Baghdad in the Iraq War. Over the course of my career, I have seen and been a party to processes that had flawed assumptions. The Hunt for Dumps in the mid-nineties in Ontario was based on the assumption that the Greater Toronto Area would be overflowing with garbage unless the government took immediate action to find new dumps. The boards of Ontario Hydro and OPG assumed that the Pickering refurbishment Dream Team was the best money could buy. They would "fix" nuclear. This assumption became embedded in the thinking of all decision-makers, including the shareholder. One should look critically at fundamental assumptions, especially when they are accompanied by hubris and a bias to please.

It is essential that fundamental assumptions be challenged at the outset and revisited at various intervals to ensure they remain appropriate. Strategic planning efforts should always include a front-end examination of the nature of key assumptions and the corresponding metrics for success. Failure to do so risks inviting "unforeseen developments" to materialize when it is too late.

### *Letting Crowns Be Crowns*

In 1962, the Royal Commission on Government Organization (the Glassco Commission) tabled its report. Sixty years later, the conundrum and challenge of Crown corporation governance remains. Crown corporations have served federal and provincial governments quite well over the years. There are many success stories. One can think of Hydro-Québec, the Business Development Bank of Canada, workers' compensation boards, or the Liquor Control Board of

Ontario. But there have also been mistakes that led to commissions of inquiry or parliamentary inquiries.

Over the course of my career, I have seen the world of Crown corporations from a number of perspectives. I have been a CEO of a Crown (Ontario Power Generation, 2003–05), a board member (Atomic Energy of Canada Ltd., 2007–08; Alberta Health Services, 2015–20), and a chair of a Crown (Nuclear Waste Management Organization, 2001–03). I have served as an executive in a Crown (Ontario Hydro/OPG, 1997–2003), a deputy minister overseeing a Crown (Ontario Hydro, 1993–95; BDC, 2006–12), and a ministerial advisor (CMHC, 1969–73). As I look back, I note a few practices that enhance the likelihood that a Crown corporation will meet its legislative objectives within a strategic framework supported by government. These are not an exhaustive list of who does what to whom and when, but they reflect my personal experiences.

First, ministers have a critical role to play in the stewardship of Crown corporations. They provide expectation or guidance letters regarding the long-term objectives the shareholder is seeking to achieve and the metrics by which these objectives will be measured. They approve the annual business plan. They approve the competency grid of the board, and ensure that board recruitment addresses those needs. They meet with the chair on a regular basis either virtually or in person to discuss progress against goals, performance of the Crown, and, at the appropriate time, performance appraisal of the CEO. Ministers recommend to Cabinet the appointment of the chair, board members, and the CEO. Lastly, ministers ensure that their political staff do not undermine the arm’s-length accountability relationship.

Second, boards provide foresight and oversight to the Crown corporation. They play a significant role in the recruitment of the CEO and in the definition and assessment of performance targets.

They ensure that they have accurate and complete information from management at the right time to discharge their oversight responsibilities. The board provides strategic guidance to management leading up to the approval of the strategic plan by the board. Through the chair, the board keeps the minister informed about the activities of the Crown at least on a quarterly basis. The board takes a proactive role in the identification of potential new board members. Lastly, it reviews, under the leadership of the chair and on a regular basis, its own requirements for the competency of board members.

Third, the chair is the link between the government and the corporation, and between the board and management. The chair leads in the recruitment of the CEO and other directors, while the government retains the final authority over the actual appointment. The chair ensures that an appropriate introductory program is available for all new board members,

Fourth, deputy ministers ensure that the Crown corporation is aware of governmental interests and that the government is aware of the challenges and opportunities facing the Crown. Deputy ministers also assist in improving governance by ensuring that the enthusiasm of officials in the department to help the board and the management of the Crown does not undermine the accountabilities of the board.

All these practices will enhance the likelihood of the Crown corporation achieving its performance objectives. They will not guarantee a problem-free environment, but will decrease significantly the likelihood of own goals being scored. In a nutshell, the likelihood of success is enhanced if everybody sticks to their own swim lanes. The key point is that boards should be given the authority to implement the mandate they have received.

### *Minister's Offices*

Minister's offices are a fact of life. They were there when I joined government in the late 1960s and they are very much there today. In the absence of a more disciplined approach, however, there is a risk that the government might hurt itself. Obviously, this is a matter that remains the remit of politicians, but here are a few suggestions.

First, the ban on political staffers joining the public service should be lifted. The Harper government's first Bill was geared to making it much harder for individuals in minister's offices to join the public service. This deprived the public service of valuable, competent, and seasoned expertise. This is not a partisan measure. I have recruited from all three parties and have never been disappointed.

