

3: CANADA

Gord Evans, Senior Consultant, Institute of Public Administration of Canada

Overview

The sequence of reforms

Although public administration reform is a continuous process, Canada's experience emphasizes that it does not proceed at a steady, incremental pace. In the last fifty years, there have been two periods of dramatic change. The first began in the mid 1960s, the second in the mid 1990s.

From the mid 1960s to the early 1970s, a significant redefinition of the public sector occurred with the creation of the welfare state. In this era, the country's major social programs (e.g., Canada Pension Plan, medicare, unemployment insurance) were created and government involvement in the economy increased (e.g., creation of Petro Canada, establishment of the Foreign Investment Review Board).

By the mid 1980s, pressures to curtail government growth existed, but few concrete actions were taken. The 1985 Nielson Task force, drawn primarily from the private sector, recommended the elimination of over 1,000 government programs costing \$7 billion, but few recommendations were ever implemented. In 1989, "Public Service 2000" was launched to renew the public service, but again the resulting changes were very modest. In contrast to New Zealand, Australia, and the United Kingdom, very little of the international enthusiasm for "new public management" had resonated in Canada.

Reformers' concerns

Fiscal pressures

Fiscal realities have driven the reforms. Real restructuring did not begin until 1994 with the launch of "Program Review." Unlike its predecessors, this reform initiative produced significant changes to the role and size of the public sector.

The latest reform effort, La Releve, was initiated in 1997 and is dealing with less controversial issues such as attracting and retaining skilled public servants. Increasing emphasis is also placed on e-government.

Restructuring has also occurred in Canadian provinces. Given Canada's high level of decentralization, this is important as most direct services to citizens are provided at sub-national levels. Although implementation time frames have varied, the rationale for and progress of public administration reform approximated the federal experience.

In Alberta, one of Canada's wealthiest provinces, the impetus may have been more ideological as the party in power was strongly committed to reducing the role of government and its fiscal situation was relatively strong. In New Brunswick, a poorer

province, reform was motivated by the fiscal situation and because the Premier of the day made restructuring a priority. In Ontario, Canada's largest province, the governing party chose to combine restructuring with major tax reductions. As a result, Ontario was among the last provinces to achieve a budget surplus. For Quebec, the last province to embrace restructuring, the complexity of balancing the fiscal agenda with the governing party's secessionist aspirations may have been responsible for the deferral. Whatever the differences, the result across Canada has been a major redefinition of the role of government.

Unquestionably, the fiscal objectives of the reforms have been met. The debate over whether the new public management truly provides a better model of public service continues. On the one hand, the public is expressing deep concerns over problems in the health care system. On the other hand, initiatives such as Ontario's automated business registration process are very popular. Like New Zealand, the initial exuberance for change has given way to a period of caution and consolidation.

A clear loser in the transition has been the career public servant, who no longer enjoys guaranteed, lifelong employment and has fallen further behind private sector counterparts in terms of compensation and benefits. Another loser has been organized labor, as layoffs and alternative service delivery have decreased union membership.

The primary lesson learned from contemporary Canadian experience is that far-reaching public administration reform requires a confluence of conditions:

- fiscal urgency;
- political commitment; and
- public support.

Of these, the driver in the case of Canada was certainly fiscal urgency. Without it, the public would not have supported significant reductions to government programs. Without public support, the political commitment would not have been sustained. Although it can be argued that rethinking the role of government was warranted, regardless of the particular economic climate, it is difficult to imagine that this would have been undertaken on such a grand scale without this incentive.

Policy management

The Public Service of Canada has also recognized the need to strengthen its policy capacity by ensuring that it has the ability to identify and address medium to long-term policy issues. The process of strengthening the government's policy capacity and developing a vigorous policy community began in 1995 with the work of the Task Force on Strengthening the Policy Capacity of the Government of Canada, followed in 1996 by the Task Force on the Management of Horizontal Policy Issues. That same year, the Policy Research Committee (PRC), an interdepartmental group of Assistant Deputy Ministers from over 30 federal departments and agencies, was established and asked to prepare a report on the pressure points likely to arise in Canadian society by the year

2005 as a result of economic, demographic and social trends, and to identify knowledge gaps and develop a research plan to address those gaps.

