

Canada's Public Service in the 21st Century

*Annual
Gordon Osbaldeston
Lecture*

Guest Speaker:

Hal Kyisle

Introductory Remarks

Hon. Gordon F. Osbaldeston

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Public Policy Forum
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Letter from the President

The Public Policy Forum is proud to present the Annual Gordon Osbaldeston Lecture, named for a distinguished public servant who, for over 35 years, served in many capacities – from Trade Commissioner, to Deputy Minister of several federal departments, to Clerk of the Privy Council. During his years of service, Gordon Osbaldeston embodied the civic mindedness and innovative thinking that forms the foundation of a successful and dynamic public service.

Our lecturer was Harold (Hal) Kvisle, President and CEO of the TransCanada Corporation, who shared his frank insights into the relationship between government and the energy sector. The text that follows reads as the event unfolded. You will get a taste of Mr. Kvisle's honesty and his refreshing take on how things might work better between government and industry.

Frankness and honesty are key to the informed and constructive dialogue without which our public service and democratic institutions would languish. Encouraging such dialogue is the mission of the Public Policy Forum which is dedicated to improving the quality of government in Canada.

We are pleased, also, to include the opening remarks of Gordon Osbaldeston. His words reflect his commitment and devotion to an apolitical and merit-based public service as a cornerstone of democracy. He reminds us of the importance of vision and leadership as tools of change. We were so pleased to have had him with us.

Sincerely,



Jodi White

The Public Policy Forum is a not-for-profit, non-partisan organization dedicated to improving the quality of government in Canada. For more information about the Public Policy Forum and our work, please visit our Web site at www.pfforum.ca.

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Introductory Remarks for Gordon Osbaldeston

Thank you, Jodi, for the kind words of welcome.

I'm very pleased to be here with you tonight and to introduce the keynote speaker.

Due to personal reasons, I wasn't able to join you last year in what was your inaugural year for the lecture.

Because of that, I'd like to take this opportunity to extend my deep appreciation to the Public Policy Forum for the honour you've bestowed upon me in creating an annual lecture in my name.

I continue to care deeply about the public service and the challenges it faces. This lecture is an opportunity to shine a spotlight on a variety of issues with the quality of public service as its core theme.

"Every Canadian has a stake in ensuring the existence of an apolitical and merit-based public service that is both efficient and effective in carrying out its role. The existence of such a public service is one of the reasons this country is as vibrant a democracy as it is."

As much as the public service often finds itself in the news – usually for all the wrong reasons – there aren't enough opportunities to hear from thoughtful individuals about an institution that is such a critical part of this country. Every Canadian has a stake in ensuring the existence of an apolitical and merit-based public service that is both efficient and effective in carrying out its role. The existence of such a public service is one of the reasons this country is as vibrant a democracy as it is.

I was very sorry to have missed last year's lecture, in large part because of last year's speaker – Frank Iacobucci.

I know, because I have a copy of his speech, that he prefaced his lecture with some very kind words about me.



Well, Frank is truly a great Canadian and one of the best decisions I made as Clerk of the Privy Council many years ago was to persuade him to leave a world of academe for a world of public service by becoming Deputy Minister of Justice.

And I had no trouble deciding to lure him away from the University of Toronto where he was a cherished leader. I believed then – as I believe now – that the public service is a vitally important national institution.

Frank mentioned that when he received my call he thought I was the kicker with the Hamilton Tiger cats.

It was the first time anyone had confused me with a football player but during my career I frequently thought people confused me with the football.

"It's no easy task leading an organization as massive, complex and important as the public service. But, the true test of an organization is its capacity to function, and change, as the times demand. Its capacity to do that is dependant on the skill and courage of its leadership."

I would also like to recognize the efforts of one of my successors – Kevin Lynch, the current Clerk of the Privy Council – who is here tonight and who I know is grappling with some fundamental issues of renewal in the public service. It's no easy task leading an organization as massive, complex and important as the public service. But, the true test of an organization is its capacity to function, and change, as the times demand. Its capacity to do that is dependant on the skill and courage of its leadership. Kevin, I wish you well on your journey.