Second, minister's offices need to establish the necessary talent management infrastructure: recruitment, assessment, and competency evaluation. If the government is to have such a significant presence of ministerial staff in the governmental ecosystem, their responsibility and accountabilities should be clear to all concerned.

Finally, chiefs of staff, as a matter of course, should be allowed to participate in parliamentary committee hearings and to be questioned. They play much too large a role to be shielded from transparency.

### *Engaging Stakeholders*

Stakeholders have always been part, in one way or another, of the governmental ecosystem. Over the past four decades, their presence and influence have increased significantly. According to a poll by Innovative Research, 70 percent of respondents agreed with the statement, "Governments care more about special interests than they do about the average person"; 8 percent did not agree and the remainder were neutral.

The evolution of the role stakeholders play has been affected by developments in other sectors of the governmental ecosystem. The first development was the rise of lobbyists. After the 1968 election, two former executive assistants to Liberal cabinet ministers, Bill Neville for Judy LaMarsh and Bill Lee for Paul Hellyer, established a new firm in Ottawa called Executive Consultants Limited. This was the first Canadian government relations firm. The model was very successful and gave rise to new firms as competitors. Over time, most businesses, causes, and not-for-profit organizations established a professional relationship with a government relations firm. In March 2022, the Lobbying Commissioner noted an all-time high for both active lobbying registrations (5,059) and active lobbyists (6,731). There is indeed more lobbying by companies, associations, and government relations firms. The voices of stakeholders rarely go unheard.

The second development is the role of social media and its impact on legacy media. Stakeholders now have many platforms from which to communicate their goals and generate support for their points of view. Developments by the legacy media to create space where stakeholders can share their priorities pale in comparison to the platforms that have been established by social media. With a modest amount of curiosity, it is impossible not to be made aware of the concerns, interests, and solutions of various interest groups.

The third development relates to the atomization of the electorate. In the 1970s and 1980s, stakeholders were often represented by large advocacy groups, such as the Canadian Labour Congress, the Canadian Chamber of Commerce, the National Action Committee on the Status of Women, and the Association of Universities and Colleges of Canada. While many of these advocacy organizations remain, they have lost their share of government attention span and overall public opinion. The market now has many more actors, and

more stakeholders have very specific agendas. For example, the large Canadian research universities have their own organization, the U15 Group. Polytechnics Canada represents the interests of the thirteen major polytechnic and technology institutes. Colleges and Institutes Canada (formerly the Association of Canadian Community Colleges) is the national and international voice of Canada's 150 colleges and institutes. The same atomization can be found in all sectors.

The net result is that there are many stakeholders who have some legitimacy in claiming a right to contribute to the formulation of policy and the administration of programs.

As I have noted, working with stakeholders has always been an essential part of most of my jobs. In the future, it will be important for senior public servants to engage professionally with the leadership of the various stakeholder groups. Two key attributes will enhance the likelihood of their success.

The first involves sharing the context with stakeholders. This includes fiscal realities, competing priorities, and opposing perspectives. If stakeholders are to be part of the solution, they need a sense of the bigger picture. I was able, for example, to communicate that broader perspective to the AIDS community.

The second attribute involves establishing and maintaining trust. When Brian Topp and I met with the ad hoc group of environmentalists and oil and gas executives, we were trusted. Everyone identified their red lines and their "must haves." Trust is not a tangible commodity. But it is easier to come to a consensus if you are trusted and can trust your stakeholder counterparts.

The voices of stakeholders will always be heard, directly or indirectly, either through legacy media or social media. The views of different stakeholders often are not fully aligned. Although the ultimate decision is always the government's, it is important for the

public servants who are advising to keep the lines of communication open with all stakeholders. There will always be another day, another dossier, another set of circumstances that require honest consultations. Public servants need to communicate with all stakeholders without the fear of being accused of treasonous behaviour.

### **RESTORING AND MAINTAINING CIVILITY**

In my first week at Industry Canada in May 2006, I cold-called a number of the opposition MPs who were on the Parliamentary Standing Committee on Industry. I also called the chair of the committee and the minister's parliamentary secretary. After introducing myself, I asked each of them if I could meet with them at their office. I told them that, at this early stage of my tenure as DM, I would like to get their insights as to priorities. All the MPs agreed to meet. One particular MP had to be convinced that this was not a crank call, since a deputy minister had never phoned him directly. These initial meetings were useful in a couple of ways. I benefited from their advice about key issues and priorities, and I established constructive, personal, and professional relationships with them. This positive beginning proved very helpful when I subsequently had to appear in front of them. In my various appearances, I was never treated disrespectfully.

