

Ongoing Public Service Reform

KATHY O'HARA †

I was very pleased that the organizers of a conference on governance reform included public service reform on the agenda because the public service is a major institution within our governance structure.

We have a reform agenda at the federal level which I would like to discuss today, focusing in particular on the principles and objectives that underpin the reform agenda and the challenges that we face as we try to implement that agenda.

But first I'd like to piggyback on what Mr. Nault said earlier about the public service, that is, that it has served Canadians well for the last 130 years, and all of the public services that we enjoy are delivered by those public servants. In that context, I am pleased to see all the students here today and I hope that ultimately some of you elect to join the public service. I find that when I talk to young people who are new recruits to the public service I become re-inspired because I can see that the idealism that inspired my generation to join the public service is also very much there in young public servants.

So that's the good news. There's no question, though, the public service has suffered some setbacks over the recent past, setbacks that we have to examine and learn from. I want to quote from the most recent annual report of the Clerk of the Privy Council Office to the Prime Minister that was tabled in the House last March in which Alex Himelfarb said:

"We are all dismayed by what we have heard about incidents of serious mismanagement and most disturbingly, breaches of the public trust. We know that these incidents are aberrant. They are unique circumstances that cannot be generalized to the vast majority of dedicated, hard-working, competent, and highly ethical public servants. But we cannot be complacent. There have been real problems, however isolated, and we need to make sure that they are addressed. Meeting this challenge is important, and we are certain that it can be done."

Our public service reform agenda is partly framed around the need to address these problems but it also reflects the ongoing reform of public management that is driven by factors affecting the public service

† Kathy O'Hara, Deputy Secretary to the Cabinet (Machinery of Government), Government of Canada.

around the world. Today I'd like to talk about three principles or objectives that underpin the reform agenda: balancing control and innovation, enhancing accountability, and ensuring stewardship and transparency.

Regarding the first principle of balancing control and innovation, as I said before, we need to look at the problems that have occurred in the past and try to determine how they happened. I'm sure we could have a lively discussion in this room on everybody's theory about why they occurred. One of the factors we've been considering is the impact of the implementation of the new public management philosophy within the public sector. As those of you in this room who have studied public management know, there was a strong current of public management theory in the 1990s that many governments around the world were quick to implement. The theory emphasized innovation and improved service, and as a result we began to talk about citizens as "clients" and framed an objective of serving our clients as quickly and as flexibly as we could.

This meant giving managers a lot of latitude to innovate. We wanted them to be creative—to take risks—and we felt that the public would benefit as a result of that. And, in most cases, that is in fact what happened. Over that period, there were a number of successful service innovations and the public began to receive better, quicker, and more integrated service.

But in that process, we may have lost some rigour. We reduced some departmental controls that provided oversight. We brought in new staff, but we didn't give them the training they needed to do their jobs in that environment. We gave staff on the front lines flexibility, but we didn't give them the policy and operational frameworks within which to implement that flexibility. We didn't develop information systems so that we could keep track of all that was going on from a financial perspective. So our worry is that in our drive to serve Canadians better, we may have lost sight of some of the basics of public service administration.

Our sense now is that we have to get the balance right. We have to restore rigour, but do that in a way that doesn't smother the creativity and the innovation, which were the positive outcome of the new public management theory.

The second principle that underpins public service reform is the need to ensure accountability. Of the several initiatives that have already been implemented I would like to talk today about one in particular – improvements in performance assessment and reporting – that I consider to be one of the most important but it is often overlooked.

We tended in the past to take a relatively simplistic approach to measuring performance. But one of the things we are trying to do in the federal public service is to put in place a more dynamic process for measuring performance.

Currently, when Ministers propose a program, they lay out objectives, targets, and performance measures, and then they report against those targets. But what we don't have in that system is systematic learning from what we're measuring. We don't have a systematic way of assessing a program's performance against its original design and underlying assumptions to determine when and how a program needs to be adjusted.