"...the problems that face the public service will not be solved by more regulation or by more imaginative organizational structures. They will be solved by leaders who have a vision embedded in a cradle of values that attracts the respect and admiration of the public and the public service. It is on that foundation that enduring change will be built."

I lived through more change in the public service than I care to recall. Too often the changes were to the structure or to administrative policy giving rise to too great a complexity in the organization of government or to too many regulations. While in the public service I was both a player and an observer to those changes and after I left the public service a researcher of the causes that brought about structural change. If I was bold enough to offer some advice to those coping with the need to bring about change in the public service, it would be that the problems that



face the public service will not be solved by more regulation or by more imaginative organizational structures. They will be solved by leaders who have a vision embedded in a cradle of values that attracts the respect and admiration of the public and the public service. It is on that foundation that enduring change will be built.

The Public Policy Forum has been engaging in an in-depth examination of the public service and I have been engaging in a small way as a member of the Advisory Panel.

What is important about this exercise is the recognition that all Canadians have a stake in the health, well-being and continued relevance of the public service. Therefore, exercises in renewal and reform (and there is certainly no end of them) can only be enriched by a range of interested perspectives being brought to bear.

It's a truism that the only constant is change. But what is also interesting about change is that it is often in moments of turmoil, rapid change or crisis that we are reminded of our core purpose – about what is most important – or, as Frank would say, our core values.

“...the public service must be vigilant and creative in identifying and responding to the complex issues that continue to shape the environment and, most importantly, bold in how it shapes its future as a respected, trusted and professional organization.”

And yet, the world does not stand still and the public service must be vigilant and creative in identifying and responding to the complex issues that continue to shape the environment and, most importantly, bold in how it shapes its future as a respected, trusted and professional organization.

Which leads me to the real reason I'm here at the podium – to introduce tonight's keynote speaker, Mr. Hal Kvisle.

If you know anything about Hal you may be wondering what a private-sector CEO from western Canada (Calgary, no less) is doing addressing an Ottawa-crowd about the public service. Well, I'll let him address that but the title of his keynote gives us some clues. And I think it is absolutely fitting that someone who is experiencing complexity on a global scale and understands the importance of leadership should be sharing some of his perspectives with us. Perspectives about how the private and public sectors can work together and the importance of a strong public service for the well-being of this country.



But if you haven't read his bio, allow me to tell you a little bit about him.

Hal Kvisle is a true western Canadian, having been born and raised in Innisfail, Alberta, which, according to the town's official website, is a "medium-sized city situated strategically between Calgary and Edmonton with a population of 7,691 residents".

He is the President and CEO of TransCanada Corporation. He joined the precursor to that corporation – TransCanada PipeLines Limited – in 1999 as Executive Vice-President, Trading and Business Development, where he was responsible for power and pipeline ventures in North America, as well as for marketing and trading activities in power and natural gas.

Hal came to TransCanada from Fletcher Challenge Energy where he held the positions of Chief Operating Officer, FCE Americas, and President, FCE Canada.

Prior to working with FCE, he was with Dome Petroleum as a petroleum engineer, engineering manager and finance manager. During that time, he played a lead role in the sale of Dome Petroleum to Amoco Corporation.

Hal is Chair of the Board of Governors of Mount Royal College and serves on numerous boards of directors including TransCanada Corporation, PrimeWest Energy Inc. and the Bank of Montreal.

In 2004, he was elected Interstate Natural Gas Association of America Chairman of the Board – the first Canadian ever elected as Chair. He now serves as its Past Chair.

Hal is also a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta, the Society of Petroleum Engineers, the MBA Associations, University of Calgary and the Canadian Council of Chief Executives.

And, when he's not taking care of business, being father to his three kids – two of whom are in university – sitting on boards or speaking at lectures, I understand that you can find him ranching or on the ski slopes.

Ladies and gentlemen, it is now my great pleasure to hand over the podium to Mr. Hal Kvisle. Hal...



*“We’re all in this together –
Why Canada’s Business needs a
Strong Public Service”*
Hal Kryslé

Thank you, Gordon, and thanks everyone for giving me the opportunity to come and share a few thoughts with you this evening. And Jodi and Ian and everyone at the Public Policy Forum, I sincerely appreciate the invitation. Our company is a supporter of the Public Policy Forum. We are interested in the kinds of initiatives and investigations they undertake and the papers they produce. And I think the work that they do is very valuable for Canada and all the constituents of the business and government communities.