In Alberta, there was a similar situation but with a twist. A couple of senior DMs were summoned to a legislative committee to answer questions about their role concerning activities that had occurred some three years ago when Alison Redford was the Premier. In reviewing the transcript, I thought the questioners had been rude and impolite. In my view, a line had been crossed. I spoke about my concerns with the Auditor General, with whom I had developed a solid professional relationship. He shared my views about the relentless badgering to which the DMs had been subjected. He agreed to accompany me to a meeting I had set up with the Leader



of the Opposition, Brian Jean, to discuss this matter. At the meeting, I opened by saying that I fully acknowledged and supported the principle that DMs were accountable and subject to oversight by MLAs. I also believed, however, that all MLAs had a responsibility to be respectful. I expressed the view, supported by the Auditor General, that the recent committee questioning of the two DMs had been unfair and demoralizing for all public servants. I reminded Mr. Jean that, in my various and multiple appearances before parliamentary committees — he had been an MP in Ottawa for ten years — I had never been subjected to such abuse. Mr. Jean was polite in his response. While he chose not to agree or disagree with my observations, he noted our concerns and undertook to discuss the matter further with his staff and colleagues.

Professional and private exchanges between senior public servants and politicians who serve on committees should enhance the public interest, and not compromise the loyalty of public servants to the government of the day. In my latter years at Industry Canada, I was advised that I would be authorized to continue my briefings of opposition MPs as long as I was accompanied/babysat by someone from the minister's office. Even though I had been in the job for over four years and had received exceptional performance appraisals, I guess someone thought there was a risk that I would divulge secrets. Before leaving the Industry Canada DM position, I asked the chair of the Standing Committee on Industry if I could appear one last time before I retired. He graciously agreed. In my parting remarks, I politely reminded them that public servants who appear before parliamentary committees do so on a playing field that is not level. Parliamentarians have access to a wide set of emotions and a vocabulary that is not within the reach of public servants. It is difficult for public servants to respond to comments and questions that are designed for sound bite or tweet purposes rather than to acquire information. Appropriate guidelines should be established

so that committee chairs can ensure that witnesses are received with a degree of civility.

It is regrettable that a few Members of Parliament have taken to smearing, belittling, and calumniating witnesses who are public servants. If only the public servant could respond by saying, “Mr. Chair, I am appalled by the brutal ignorance and the passing acquaintance to facts that are embedded in the so-called question. Prior to providing the Member with some facts in order that he never again ask another question devoid of facts, I would like to address some of the smears he has directed my way.”

There is much to be said for enhancing the relationships between legislators and public servants in nonconfrontational settings. There would be merit, for example, in organizing a structured exchange program between individuals who staff various committees of the legislature and government departments. Such a program would enhance the knowledge of both parties. It would also enhance the public interest. There would also be merit in having a third party such as the Public Policy Forum or the Office of the Auditor General sponsor regular informal sessions between legislators and senior officials.

### **CONCLUSION**

In the private sector, all companies use standard metrics for success: profit, market share, return on investment, value of share price. These indicators permit managers and executives to come to a view about the abilities and performance of their staff. In government, such metrics for success are not readily available for the great majority of departments. Public sector managers usually have a diversity of objectives to pursue simultaneously. For example, a major capital project such as the new High Frequency Rail initiative has the principal objective of reducing the amount of time it takes to travel

by train from Montreal to Toronto. But it also has climate change objectives, Indigenous reconciliation objectives, and economic growth objectives. All of these objectives, understandably, need to be achieved within a value-for-money framework. Defence procurement must satisfy the operational needs of the Canadian Armed Forces, have appropriate regional industrial benefits, and be cost efficient. The relative weighting of these various primary and secondary objectives is not easy. The absence of agreed-upon metrics often leads to concerns about the actual level of commitment of officials.

There will always be a grey zone in the relationship between a minister and a deputy minister. Attempts to do away with this zone are met with the reality that DMs are appointed by the Prime Minister or Premier. While they work for the minister, they also report to the Secretary to Cabinet or Clerk of the Privy Council. I experienced one side of this reality when I was DM of Industry in Ottawa and on numerous occasions at Queen's Park. I experienced the other side when I was deputy minister to Premier Notley. This reality led to a particular minister calling me out because, in his view, I was being disloyal to him by consulting the PCO on one of his proposals.

In a similar vein, there will always be ambiguity in the relationship between a Crown corporation and a minister. Crown corporations are set up to have a governance model that is akin to sovereignty-association. There will always be a measure of imprecision about the nature of the arm's-length relationship.