When we get performance results, the important thing to do with them is to learn from them. We may learn that there are problems either in the design of the program, or in the way that it is being implemented. So you learn from performance measurement, address unintended consequences, change the way you are delivering the program, and establish new performance objectives. This should become a regular, ongoing cycle. For us, that is a major objective of public service reform: that this transformation becomes an integral part of management, and a defining element of the culture of the organization. And in this way we can be held accountable not only for achieving intended results but also for addressing unintended results.

One manifestation of this approach that you may have heard about is the Expenditure Review Committee. There's been a lot of focus on the financial targets the committee was charged with achieving, but a key element is also putting in place mechanisms for the ongoing review of programming so that we are consistently aligning programs and funding with policy priorities, which we haven't done systematically in the past.

The next step will be making sure that we reflect this transformational thinking in our performance reports to Parliament. It has long been a concern of Parliament that the material that the government provides on performance, specifically the Estimates documents, does not really give Parliamentarians a sense of the logic that I've just described. What was the Minister trying to achieve? Were these objectives achieved or not? If they weren't achieved, why not, and how does the program need to be changed to ensure that these objectives are achieved, or was it the original objectives that were not appropriate? You don't really get a sense of this dynamic from the documents that Parliament gets right now, so it is difficult for Ministers, officials, and Parliamentarians to engage in a dialogue about program objectives and results. So as we transform performance assessment processes, this will then need to be reflected in performance reporting to Parliament.

The third principle or objective of the reform agenda is increasing stewardship and transparency. This was reflected in machinery changes

made in December 2003 when the new government took office in December, such as streamlining the Treasury Board Secretariat so that it could focus on stewardship and financial management issues. The position of Comptroller General was created in the Treasury Board Secretariat and the role of the senior Financial Officer in each department was reinforced.

A key element of increasing stewardship is making sure that staff has the knowledge and the training they need. So we're introducing compulsory training for specialists in government in key functional areas such as finance, contracting, audit and evaluation. We're also moving toward providing core training for all public servants so that through the new Canada School of Public Service we can instil in all public servants some core competencies in areas such as finance and administration.

But we also need to use such core training to ensure that all public servants, and in particular new recruits, understand and incorporate in their day to day work the core values that underpin public service.

Citizens are also demanding increased transparency. As some of you may be aware, under the new disclosure policy, for example the travel and hospitality expenditures of Ministers and senior public servants are now reported on a website on a quarterly basis (and the same information will soon be available with respect to contracts). So next quarter you'll be able to see exactly how much it cost for me to come to this conference!

I want to conclude by saying that none of us likes reading and hearing about the problems in the public service that have recently received a lot of public and media attention. This is particularly true for public servants who know that it will only increase cynicism about the institution to which they belong. But the lesson we must draw from this is to accelerate public service reform, deepen it, and strengthen it. This quote from Alex's last annual report to the Prime Minister captures where we need to go. He said:

"Growth will come from the challenges that we are facing. We've had many successes over the past year, and we can expect more in the years to come, but we've also had some setbacks, and we have to learn from them. We'll continue to build on the public service of today with its long and proved history to create the public service of the future, one that is nothing less than the finest public service in the world. But there is always a gap between our aspirations and achievements, and the work to close it is endless. It is by embracing this fact with honesty and courage that we show leadership."

And the message I want to leave with you is that seeking to close this gap is what underpins our approach to public service reform.

Thanks very much.

Q & A WITH KATHY O'HARA

I have a comment and then a question. First, the comment is that the evaluation of programs occurred rather dramatically in 1995 with the budget and I can give you one good example with Lloyd Axworthy and the department that he had—Human Resources Development. There was a look at; I think it was some 50 programs. When they were looked at honestly and critically, it was found that only five of these actually were effective in achieving their objectives. The rest were scrapped and those five were continued. So it's an interesting, but I think a helpful example of why it is so important to have review of programs, and that they don't just continue on and on.

The question that I have is based on some discussions that I've had with, not one, but quite a number of people in Manitoba, who are finding that one of the obstacles at the provincial level to making progress is departmental turf wars; that the differing objectives of two departments in budgetary, as well as in other respects, is hampering getting decisions done.