The PRC report *Growth, Human Development, Social Cohesion*, released in October 1996, reflected the three overarching policy challenge themes that emerged during the exercise. Phase II of the Policy Research Initiative (PRI) saw the establishment of interdepartmental networks, each created around one of the report's three main themes. A fourth internationally-focused network was formed and issued a report, *Canada 2005: Global Challenges and Opportunities*, in February 1997.

In April, 1997, the PRC issued its Progress Report containing the preliminary work plans of three research networks and the Knowledge-Based Economy and Society (KBES) pilot research project. The Global Challenges and Opportunities workplan was established in the fall of 1997. Inventories of current and planned research have been shared across government, creating new opportunities for cooperation and collaboration, and influencing departmental research plans. Linkages and research partnerships are also being actively pursued with the non-governmental research community.

In June 1997, a secretariat was established to facilitate the four networks' work, to find innovative ways to disseminate research results, and to build partnerships and linkages with the broader policy research community in Canada and other countries.ⁱ

Although the PRI was established by the Canadian government independently of other countries' initiatives, similar future-oriented policy research appears to be underway in several other countries. In particular, the United Kingdom's effort with "joined-up government" follows this approach.

Improved accountability

To enhance program and service delivery across the federal government, Treasury Board Secretariat has also focused efforts on establishing and developing a results, or performance based, management culture. This has entailed a set of key initiatives including improving reporting and information to Parliament, developing better financial information, improving the delivery of affordable services, enhancing policy capacity and promoting continuous learning in the public service.

The objectives of this approach are to:

- Change the focus of managing and reporting **from activities and inputs to impacts and outcomes**, that is, what impact the government has on Canadians and their society and the benefits provided;
- Make **reporting more transparent**, by improving "results" reporting, accounting structures, and the measurement of costs;
- **Promote accountability frameworks** that articulate relationships and accountabilities between and within government departments and agencies, other government organizations, alternative service delivery agents and the public, and

- **Report annually to Parliament** on the progress of its strategy to implement results-based management across the federal government.

Over the last ten years, the focus of reform has moved away from deregulation to deal with improving the quality of regulations and basic regulatory tools. The government is now focusing on regulatory management by looking more at results-based approaches to integrated policy objectives, to ensure that regulation is given the scrutiny that it deserves as a tool for implementing public policy.

The federal government now requires Departments to include a regulatory plan in their annual reports to Parliament on Plans and Priorities, and to report on the progress of these plans in a separate Performance Report to Parliament.

Retaining good staff

The *La Releve* initiative was launched by the Clerk of the Privy Council in close collaboration with the Deputy Minister community and with the help of a small task force of public servants to address issues of difficulty in retaining, motivating and attracting people essential to the work of the public service.

La Releve: A Commitment to Action was jointly signed and published in October 1997 by Deputy Ministers to describe the action underway to implement the key corporate and departmental human resource management strategies contained in their Human Resource Action Plans, linked to their business needs. These plans had been developed in the spring of 1997 by every Department and by many key functional groups such as science and technology, communications, comptrollership, human resources management, policy and informatics. Regional Federal Councils undertook action to address the human resources needs of regional employees including the facilitation of career development opportunities across departmental and sectoral boundaries.

Consultations on the workforce of the future were undertaken with almost 600 administrative and support employees nationally and the report *Valuing Our People* provided a wide range of pragmatic recommendations, which are in the process of implementation by Departments.

Institutional starting points

Constitution/political system

Canada's original constitution, the *British North America Act (1867)*, established Canada as a federal system where the provinces enjoyed significant powers. The *Constitution Act (1982)* repatriated the constitution to Canada and included the Charter of Rights and Freedoms. Canada's constitutional framework is not comprehensive and relies heavily on convention and interpretation by the Supreme Court.

Canada is a constitutional monarchy whose head of state is formally the Queen Elizabeth II, although in practice the Governor General, appointed by the Queen on the advice of

the Prime Minister serves in this role. Its parliamentary system is based on the Westminster model and is bi-cameral.

The House of Commons has 301 members. Each is directly elected and represents a single geographical constituency. The allocation of seats is primarily based on population (e.g., Ontario has 37% of Canada's population and 34% of the parliamentary seats). The House of Commons is by far the more influential of the two houses.