Ministers are not usually subject matter experts. By the time they leave the portfolio, they will have enhanced their knowledge of the area significantly, but the majority start from a low base. Minister's offices, notwithstanding their ever-increasing size, are likewise not subject experts. The perceived knowledge gap between the minister, the minister's office, and the public service has been reduced greatly as a result of social media, but the gap remains.

The fundamental ingredient required to make the system work is trust. For example, trust that, as DM, I will have the minister's back and the minister will have mine. I had that kind of trusting relationship when I worked for Jim Prentice in Ottawa and Rachel Notley in Alberta. The system works when there is trust that the chair and the board of a Crown corporation will be sensitive to the best interests of the shareholder and that the shareholder will be respectful of the board's remit. As Chair of Alberta Health Services, Linda Hughes understood how to reconcile her fiduciary responsibilities toward AHS and the shareholder's desired outcomes. She was trusted by the minister, the board, and the management. The system works when there is trust that the DM will have the best interests of the ADMs in mind regarding their career advancement and trust that the ADMs will be forthcoming and loyal to their DM.

Trust is a currency that cannot be purchased or transferred. It has to be earned every day, every week, every month. It is earned by giving good advice, by being transparent, by being respectful of the accountability swim lanes, and by jointly solving problems. I was trusted by Premier Notley when I gave advice on the transition of power. I was trusted by Premier Harris when I gave advice on referendum and Quebec-related matters. I was trusted by Perrin Beatty when the AIDS strategy was developed. Without mutual trust and respect, it is a long day for everyone.

I believe that one of the secrets of Canada's success among nations is the quality of its non-partisan, professional public service. But the existence of a professional public service cannot be taken for granted. Young people need to be recruited and trained to become the public service leaders of the future. Politicians in government and opposition and the public more broadly need to understand and support the essential role that Canada's public service plays. If we

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are successful in maintaining and supporting a professional public service in these changing times, the task of confronting and overcoming the many challenges we will encounter will be all the easier.

# APPENDIX A

## LETTER TO AN INCOMING DEPUTY MINISTER

Dear Colleague,

Congratulations on your appointment! As you start your new job, I thought I would pass on a few suggestions to assist you in making a successful transition to the rank of deputy minister. This letter is not about becoming a deputy minister. The powers that be have determined that you have the necessary attributes, such as the:

- a. ability to work with ministers and minister's offices;
- b. ability to communicate complicated concepts in a succinct manner;
- c. ability to provide stewardship;
- d. ability to develop strategy for horizontal and vertical dossiers; and
- e. ability to resist frustration, deal with ambiguity yet remain focused on achieving results.

This letter is about being a good deputy minister; more specifically it focuses on the management aspects of being a deputy minister. I have grouped my comments under the following four management responsibilities:

- Managing people
- Managing the organization
- Managing your time
- Managing out

## **MANAGING PEOPLE**

### **1. Recruiting executives**

Over your term as a deputy minister, you will only be as good as the people you have around you. You will make your mark on the department to a large degree by who you are able to attract to your department.

Take time to carefully check out who you are hiring. Ensure that they have the judgment to know when to challenge you, the self-confidence to delegate and the leadership attributes to motivate staff. The hunt for talent is and will be increasingly fierce. Resist the impulse to hire someone just because you know that person from a previous job and you have an urgent need to fill an opening.

Factor in your strengths and weaknesses when you recruit. Make sure that you and the rest of the executive team will have good chemistry with the new hires in the context of them working in a large department. Never forget that you are both hiring an individual and a member of your team.

### **2. Managing performance appraisals and target setting**

A key challenge in the public service, given the absence of indicators like annual and quarterly financial results, sales, targets production outputs, and market share, is the development of good performance metrics.

The challenge of having performance goals that have a shelf life of a year is compounded by the political reality that, over 12 months, many things will happen, many assumptions will change and priorities will evolve.

So develop a hybrid system for performance agreements. Part A can relate to quarterly goals which get established and reviewed every three months or so. These goals can relate to specific outcomes to which your key executives can have a line of sight to, for example, the following Memorandum to Cabinet will be produced, the following policy will be developed, the following operational results will be achieved. At the end of each period, these achievements can be reviewed and new goals set for the next period. Part B can relate to 12-month goals, with the specificity and weighting depending on the sector or division, in areas such as:

- a. Improving and renewing human resources
- b. Enhancing financial stewardship
- c. Increasing stakeholder outreach

### **3. Managing the EX cadre**

The collective health and motivation of this group will have more than any other factor, the most impact on the success/failure of the department. Moreover they are your ambassadors to the rest of Ottawa, to provincial governments and to stakeholders.