Let me talk for just a moment about TransCanada. I’d like to start off with a little free advertising for our company, but I’ll try to restrain myself. I usually end up at these events with 25 slides of pipelines going all over North America and I just stand there and talk about what’s going on on the screen behind me. But, as a leader of a major North American company that’s headquartered in Canada, we face unique opportunities and we face some unique challenges. And we face those on both sides of the border. We operate in a highly competitive world in North America, perhaps the most competitive anywhere in the world. And Canadian corporations have certain disadvantages and certain advantages. But, emphatically, I’m not here to complain about the burdens of being a Canadian corporation. I think we do enjoy a great many advantages in Canada. We’ve got a tremendous resource base. We’ve got a stable system of government. We have many good things going for us. So I’m not here to do that. But I do want to comment on some of the things we could do to make our role in society a little bit easier.

TransCanada Corporation has an enterprise value of about \$37 billion dollars and that’s more than double what the enterprise value was six or seven years ago. Roughly two-thirds of the value of TransCanada is here in Canada and we’re involved in some things that you might not expect. I believe everybody would recognize that we’re the largest gas pipeline in Canada. We have about a two-third market share in gas transmission. We are also the largest gas transmission company in North America. We have about 25-30% market share of all gas moved over long distance in North America. And we’re second only to Gazprom, as we



would be the world's second largest gas transmission company. Gazprom's pretty big and they're certainly bigger than us. But we've also taken on a lead role in Bruce Nuclear and there are a lot of TransCanada people involved. We own about 50% of the rebuild project and one-third interest on the Bruce B side, which are the plants that are operating today. And that is an interest that we like a lot and we value a lot. Bruce Nuclear is the largest single generating facility in North America and now that today the nuclear plant in Tokyo was shut down due to earthquake damage, Bruce is actually, I believe, the largest single-site nuclear installation in the world with 6,200 megawatts on one site. This is a very successful Canadian undertaking and one that we're proud to be part of.

So we have two-thirds of our asset value here in Canada. The other one-third would be in the United States and Mexico. Seven or eight years ago we pulled back from our international activities and re-established our focus here in Canada, the United States and Mexico and that has proven to be a very good move for us. Canada is about 10% of North America on a population basis — a little bit less if you include Mexico. But we do see two-thirds of all opportunities available to our company here in our home country of Canada. And those opportunities would include things like the northern pipeline projects, very major power generation development that I will talk a little bit more about in a moment, and a crude oil pipeline, which has emerged as a major growth area for our company with the development of the Fort McMurray oil sands.

"...better, faster, cheaper is the important thing for the delivery of services in any service organization. But, equally important is setting policy and establishing a clear direction."

We have 2,200 staff in Canada. We pay about \$500 million in corporate taxes each year and our employees pay many millions more in personal taxes. So we have a keen interest in ensuring that all three levels of government in Canada are getting very good policy advice from a strong public service. And we see the public service as being two parts, although I'm sure many of you would see it differently. There's the delivery of services to Canadians for, we think, operational excellence. Better, faster, cheaper really ought to be the objective. We put a lot of effort into that at TransCanada and I think some people in the room, like my friend Gerry Protti, who knows something about our company, would acknowledge that we have made some progress in TransCanada at being better, faster and cheaper at what we do. Pierre Alvarez might even accept that point. But that's not all. I think that better, faster, cheaper is the important thing for the delivery of services in any service organization. But, equally important is setting policy and establishing a



clear direction. We see this as a very important thing for the public service in Canada and we would not subscribe to the view that the politicians set the direction and the civil service just carries it out.

“In today’s environment, people read things in the media and they instantly expect results will occur. They read about a political challenge and they expect the prime minister to deal with it right away.”

In all of my years in business, and particularly in the last five years, I have never seen so much change occurring as quickly as we see today. And yet, everybody says that and at the same time I would say it’s astounding how slowly some things change. In today’s environment, people read things in the media and they instantly expect results will occur. They read about a political challenge and they expect the prime minister to deal with it right away. All leaders in corporations and in government are being driven to improve results, to be more transparent and to get things done quickly. All of us in the corporate world and in the public service are being challenged in ways that are probably quite different than what we saw even five years ago.