The second chamber, the Senate, has 104 members. Membership is apportioned on a regional basis (24 each from 4 eastern provinces, Quebec, Ontario and western provinces, plus 2 from the territories and a small number of special appointments). Appointments to the Senate are made by the Governor General on recommendation of the Prime Minister. The Senate exercises very limited powers in practice.

With a constituency-based electoral system, most elections result in majority governments. Although minority governments occasionally exist, coalitions are extremely rare. Canada has relatively few political parties represented in Parliament compared to countries that use a proportional representation system. Currently, there are five (Liberals, Alliance, Bloc Quebecois, Progressive Conservatives, New Democratic Party). Each of the provinces has its own legislature and a constituency-based electoral system. There is not a direct relationship between federal and provincial political parties.

Currently, Canada is one of world's most decentralized countries. The majority of public services are provided through provincial or municipal governments (health, education, social assistance, transportation, natural resources, police). Key federal responsibilities include defense, foreign affairs, trade, regional development and setting national policy standards.

Judicial interpretation of the Constitution has traditionally tended to favor the provinces. However, the federal government significantly increased its powers during the 1960s by establishing and funding national social programs, the trend since then has been an expansion of provincial powers. In fact, this was one of the outcomes of the 1994 Program Review where federal fiscal transfers to, and therefore influence over the provinces were significantly reduced. Another trend in governance is the increasing role played by supra-national institutions. In particular, the North American Free Trade Agreement plays a significant role in determining trade and trade-related policies.

Structure of Government

The executive council (full Cabinet) is headed by the Prime Minister and also comprises the Deputy Prime Minister, 20 departmental ministers, and an additional 14 junior ministers (secretaries of state, ministers with non-departmental responsibilities).

Box 1 Federal Government Departments in Canada

Agriculture & Agri-Food Canadian Heritage Citizenship & Immigration Environment Finance Fisheries & Oceans Foreign Affairs & International Trade Health Human Resources Development Indian Affairs and Northern Development	Industry Justice Labour National Defence National Revenue Natural Resources Public Works & Government Services Solicitor General Transport Treasury Board
--	--

The Prime Minister determines the structure of the Government. It is not uncommon for new ministries to be created, restructured, or discontinued. The trend over the last decade has been to reduce the number of ministries.

The ten provincial governments are similarly structured, headed by a Premier and comprising individual ministries. Box 2 provides two examples.

Box 2 Provincial Government Departments in Canada

Ontario Agriculture, Food & Rural Affairs Attorney General Citizenship Community & Social Services Consumer & Business Services Correctional Services Economic, Development & Trade Education Energy, Science & Technology Environment Finance Health & Long-Term Care Intergovernmental Affairs Labour Management Board Municipal Affairs & Housing Natural Resources Northern Development & Mines Solicitor General Tourism, Culture & Recreation Training, Colleges & Universities Transportation	Alberta Aboriginal Affairs & Northern Development Agriculture, Food & Rural Development Children's Services Community Development Economic Development Energy Environment Finance Gaming Government Services Health & Wellness Human Resources & Employment Infrastructure International & Intergovernmental Relations Justice and Attorney General Learning Municipal Affairs Revenue Seniors Solicitor General Sustainable Resource Development Transportation
---	---

Canada also has approximately 5,000 municipal governments.

Canada's system of cabinet government has evolved from a collegial system, where the Prime Minister was considered the "first among equals" to a prime ministerial system, where the Prime Minister seeks the advice of his colleagues, but ultimately takes the decision whether or not there is consensus. This trend is similar to what has been occurring in the United Kingdom.

There is no formal mechanism for developing or approving high-level government strategies. There are, however, two formal vehicles in which these strategies are expressed: the annual speech from the throne (summarizes legislative and policy priorities) and the annual budget speech (presents fiscal and policy strategies). The determination of policy priorities has often taken place at cabinet retreats, a two to three day session where the full cabinet meets and debates future government directions. The budget process, on the other hand, can be very secretive with key measures (particularly those involving tax changes) only known to the Prime Minister, Minister of Finance and a few senior ministers and officials.