So I would ask you as somebody who is involved in machinery of government issues at the federal level, how are you addressing this problem?

Well, turf wars certainly aren't unique to provincial governments. One of the things we have found we need to do increasingly is create horizontal processes, because you're right, there will be this constant fighting until you bring the players together.

Mr. Nault is very familiar with a horizontal process that was established with respect to aboriginal programming, involving a group of ministers and supporting interdepartmental groups of officials. It was clear that even though the Minister of Indian Affairs and Northern Development is responsible for, if I recall correctly, some 85% of all federal aboriginal spending, there still were at least 14 or 15 other departments and agencies involved in aboriginal programming, all with their little piece of the puzzle. So that's one example of a way you can bring people together, and frankly, do a little bit of crunching of heads. One of the objectives of such exercises is exactly that—just trying to beat down the turf.

There have been a number of new initiatives in the federal civil service regarding dispute resolution. I know there are some policies and

conferences happening. Do you have anything new that might be coming up in the area?

Not that I'm aware of but these initiatives tend to originate in individual departments.

Is the innovation in things like special operating agencies, changes to Crown corporations, governance models anything there are happening lately?

You may recall that when the Auditor General's report was tabled last February, as part of the government's response Minister Alcock launched a number of reviews, including one on Crown Corporations. So he may speak to that tonight.

I just wanted to make an observation on one of the main themes of your remarks, Kathy. It has to do with the idea that performance measurement and performance reporting can provide the basis for both organisational and policy learning. Work I've been doing on jurisdictions around the world which are deemed to be the leading jurisdictions in terms of efforts at performance measurement and performance management are all leading me to depressing conclusions that the real problem is a lack of implementation. We now have 87 entities, which file reports with Parliament on their performance over the last year in companionship with performance plans, but I'm not sure that the utilisation is there.

So I wonder if there is an underlying problem here that we have too much for information now, but not enough knowledge, and that the gathering and the reporting of this information is seen as a threatening activity. So there isn't honesty and comprehensiveness and balance in the reporting that goes on, that in fact it may complicate learning or prevent learning from happening when it all gets focused on specific measures and progress against those measures—that it makes for a myopic view of the world and we miss things that are happening that are not within the range of those measures. In cross-departmental learning and reporting we just have to coordinate for more.

Finally, I just looked at some stuff on their supply process and estimates, which are the main opportunities, supposedly, for MPs and senators to raise questions about performance, and the utilisation is nonexistent. I think I found two references over two years, where there's been a reference to these performance reports. So somehow we have to make this more than a ritualistic activity, and I wonder what

we can do to create incentives internal to the public service to take this activity seriously?

I agree with you totally. The Estimates documents, including the Report on Planning and Priorities and the Departmental Performance Reports that are tabled respectively in the House in the spring and in the fall, are just not providing Parliament with the kind of information Parliamentarians need. They also do not reflect the learning process that I talked about earlier. And as you pointed out, they are often very simplistic and report on only a few measures. You can't really get a good sense of what's going on in the department. You used the word ritualistic, and I think that's a good way to describe the process. Now one of the answers may be minority government, because I think what we're going to find is that there may be a different dynamic in Standing Committees when they review these documents, and there will be more challenge. The risk in a minority government, however, is that the process becomes partisan as opposed to a real opportunity for the Minister, senior officials, and the members of the Standing Committee to actually discuss what is going on in the department—what's working, what isn't working, how it could be improved. We've been talking for many years about trying to improve those documents, and I think it has to be a priority.

One observation and one question. For a couple of years, as assistant to Prime Minister Trudeau, one of my jobs was to read all Cabinet documents, and it struck me then (and I would venture to say it is the case now) that those documents were quite comprehensive. The arguments were well put, the information in them was timely, and it was all secret—and I would bet it remains the same today. I always thought that 95 per cent of those documents could be published on the front page of the newspaper the next day and greatly improve the public debate without hurting the public interest. That is just an observation; another is nothing you can do about that.