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These are challenging times. There are three issues that I’d like to talk about. First, I’d like to give my perspectives on a very difficult regulatory regime that companies like TransCanada work in, not just in Canada, in the United States as well. I would note it’s much, much more effective in Mexico where things happen a whole lot more quickly once the government decides what it wants to do. We’ve been pleasantly surprised by how quickly regulatory approvals can be gained in Mexico.

Secondly, I’d like to discuss the role of the public service in our country and, specifically, the leadership role that I think the public service must play as we strive to achieve Canada’s aspirations and ambitions. And, thirdly, I’ll offer just a few comments on leadership and the roles and challenges that we face in leading both corporations and the public service in these complex times.

“...on the regulatory front, whether it’s a private sector project or the rebuilding of an airport or any kind of government initiative or corporate undertaking, all of our customers and stakeholders expect us to get things done quickly.”



First of all, on the regulatory front, whether it's a private sector project or the rebuilding of an airport or any kind of government initiative or corporate undertaking, all of our customers and stakeholders expect us to get things done quickly. People may not like the building of a new power plant in their neighbourhood, but no one in Ontario would be arguing that we ought to just let the lights go out. In the infrastructure world today, we face a lot of pressure to, among other things, keep the lights on, to keep the gas flowing when it's cold in Toronto and Ottawa in the winter. At the same time, we see citizens at large, and many special interest groups, that are becoming very intolerant or very opposed to large infrastructure projects and the kind of things we might undertake. We find that sometimes people oppose our projects because they have a deep concern about the environment and they don't think we do. And, like most of the major energy companies, we *do* have a deep concern about the environment and I think we work very hard to do our projects in a way that we protect that environment. But I understand that some people oppose our projects for that reason.

We face a lot of noise, and this is a big issue in the energy sector out west, because people who we affect simply want greater financial compensation from what we do. If we build a pipeline through their farm, they see less long-term value potential for their land and they would like to be compensated for that up front and of course that's difficult because of the cost burden it imposes on the infrastructure.

I've also learned over my career that there are a lot of people who are simply opposed to whatever it is that engineers do and they just want us to go away. And I have seen that. But I think we recognize that there are strong reasons why we need to move ahead with critical infrastructure and there are also many special interest groups that are opposed. As politicians, public servants and business leaders, we face these very significant challenges in moving essential projects forward.

You've all heard of things like NIMBY (Not In My BackYard), BANANA (Build Absolutely Nothing Anywhere Near Anyone/Anything) and NOPE. NOPE, I guess, is the newest: Not on Planet Earth. We all struggle with these things, whether we're trying to build a pipeline, a power generation facility or simply get a building permit for a new house on an acreage in a rural area.

I think a company like TransCanada can contribute a fair bit to the policy debate on infrastructure approvals. We've been in the pipeline business for a long time, we've seen it get progressively more difficult with every passing decade. You may recall that in 1957 it took the efforts and influence of C. D. Howe, a federal cabinet minister to wade in and make



the original TransCanada pipeline project happen. So it's not as if there weren't challenges 50 years ago, they were just a little different. In those days the challenge of building a TransCanada mainline was a financial one. How can the money be raised? How can the project be kicked off? If it is kicked off, will it be successful? Well, I would say today, that bit of intervention by the Government of Canada has been enormously successful. The government was out of that project completely within a few years. And, today, TransCanada's gas pipeline system is 25-30 times as large as the pipeline system that was built in 1957. So we've seen a lot of changes occur over the years and I'd like to contribute our thoughts.

Specifically, tonight, I don't want to talk about the pipeline sector. Rather, I'd like to talk about the electric power sector in Canada. And I want to do that because this is actually a very pressing issue and one that we should all be deeply concerned about. Everybody in this room uses electricity. Every industry in Canada uses electricity. We've seen things like the wind storm in British Columbia a few weeks ago that knocked out power to 190,000 households, creating a very difficult situation until that power was brought back on. You'll remember August 2003, when the blackout over this whole region affected nearly 50 million people, including everyone in Ontario and all of the neighbouring states of the United States. It occurred over a hot August weekend and it became uncomfortable as the air conditioning didn't work very well. But, fortunately, it didn't occur on a cold January weekend when the consequences in Canada could be much more severe.