You need to keep abreast of comings and goings, of their overall profile, of the number of high/low flyers, etc. First, get to know your EXs. In the first six months, meet with all your EX3s and EX2s in a nonorganizational chart setting. For example, meet in small groups of 4 or 5 all of the EXs who have joined the department in the last 2 years or, all the EXs who have been there for at least 15 years. Without destabilizing the integrity of your organizational chart, get to know your top 50–75 people.



Second, ask your DG of human resources to produce on a monthly basis a report that includes, for example:

- a. EXs who have arrived and left;
- b. EX staffing and classification that is taking place;
- c. EXs on leave, executive interchange (and the related dates of these assignments);
- d. EXs who are eligible to retire in the next 3 years with particular emphasis on the next 12 months; and
- e. EX language profiles.

Review this report every month since it provides a very useful HR management planning tool. Third, hold on a quarterly basis talent management sessions with your EX4s and EX5s about the EX1s, 2s, 3s, and ensure that you have a solid developmental plan for the EX2s and EX3s who have potential for advancement. Develop an EX development program for your department. Fourth, within the first 2 years, organize an executive retreat for all EXs; this will be helpful in team building and emotional integration. Lastly, make sure you keep a good balance of in-and-outers — i.e. people who have grown up in the department versus people who came from outside your department.

## **MANAGING THE ORGANIZATION**

### **1. Establishing a role for your associate deputy minister**

The job of the associate deputy minister is fairly new, having been established in Ottawa around the late nineties. Given that the job spec is rather fluid and generic, the associate can either be a singular asset or a small problem to be accommodated. Many factors come into play in determining which of the two outcomes

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prevail. These factors include: personal chemistry, previous experiences, level of ambition of the associate, self confidence and maturity of the deputy. There are many approaches to this relationship; my preferred model is the two-in-a- box.

There are a number of administrative/bureaucratic aspects to operationalizing this model. For example:

- a. All signature blocks have the DM and the associate DM's name;
- b. All notes/memos addressed to one are copied to the other;
- c. Schedules are exchanged daily and weekly;
- d. The associate can attend ANY meeting that the deputy has with internal or external people;
- e. One joint document for performance target and performance assessment is submitted to the Clerk;
- f. All direct reports on the organizational chart report to both deputy minister and the associate; performance reviews and target setting sessions for direct reports are done with both; and
- g. All bilateral meetings with the minister include the deputy minister and the associate deputy minister.

The above represents the minimum for the two-in-a-box model; in order to make it really work, the following is also needed:

- Trust: implicit and explicit trust that both will look out for each other and trust each other's instincts and motives.
- Information sharing and constant communication: over and above the paper flow exchange, constant communication

regarding such matters as the minister, the minister's office, PCO, etc.

- Burden sharing: a sense that both are working quantitatively and qualitatively in a similar manner.
- Internal and external perception: communicating to the world that there is no daylight between the two. It is especially important within the organization and with the minister's office.
- The associate needs to have a number of files to run independently; she/he also needs independent sources of ego oxygen. Don't forget that the associate's job can be suffocating and emotionally draining.

This model may not work for everyone. If you develop another model, do make sure that there are no loose ends. At the end of the day, you are accountable to make the organization work, starting with making full and optimal use of the associate deputy minister.

## 2. Developing appropriate delegation

Government organizations have a tendency to force/encourage upward delegation by making the urgent trump the important by making knowledge trump judgment, by making short-term objectives trump meaningful medium-term objectives. The federal government is not an exception to this general tendency.

In the initial period, make as few decisions as possible. Empower your ADMs to make the calls. Have your associate chair the executive committees for the first few months. Work at minimizing the number of decisions you make versus those of your direct reports. Do not be a prisoner of the organizational chart but rather use it to free up your time. Seek to install a culture of delegation where

the accountability to fix a problem, to find a solution or fashion a strategy is carried by an ADM or a DG.

You are accountable for the decisions made in your department; however you don't have to make them all. Never forget that you have a whole cadre of senior officials who should carry and make many decisions. You need to concentrate your time on the truly strategic ones.

### **3. Managing the flow of paper and information**

If you are to have a chance at managing your bureaucracy, you will need to manage your paper flow. If you don't, a few of the following things will happen sooner or later:

- You will be unpleasantly surprised by a development on which you had not been briefed or had not seen the briefing note.
- The minister's office will have partial information from a well-meaning official and will provide advice to the minister without the broader context leading to an unfortunate decision.
- You will get backlogged, become a bottleneck and always be catching up.
- You will have more difficulty in setting and managing the agenda to serve the minister.