The weekly cabinet meeting offers an opportunity to review cabinet committee recommendations, discuss strategic or contentious issues, and determine public communications plans. The majority of policy and financial review occurs in cabinet committees. Recommendations are forwarded from the committees to cabinet for ratification, unlike the United Kingdom where increasingly decisions are taken outside the formal cabinet structure (e.g., by correspondence from a committee chair).

Box 3 Cabinet Committees in the Canadian Federal Government

Economic Union – <i>reviews major economic policy initiatives</i>
Social Union – <i>reviews major social policy initiatives</i>
Treasury Board – <i>oversees the annual estimates exercise and reviews fiscal impacts of individual issues</i>
Special Committee – <i>reviews statutory issues, such as appointments</i>
Government Communications – <i>proposes and coordinates communications strategies</i>

The particular cabinet committee structure is not legislated and can be changed by the Prime Minister at any time.

Provincial governments tend to follow a similar approach, although several (e.g., Ontario and New Brunswick) use a Policy and Priorities committee, chaired by the Premier, as a senior committee in charge of priority setting and reviewing major policy issues. One unique approach to cabinet committees is being undertaken in Alberta where caucus members (members of parliament from the governing party who are not members of cabinet) lead various policy committees that include cabinet ministers and make recommendations directly to cabinet.

Central agencies and reform management

There is no one ministry or central agency responsible for public administration reform. The key central organizations include:

- Privy Council Office -the clerk (Cabinet Secretary) is the head of the public service
- Treasury Board -is the employer
- Public Service Commission -responsible for safeguarding merit principle
- Canadian Centre for Management Development (CCMD) -leadership development.

La Releve is headed by the Clerk (Cabinet Secretary) of the Privy Council Office. In the federal public service, all Deputy Ministers (the senior official of each department) have a dual accountability to the Prime Minister through the Cabinet Secretary and to their minister. In fact, performance contracts are negotiated between Deputy Ministers and the Clerk of the Privy Council. Accordingly, accountability for La Releve can be blended with overall accountability for performance.

Treasury Board Secretariat coordinates the business planning process and issues directives on human resources management across government. Business plans contain a public accountability dimension as they report results against objectives on an annual basis and provide the reports to the public.

The Public Service Commission and CCMD work to ensure that the human resources dimension of ensuring successful public administration reform is appropriately taken into account.

Politicization

At the federal level, the Public Service Commission exists to safeguard the merit principle. In fact, its mission is: "To ensure that the people of Canada are served by a highly competent Public Service that is non-partisan and representative of Canadian society".

It is also convention that the Head of the Privy Council, as the most senior public servant, will uphold and ensure adherence to the merit principle.

The Public Service Commission reports directly to Parliament and is mandated to safeguard the non-partisan public service. Its three commissioners are appointed for 10-year terms and can only be removed by joint resolution of House of Commons and Senate. Although there is occasional debate about the increasing power of the Prime Minister's Office, the civil service remains highly professional.

Reform activities

Summary

Unlike transition countries in Europe, there is not a single public administration reform (PAR) program in Canada. Rather PAR is implemented through a series of related initiatives. For instance, La Releve, headed by the Clerk of the Privy Council, has a human resources focus and is attempting to revitalize the public service. The "business planning" process is managed by Treasury Board and involves the various departments

and agencies developing their annual estimate submissions (budget plans) within a strategic policy context. Emphasis is placed on performance measures and accountability.

The provinces have also implemented significant restructuring programs, coinciding with the introduction of business planning. These plans are available to the public and results against objectives are reported each year. Key elements of a business plan include:

- Vision statement and strategic objectives;
- Core businesses;
- Programs within core businesses;
- Divestment strategies for non-core businesses;
- Change strategies (customer-focused, e-government) for programs; and
- Performance measures and results reporting.

The dominant trends arising from **business planning** include **customer-centred restructuring** where groups of services from different ministries are provided from one location (one-window approach) and **e-government** where transactions with citizens or businesses are completed electronically at a kiosk or over the internet.

The dramatic changes undertaken through Program Review are still being digested. Although the trend continues to establish special, self-financing operating agencies (e.g., Canada Customs and Revenue Agency), Canada has not undertaken a radical restructuring along the lines of New Zealand.