Let's look at the need for new infrastructure. Today, we've enjoyed the benefit of superb energy infrastructure, generating plants, electric transmission lines, and on the gas-side, pipelines, as well as other major facilities. We look back and all of this was constructed 20-30 years ago. An amazing amount of the power capacity in Canada was built in the 70s and 80s and early 90s and relatively little has been built in the last 10 or 15 years. For many years, people would build these kinds of plants with 20% spare capacity because the agencies building them were largely Crown corporations and they could afford to proceed in that fashion.

But, today, we're at a crossroads. We've got all of this power-generating infrastructure and transmission lines. Much of it needs to be upgraded, a fair bit of it needs to be stabilized with its life extended and quite a bit of it, interestingly, has reached the end of its useful economic life and needs to be replaced. And there's no better example than the Bruce A Generating Plant with 3,000 megawatts, that's 15% of Ontario's total supply, in that one plant in Bruce A. All of it has essentially reached the end of its useful life and we're partway through a program of rebuilding two of those four reactors.



Apart from the rebuilding challenge, demand has also grown and the electric-generating transmission infrastructure in North America is stretched to the limit. If I was to convey one useful bit of information to you tonight I think it would be that we have all of these old plants that have run for 20 or 30 years and many of them have reached the end of their useful life and need to be replaced.

We have all of these independent system operators around North America, including a very good one here in Ontario, and these people do a tremendous job of balancing generation with demand and somehow or another keeping the lights on. And they've done such a good job that we're seeing progressively higher and higher utilization rates. Plants that used to run 75 or 80% of the time are now technically running at 90-95% and some major installations are on-stream 97% of the hours in a year. It is incredible that people can make things run that well.

But it is this exceptional performance that has enabled us to run closer to the edge than ever before. We now routinely run with much less spare capacity. So here we are faced today, I would argue, with the need to add hundreds of thousands of megawatts of new generating capacity and thousands, if not tens of thousands of miles of high-voltage transmission line. However, our ability as an industry to get a permit to do that is about zero. We could not get a permit today anywhere in North America to build a new nuclear plant. We were fortunate that we were able to get a permit to rebuild Bruce A on an existing site where there was relatively little incremental public impact: we were simply replacing something that was already there. I would argue that this is not just an industry problem, nor is it a regulatory problem. It's actually a public policy problem. We need to decide at the highest levels of our governments here in Canada, both federal and provincial, what we want to do to address this problem and what kinds of steps we are going to take. And we need to proceed as a matter of policy.

"People in industry and in the public service need to play lead roles if Canada is to reach the kind of potential that we all know is there."



I think we can get all of this done, but we need to step back and take a look at how we proceed. Another good example that some people in the room would like me to comment on is the Mackenzie Valley pipeline where we and our partners are over \$500 million into a regulatory process. We've been at it for four and a half years and we don't yet have a clear idea of whether or how we can go ahead. And that's \$500 million that is not buying pipe and not going toward detailed engineering. It's about going through a regulatory process that some days for me seems to have no end in sight and no definable way to get there.

Let me now move on to the second of my issues: the topic of public service in Canada. I thought it was interesting to read Prime Minister Harper's recent throne speech in which he outlined an ambitious plan for Canada, leading to a country that we can all be proud of. I think that there are many ways to get there, but we need much more than the good words and the commitment of members of parliament here in Ottawa. People in industry and in the public service need to play lead roles if Canada is to reach the kind of potential that we all know is there.

When I read the throne speech I see a document that touches on many important things: security, roads and bridges, trade in the economy, health care, the environment, to mention just a few. We have all of these opportunities before us in Canada. It isn't news to anyone that our country is blessed with great opportunity, a strong workforce and very intelligent leadership in both the public and private sectors that can move these things forward.

"We've got a very large, capable and formidable public service in our country. It's an enterprise with exceptional skills, capabilities, knowledge, and expertise, capable if marshalled and directed in the right way of meeting any challenge."