Over the years, I have tried a variety of techniques to enhance the management of the paper and information. The following provides a synopsis of these techniques:

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On a daily basis:

- A report on any meetings held that day with stakeholders and the minister or minister's office.

On a weekly basis:

- A descriptive list of all notes which are coming to the deputy in the next 3 weeks.
- A list of all outstanding notes/decisions in the minister's office which have not been actioned.
- A 3-week look ahead document regarding items that the minister needs to be briefed on and which will require a decision.
- A 3-month look ahead schedule of all MCs and TB submissions that are in the system, including the portfolio.
- A 3-month communications roll-out schedule, including speeches and announcements.

On a bi-weekly basis:

- From each of your direct reports, a comprehensive four-or-five-page update on all key files they are managing, as well as HR and financial issues. This sit rep can then become the basis of the regular bi-weekly meetings with your direct reports. One key point on the bi-weekly reports, make sure that you provide timely feedback, i.e. if you receive the reports on Friday, your comments should be back to your senior staff by Monday at 8:30 am.

In short, have a good sense of what is planned to happen and when. There will always be surprises, but there will be fewer of them if you have good processes.

#### 4. Establishing appropriate management stewardship processes

Every organization needs its own set of management processes that provide, on a cumulative basis, an integrated framework for stewardship of the department. Large bureaucracies need to understand how decisions are made and how governance is exercised. As a reference point, consider the following:

- a. Weekly Executive Committee, chaired by the DM; attendees are all direct reports. Agenda is always the same: review of policy agenda, of Treasury Board submissions, a communications update and a roundtable. It lasts one hour.
- b. Monthly Management Committee, chaired by the DM; same attendees as the above; the agenda focuses on monthly HR and financial reports, as well as other related management matters such as Information Technology (IT). It lasts two hours.
- c. Deputy Minister's Policy Table, chaired by the associate, the frequency varies depending on need. Objective is to bring critical internal focus to all major policy initiatives and to enhance internal knowledge of the work of other sectors.
- d. Program Services Review Board, chaired by the CFO; attendees are ADMs. It meets bi-weekly, and reviews all major contributions and contracts. It acts as an internal Treasury Board.

Bureaucracies in the private and public sectors need predictability. They also need leadership. Beware of letting committees morph into decision-making based on consensus. Once you have settled on your model, hold on to it and lead it.

## **MANAGING YOUR TIME**

### **1. Manage your time regarding your priorities**

Bureaucracies eat up the time of executives as if there was an unlimited and inexhaustible quantum of time available. Meetings are called where an email or a phone conference would have sufficed. A one-hour meeting can easily bleed into two hours. Long and short memos will need to be read. Stakeholders and association heads will need to brief you. If you have a portfolio, the heads and the chair will also want to meet with you to keep you sufficiently informed. Events will occur that force you to spend time on issues/ files that you had not anticipated. In short, there will always be a lot of people and institutions who want a piece of that scarce commodity called your time. The system will always demand more of your time than the amount available.

In order to get a better handle on these various demands, establish a typology of your time expenditure, for example:

- a. Managing the department (EX committee, bilaterals)
- b. Meeting with provincial colleagues and stakeholders
- c. Travelling
- d. Office work
- e. Minister and minister's office
- f. Responding to central agencies
- g. Learning

Get your administrative assistant to track your time. Review after each month how you are actually spending your time versus how you would like to spend your time and adjust accordingly. Do not let your in-basket and your BlackBerry shape your time allocations. Be brutal in determining which meetings you must attend,

versus those that you should attend, versus those that it would be good to attend. Manage your time as you would your capital: spend where you must, invest where you should. Do not let others file your agenda.

### **MANAGING OUT**

Bureaucracies by their very nature tend to be inward looking; they will focus on process, often at the expense of outcomes. This situation gets compounded with national governments, which understandably must ensure due process in decision-making.

Moreover, bureaucracies in the private and public sectors used to have a certain monopoly on institutional knowledge and historical perspectives. The internet, complemented by the arrival of smart phones, has changed the value proposition that bureaucracies once had. Stakeholders, political staffers, lobbyists, advocates and journalists can all assemble and disseminate relevant information and analysis. Theirs may not be as complete or comprehensive as those of your bureaucracy, but they will be faster out of the gate and often more succinct.