My question is about subsidiarity, and another kind of turf war: federal-provincial. Does the current Administration have any position on the doctrine of subsidiarity, and has there been any comprehensive examination of programs to see what the provinces might be do better, and in some cases, what Ottawa might do better?

In answer to your first question, the answer is no, there is not a particular focus on subsidiarity. I think what you've seen, for example, with the health accord is more the notion of asymmetrical federalism as an approach to federal-provincial issues, as opposed to subsidiarity.

Kathy, I just wanted to get you to comment a little farther by linking two things that you talked about. One was, somebody raised the question of turf wars, and that raised the response from you about more horizontal initiatives and approaches. We've heard about that from governments across the country for the last 10 years, and there's been a lot of initiatives, a lot of experiments, a lot of talking—some successful, and some not so successful.

I guess I want to link it back to the accountability discussion. It seems like one of the things that I hear after talking to literally thousands of public servants and politicians on this is this idea of accountability and shared accountability. Some people think that the concept of shared accountability is not worrisome at all. Some people think it's enormously worrisome. Many ministers think it's enormously worrisome. They think if you go out there and you cut across these departments or levels of government, what's going to happen to me in Question Period? So I guess I want to ask you to comment a little further on, as you guys think about more horizontal initiatives, more collaboration, whatever it may be, and you think about accountability, what is your thinking on accountability with respect to shared accountability?

This is one area where there's a lot of continuity in our thinking about accountability. Not everybody agrees with our view, but we hold pretty firmly to the notion of ministerial responsibility and accountability—the notion that for every department and agency within the federal government, there is a minister accountable whom you can identify.

I would share people's questions and concerns about how Ministers could share accountability. I don't know how that would work in Parliament since responsible government is based on individual Ministerial accountability.

In the experience we had with the group of Ministers that worked on aboriginal issues that I discussed earlier, there was no question which Minister was responsible for the Department of Indian Affairs and Northern Development. Just because we brought 14 or 15 Ministers together in a horizontal exercise to try to work together on an issue, that in no way changed the Ministerial responsibility and accountability.

We always find when we try to bring officials together in horizontal exercises, if we don't make one department accountable for that exercise, it will go nowhere because if no department, no deputy, no ADM is accountable for the exercise, then nobody is. So one of the lessons we have learned is that for a horizontal exercise to be successful, you have to identify accountability.

On this question of horizontal activities, when I was at the federal level, I led a rather interesting cross-departmental science and technology effort. The interesting thing, in a sense, was that I was at that point in Industry Canada, working with John Manley, not a senior minister. But we had processes at the ministerial level, we had processes going on at the civil servant level, and we had a public process in which we brought together people from federal, provincial levels of government, industry, scientists and various people from the community who were interested in building a science and technology effort in their own community.

What it created was a rather fervent dynamic in which it was a time of ideas and intense discussion; it was a time of program review when there were a lot of budget changes, which added to the whole issue. But in fact, what it provided was an opportunity in many instances for individual ministers and departments to take their own look at what was going on, and to make decisions in their own department.

In other words, I had no responsibility for what was decided in Defence or Environment or in a whole lot of other departments. But what it did was to create the environment where all of these ideas were fervently discussed and in a number of instances it was quite a dramatic move forward. In some instances, the department did not take advantage of the opportunity that was there. But out of that came quite a different view of science and research and development, and in the end, a lot of new investment came from it.

So you don't necessarily have to have one department taking responsibility for everything that comes out of a process. You do have to have in Question Period one Minister is going to answer a specific question on a specific topic, and you do have to have accountability of ministers for different areas within a cross-from the your departmental process.

I would agree. You were accountable for delivering on that process, but then within it there would have been different Ministers with their own accountabilities who would stand up in Question Period and answer questions. Similarly, with Aboriginal Affairs, if it were a question about aboriginal health, Minister Nault wouldn't answer the question; it would be the Minister of Health.