With respect to the public service, many of you here in this room tonight have a very significant role to play in supporting the agenda the Prime Minister has laid out and how we, as Canadians, move to the forefront. We're already at the forefront in many areas and moving to the forefront in others as well. It was a pleasure to sit with the Clerk of the Privy Council, Kevin Lynch, tonight at dinner. I recently read his annual report on the federal public service and I wanted to give you one quote from that: "The federal public service is the largest enterprise in Canada and certainly a very important one to our country." He went on to say, "the Government of Canada employs some of the most highly skilled people in the country, many of whom are internationally recognized for their expertise and their accomplishments." I think that is not just true of the federal public service, but also the provincial public services and the many municipalities across the country. We've got a very large, capable and formidable public service in our country. It's an enterprise with exceptional skills, capabilities, knowledge, and expertise, capable if marshalled and directed in the right way, of meeting any challenge. Yet, to people like myself from the outside looking in, it can be a bit daunting trying to figure out the way to navigate through the federal public service, particularly for those of us who come from western Canada where we have not had as much experience with this particular government over time.



I think the Government of Canada's public service faces many challenges. Managing the relationship between the public service and politicians is the subject of a recent paper by the Public Policy Forum and I know it's something that many in this room think about a lot. I spoke earlier about operational excellence in delivering services and unfortunately, in Canada, we do not have public support for everything that the government or the public service sets out to do. As in our company, I'm sure you've had issues with aging demographics and how to go about recruiting the workers that we need in our industries and in the public service moving forward. These are not small challenges. I know them well. We have a very large percentage of our employees in TransCanada between age 45 and 60 and we face a very difficult transition period in the years ahead where many of us who are in that group will be leaving and we need to be sure that we've prepared people to take over from us. And it's becoming more and more difficult. We find that people do not want to work in a boring old engineering focused company like TransCanada, they want to work for MTV or somebody like that. That's what my kids tell me. And I think you face similar problems to ours. As I read in some of the Public Policy Forum documents, how do we build a brand and an image for the public service in Canada that will attract the people that we need?

I was thinking about another document that the PPF published recently: *A Vital National Institution? What a Cross Section of Canadians Think About the Prospects for our Public Service in the 21st Century*. It points out many interesting challenges. One of them is something I think we need to commit ourselves, both on the government side and in industry to thinking about — promoting innovation. Maybe more than anything else, this is the single biggest problem that we share in common. How can we be more innovative about finding ways to solve these problems to move forward with projects?

I think that Canada's public service, and I say this with great respect, needs to do more than just react to the proposals that come forward from organizations like our company. In the case of something like the Mackenzie Valley pipeline or the future of nuclear power in Canada, we need to develop policy and think through the options clearly and give advice and direction to the politicians about what directions Canada might want to consider. I stressed on the Mackenzie Valley project that if only we had a mechanism that would allow the Government of Canada to decide: do we want to do this project or not? And if we decide yes we do want to do it, then we all get together and figure out the way to do it so that it does not have environmental impacts that are beyond the acceptable levels.



I'd suggest the same thing might be true in the case of nuclear power and many other initiatives. I think we need to set out these major policies and Canada's public service must play a vital role in developing those policies and helping to shape the future. If we're going to get there, there's good opportunity for corporate Canada and the public service to work together on some of these issues.

I've enjoyed many excellent meetings with senior people here in Ottawa, often stretching late into the evening, as we discuss what are the key issues around the Mackenzie project, around Bruce Nuclear, about electric transmission in this country, and how do we interconnect our electricity sector more closely with the United States so that we can support each other. Isolationism is definitely not a good thing in the case of electric transmission. I've found that people are very keenly interested and quite enthusiastic and open to that discussion, but we need to go the next step now of working together, building on that and developing policy for the future that will set the stage for success over 20 or 30 years.