A third point worth noting is the continuing trend for more transparency and more accountability. Many steps have been taken to respond to this need: more parliamentary appearances by officials, more disclosure of contracts and travel expenses, more documents released under ATIP, more officers of Parliament who produce more report cards on the performance of departments. Notwithstanding all of the above, your working assumption should be that going forward more transparency will be required, as a result of the inevitable next “scandal of one sort or another,” or another wave of reform.



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These 3 factors put together lead to one inevitable conclusion: you have to get out of your office.

Take the initiative with parliamentarians. Seek out the key members of your parliamentary committee as well as those in the public accounts committee and the government operations committee. At some point you will be appearing in front of those committees. It is better if your first appearance is not your first meeting. Develop an appropriate and respectful relationship with parliamentarians. Parliament is the ultimate accountability forum.

Same approach with stakeholders. Go quickly to see them and establish a one-on-one relationship with the CEO, with the provincial deputy minister, with the head of the group. And go alone since it will reduce the likelihood of scripted exchanges.

Overall, sustain an active external network in order to balance the priorities flowing from the inbox with those that are top of mind to people out of Ottawa. Never become hostage to your briefing notes and your clippings as being your primary source of intelligence.

The above type of initiatives will help you move up the value chain to being a strategic counsellor to your minister as distinct from being a conveyor of information and advice flowing from a bureaucracy that has a limited perspective. Technology has empowered many individuals outside of government to provide advice to ministers quickly. You can more easily connect the dots for the minister in a strategic manner if you keep active a strong external network.

**KEEPING IT ALL IN PERSPECTIVE**

This job will extract a lot from you. It will not give back in the short term as much as it takes from you. Your influence, your impact, your shaping of the DNA of your department, which are the substantive rewards of the job, take time and will be more evident in the medium term.

It is important that, throughout your stewardship of the department, you do not lose sight of the importance of living a balanced life and sustaining meaningful relationships.

Do not let the job rob you of your personal time and do not underestimate the importance of emotional relationships with your partner, your children, your friends, your siblings and your parents. You need them to lead a balanced life and be a better deputy. If you shortchange them, you are shortchanging yourself, and there is a good chance that you will become a grumpy deputy minister with a short fuse. Work to live, do not live to work.

Best regards,  
Richard Dicerni

# APPENDIX B

## LETTER TO A RETIRING COLLEAGUE

Dear Deputy,

You may recall we communicated a number of years ago when you had just been appointed. At that time I had written you a congratulatory letter and offered a few suggestions regarding the management of your department. I gather you have had a good run and that after many years of service, you are now giving some thought to retiring.

To assist your thinking about this potential transition, I have put together a few notes that I hope will be useful as you reflect about this rather important decision. Most people only get to retire once so it is important that you give the matter quality time.

Before you go through the list, let me provide some context.

Some individuals, upon retiring from the public service, wish to continue working in some capacity or another. Some want to work in an executive leadership role, others want to work part of the time, others want to go into the field of professional services either as part of a firm or on their own.

Some want to travel, play golf, do some serious gardening, spend more time at the cottage, become a more engaged grandparent. Some just want to stop and breathe, having run out of energy and patience. Some want to go back to a post-secondary institution to pursue a professional or personal interest.

Each individual has a particular set of needs and circumstances which are not often replicated. The comments below have been prepared to help guide you through this potential transition. Not all comments will apply to you. Focus on the ones that mean something to you.

### **1. How to manage your ego deficit**

Deputy jobs contribute in most cases to enhancing one's ego. Many people in your department tell you how essential you are, how the department could not have navigated the shoals without you; many executives in the private sector and in academia tell you how amazing you are. While there may have been the occasional visit to the fountain of humility, on balance your ego has been enhanced by your tenure as a DM.

Once you leave, however, the flow of adulating comments will somewhat decrease. You will still be as smart, as witty, as insightful as you always have been. But fewer people will give you this feedback.

Some former deputies deal with this situation by recognizing that they had a good run and that it is time to move on; others deal with it by somehow staying in the game (more on this later). Others don't deal with it well and become sad.

### **2. How to manage the turning off of your “fountain of intellectual capital”**

DMs can have memos and analyses generated on most matters they care about rather quickly. They are invited to attend stimulating meetings either as participants or observers. They accompany

their ministers to meet important and articulate people. They have dinners with thoughtful, insightful, witty individuals. Being a DM provides an endless source of circumstances and documents to enhance your intellectual capital.

Over time, usually a short time, this flow of information will dry up and the number of invitations will decrease. The capacity to have analyses generated will cease. You will, on the other hand, have more discretionary time to read books, articles, magazines. You will not be condemned to only picking up reading material as you go to bed or when you get on an airplane. Will this be enough?