The Public Policy Forum also recently published a report called *Leading by Example*. I was one of the people interviewed for that report. What struck me when I read it was that there seems to be a strain between the public service in Canada and just about everybody else — between the public service and elected officials, with the business community and with the public itself. Is there a reason? Let me talk about the strain between the business community and the public service. I think we share a collective responsibility for building a better and more constructive relationship between us. And I will say that our company is very committed to that and we think about it in the way we provide commentary and advice to the government. I tell the people who work for me not to go and provide self-serving advice that would lead the Government of Canada or Alberta or Saskatchewan or Ontario to do something that was not in the public interest. Sooner or later that advice will come back and backfire and it will not look good on us down the road. So we're very careful and disciplined about the kind of advice we provide. It would be a great outcome if the public service in Canada engaged more frequently with corporate Canada on those terms and people understood that that was the basis on which these discussions take place.

I believe that leaders have four fundamental responsibilities. I think this is true in the corporate world, in the civil service and as we work together on different things. First of all, we need to set clear directions for our teams and for our larger organizations. Secondly, we need to identify and communicate where the opportunities lie and where the needs exist. Having done that, we need to work with our teams to identify the best



possible outcomes. So, firstly, it's important to set a broad direction. Secondly, we need to identify the opportunities and things that we can work on to make things better.

Having identified the desired outcomes, the biggest challenge we then face is motivating and encouraging innovation and effort among the teams of people that work for us. How do we do that? Industry and government could share a lot of very interesting ideas on that. I don't for one moment believe that Canada's public service is de-motivated, not innovative or without direction. I think all of those things exist, but it's a shared topic that we should talk about. I see many examples in corporate Canada and many examples in my own corporation of teams of people that are not always well-motivated, and well-directed and well-led.

And, finally, and maybe the most important thing that we can contribute as leaders is in that circumstance where it's time to provide direction and good decisions. Decision quality has become so important in the corporate world and it's a major topic of study and a major buzz word. I think that could also be something we could entertain a very interesting dialogue with our friends in the public service. In other words, how do you reach the highest quality decision in some of these complex matters in a timely fashion?

"I don't think there's anything greater that any of us as leaders could do than to help our people perform at the highest possible level. Their success will enable us to achieve the goals of the corporation, the department or of Canada's entire public service."

Ultimately, I think we're all judged on the outcomes of the decisions that we make, whether in government or in the public service. Every leader has the obligation and opportunity to help every one of the team members in an organization to achieve full potential. I don't think there's anything greater that any of us as leaders could do than to help our people perform at the highest possible level. Their success will enable us to achieve the goals of the corporation, the department or of Canada's entire public service.

I frequently see leaders in the public service leading their departments, teams, and organizations in a manner similar to what I see in the corporate world. Our roles are not that different. Unfortunately, if I see one common problem it's that in both of our worlds there appears to be a growing reliance on what I would call "process". Are you following the right process in order to get to the right decision? And I know that we're supposed to do the right things in the right way all the time, but sometimes in the corporate world and I expect at least as much in the government world, all of that process gets in the way of great leadership, real innovation and just getting things done.



Innovation and risk-taking are essential to an organization's culture. I would expect that risk-taking is a problematic concept in government. It's very difficult to comply with all of the accountability regulations and other things that you must deal with today. You have my sympathy because I recall the days when I was a young guy trying to work in a big corporation and figure out how to get around the processes and all of the other things that we had to do to just get something done. I find less of that in my current position. But I'm sure it exists.

Finally, I'm going to conclude with one last comment on relationship building. I think it's been a very important priority for us at TransCanada. We have been faulted for having weak relationships with many of our stakeholders and we've worked hard and set as a corporate priority to rebuild them. I think it's been a key ingredient for leadership success inside our organization, but I look more broadly in industry and in government and things really work well when those key relationships are in place. If you don't have them, how do leaders develop trust, understanding and good communications, both with the people who work for them and with outside stakeholders? Without good, positive relationships how can we in industry and the public service of Canada work well together?

"To conclude, the real challenge before us, in my opinion, is whether industry leaders, elected leaders and public service leaders can create a better public service environment to more freely exchange innovative ideas, share experiences that will enable us to avoid past mistakes and to develop the trust that is needed to move forward together. Can we as Canadians become a strong, innovative and adaptable force in an ever changing world? I think of course we can and I'm confident that we will."

And so we need to work on developing them. Every deputy minister that I've ever met has been an impressive person, more than willing to engage in really constructive discussion with us about complicated projects and complicated topics. And the more effort we put into developing that relationship, the more honest and trusting the relationship and the communication have been.