Give this matter some thought and identify the approaches that work for you. Will you seek to join boards, Crown corporations, publicly traded companies or not-for-profit organizations?

Will you go to a university as a lecturer or an executive in residence? Or will you go back to university to take a specific course on a subject that you always wanted to learn about?

Brain muscles, like other muscles in your body, need to be exercised and kept in good shape. Think about how you will do this.

### **3. How to adjust to a new relationship**

For most deputies, the job takes up a significant number of hours in the week and on the weekends. The ubiquitous BlackBerry or iPhone is obviously a constant companion with whom one spends endless hours. It is with you in your purse or your jacket, it is with you as you wake up and as you retire for the evening.

Upon leaving the post of DM, lots of discretionary hours will become available. The relationship with one's spouse/partner will,

to varying degrees, be redefined as two people start seeing a great deal more of each other.

What are the joint activities: travelling? golfing? theatre? cooking school? gardening? What are the separate activities?

The list is potentially endless, so it would be useful to start talking about this and, more importantly, discussing it with your spouse/partner to ensure that you share the same assumptions.

#### **4. How to adjust to ethical rules, conflicts of interest**

Most DMs spend their careers building up their reputations. This journey has required judgment during difficult ethical situations, has required speaking truth to power and has required doing the “right thing” when a decision needed to be made at a time not of your choosing.

All of these efforts can be put at risk if appropriate steps are not taken in the period leading up to retirement, especially for those who decide to keep working either in an executive leadership role or as a business advisor at a law firm or consulting firm or as a consultant.

It would be useful to have an early chat with the appropriate ethics or conflict of interest official to ensure that you maintain that stellar reputation that you have worked so hard to build up. Many firms value and appreciate the insights and advice that retired DMs can provide. It is important that these contributions be made within the appropriate ethical swim lanes.

Write yourself a note describing how you have respected the various ethical and conflict of interest laws.

## **5. How to manage the infrastructure deficit**

DM offices provide support for many matters and then some. Upon leaving the office, you will need to acquaint yourself with airline reservations systems, technology support, paperwork support, expense account reporting. This will consume time and emotional capital. There is regrettably, unless you join an office that will provide this support, no alternative but to do it yourself. Fortunately, technology makes it easier. But it will take time to set up your new system, including how you obtain tech support.

## **6. How to respond to offers from law firms, accounting firms and other professional services firms**

Increasingly, retired DMs are approached to become a “business advisor”. If such opportunities come your way, you should seriously consider them. These opportunities can provide a number of rewards including, obviously, financial.

A few points you should consider:

- What are you actually going to do? Put in other words, what is the basis on which you will be deemed to have done an exceptional job? What are the metrics for victory?
- What are the time commitments you are prepared to devote to this professional services firm? And for how long: a few years or a number of years?
- Will this be a new career or a job or an activity that keeps you engaged and remunerated?

It is useful to think through some of these matters as you ponder these opportunities.

## 7. How to keep those other muscles active

Most DMs spend a tremendous amount of time exercising their brain muscles and only a bit of time exercising all of the other muscles. As time goes by, the latter group will require more of your attention on a regular basis. A number of deputies explicitly put specific times for their workouts into their schedules. For those of you in that group, I encourage you to maintain this commitment. For those of you for whom the gym and the trainer have been, at best, a random and very irregular companion, I would only say: there are no more excuses. It is time to just do it.

## **GETTING ON WITH YOUR LIFE**

A few final thoughts.

Increasingly, retired deputies still have lots of good living years ahead. Statistics would indicate that you are retiring a bit earlier than the previous cohort of DMs and that you will live longer than your generational predecessors. Retirement is a new phase of your life cycle. Generally, it is useful not to seek to recreate the past. Rather, chart a new pathway that generates a different blend of rewards.

For most of your career, you have been in a situation where other people are passing judgment on you: this community includes your minister, your bureaucratic superiors, stakeholders, your peers, your intergovernmental colleagues. They have commented on how well (or not) you are doing and have shaped the velocity of your career progression. If you wish to continue being active on a full-time or part-time basis, in an employment or contractual basis, in a governance or consulting role, give some thought to which activities will



## APPENDIX B

create circumstance where you are judged and make sure you are comfortable with who the judges are.

Take some time to figure out where and how you wish to spend your hours, your days, your weeks, and your months. This will be your strategic plan. This plan will take some time to crystallize as you live through some of the points mentioned above. But over time, your actual interests, your passions and your needs will emerge.

I wish you all the best as you enter your new phase. It will be exciting, frustrating, relaxing, rewarding, challenging. Most importantly, it will be you.

Best regards,  
Richard Dicerni