To conclude, the real challenge before us, in my opinion, is whether industry leaders, elected leaders and public service leaders can create a better public service environment to more freely exchange innovative ideas, share experiences that will enable us to avoid past mistakes and to develop the trust that is needed to move forward together. Can we as Canadians become a strong, innovative and adaptable force in an ever changing world? I think of course we can and I'm confident that we will.

Tony Blair, the recently retired British Prime Minister said, "The only society that works today is one founded on mutual respect, on recognition that we have a responsibility collectively and individually to help each other on the basis of each other's equal worth. A selfish society is a contradiction in terms."

As leaders of industry and government we need to strive for that mutual respect. I would emphasize that a strong Canadian public service is essential to the future success of our country. And corporate Canada can help us get there. We, as corporate citizens in this country, must do our part to build strong, collaborative relationships with government. I and my TransCanada colleagues have worked hard on that and will continue to do that and we look forward to working with you on the challenges that we face here in our great country.

Those are my remarks. I'd be happy to take any questions or receive any feedback or comments that anyone would like to send my way. Thank you very much.



Gordon F. Osbaldeston

The Honourable Gordon Francis Joseph Osbaldeston was born in 1930 in Hamilton, Ontario. A Gold Medalist graduate, he received a Bachelor of Commerce degree from the University of Toronto in 1952 and a Master of Business Administration from the University of Western Ontario in 1953. He has received honorary Doctor of Laws degrees from the University of Western Ontario (1984), York University (1984), Dalhousie University (1985), and Carleton University (1987).

In 1953, he joined the Public Service of Canada. Having served in the public service for the next 33 years, he held several posts during his public service career including senior positions in the Canadian Government Trade Commissioner Service, the Department of Consumer and Corporate Affairs, the Treasury Board of Canada, the Department of Industry, Trade and Commerce, the Ministry of State for Economic Development, and the Department of External Affairs. Notably, he acted as Clerk of the Privy Council and Secretary to the Cabinet from 1982 to 1985. The author of *Keeping Deputy Ministers Accountable* (1988) and *Organizing to Govern* (1992), he was appointed Professor Emeritus at the faculty of the Ivey School of Business in 1995.

During his career, he received the Outstanding Achievement Award of the Public Service (1981), was named Officer of the Order of Canada (1981) and promoted to Companion (1997), was sworn into the Queen's Privy Council for Canada (1986), and was awarded the Vanier Medal of the Institute of Public Administration of Canada (1990), the Commemorative Medal for the 125th anniversary of Canadian Confederation (1992), and The Queens Golden Jubilee Medal (2002).



Harold (Hal) Kvisle

*President & Chief Executive Officer
TransCanada Corporation*

Hal Kvisle has been President and Chief Executive Officer of TransCanada PipeLines Limited (TCPL) since May 2001, and TransCanada Corporation since May 2003. Mr. Kvisle joined TCPL in 1999 as Executive Vice-President, Trading and Business Development, with responsibility for power and pipeline ventures in North America. He was also responsible for TransCanada's marketing and trading activities in power and natural gas.

Mr. Kvisle came to TransCanada from Fletcher Challenge Energy (FCE), where he held the positions of Chief Operating Officer, FCE Americas, and President, FCE Canada. In these roles, he was responsible for the initiation and growth of FCE's successful Canadian upstream business and its early-stage ventures in Venezuela, Argentina and Mexico. Prior to working with FCE, Mr. Kvisle worked at Dome Petroleum as a petroleum engineer, engineering manager and finance manager. From 1987 to 1988, he played a lead role in the sale of Dome Petroleum to Amoco Corporation. Mr. Kvisle serves as Chairman of the Board of Governors of Mount Royal College, and is on the Board of Directors for TransCanada Corporation, PrimeWest Energy Inc. and Bank of Montreal. Mr. Kvisle was elected as the 2004 Interstate Natural Gas Association of America (INGAA) Chairman of the Board. He was the first Canadian ever elected as Chairman of INGAA and now serves as Past Chair.

Mr. Kvisle is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA), the Society of Petroleum Engineers, the MBA Associates, University of Calgary and the Canadian Council of Chief Executives.