A concern at all levels of government is that the public sector is no longer viewed as a desirable employment choice : e.g., enrolment in university public administration programs has been declining; public opinion polls indicate that government is perceived as being less relevant; high rate of public executives leaving for private sector. Increasingly, attention is turning to ensuring that the future public service can maintain the traditionally high standards of policy advice and program management.

Reforms to the organizational structure of government

Agency creation

Throughout the 1970s and 1980s, managerial flexibility became associated with fiscal indiscipline as budgets and the number of government programs expanded, despite efforts to introduce stronger accountability systems. With the severe cutbacks of the 1990s, flexibility became almost exclusively associated with finding savings. The current trend is again towards **more management flexibility but within a stronger results-based framework**; i.e., less central control over inputs, but high level of scrutiny of achieved results. With healthy budget surpluses and pressure again increasing for program expansion, the prevailing flexibility/accountability balance will be tested.

One area where flexibility and accountability are being combined is in the **creation of special operating agencies**. These agencies are exempt from certain administrative

regulations (e.g., staffing directives), in exchange for which clear indications of results must be provided.

The classification of agencies is set out in Treasury Board statutes. This covers a wide range of types from those that form integral parts of ministry operations to autonomous crown corporations. Currently, there are 18 special operating agencies, 82 crown corporations, and 235 other types of agencies. Examples include:

Box 4 Agencies in Canada

Special Operating Agencies Passport Office Translation Bureau Crown Corporations Atomic Energy of Canada Bank of Canada Canada Mortgage and Housing Corp. Canada Film Development Corp. Canadian Broadcasting Corporation Canadian Wheat Board Farm Credit Corporation National Gallery of Canada Petro Canada Via Rail	Other Types of Agencies Canadian Food Inspection Agency Canadian Nuclear Safety Commission Canadian Security Intelligence Service Canada Pension Appeals Board Coal Mining Safety Commission Environmental Impact Review Board Executive Compensation Advisory Group Free Trade Commission Great Lakes Water Quality Library of Parliament National Energy Board National Film Board National Research Council Parks Canada
--	--

Accountability is provided through legislation, inasmuch as acts that apply to federal departments (e.g. *Financial Administration Act*, *Public Service Staff Relations Act*) are applied to certain of these agencies).

In Ontario, accountability between the agency and the parent ministry is enforced through *memoranda of understanding* that set out the obligations and service standards to be met by the agency. In addition, a standing committee of the legislature exists to review the operations of Ontario's agencies, boards and commissions.

As part of the restructuring that took place in the mid-nineties, most Canadian jurisdictions have reviewed the mandate and need for their numerous agencies. As a result, many traditional agencies have been eliminated or restructured. At the same time, new agencies are being created as self-financing areas of government activity are converted to special operating agencies. Another trend is the partial or complete privatization of crown corporations. For example, publicly traded shares can be purchased in Petro Canada, Canadian National Railways, or Air Canada.

Decentralization

Canada has long been a highly decentralized country. Pressures continue to be exerted from the provinces for further decentralization (e.g., for employment training).

Decentralization is viewed in some quarters as a means of responding to Quebec's desire for more autonomy. However, other provinces now echo these demands. For instance, Ontario recently decided to withdraw from the federally provided income tax collection service and set up an independent provincial agency.

The current trend towards increased provincial power, to some degree, results from the major cuts in fiscal transfers to the provinces that occurred in the mid-90s under program review. As mentioned earlier, these cuts decreased the federal government's policy leverage over the provinces in social spending areas. More recently, with large federal budget surpluses, the funding transfer cuts to the provinces are being partially restored. It is unclear how this will affect the federal government's influence over social policy.

At the provincial level, there is a trend towards **devolution of service delivery to the municipal level**. In Canada, municipalities are created under provincial legislation and do not have any constitutional authority. Typically, a provincial municipal affairs ministry exists that negotiates any delegation of authority or assignment of responsibilities to the municipal level. Municipalities are able to raise their own revenue through property taxation and user fees.

Cutting back the programs undertaken by government

In fiscal year 1993/94, the federal deficit stood at \$42 billion, or 5.9% GDP. By 1994/95, net public debt had reached \$546 billion, or 72.8% GDP. The annual public debt interest payments had reached \$42 billion, or 35% of program spending. Worse, by February 1995, public debt charges had increased by \$7.5 billion beyond the previous year's forecast owing to rising interest rates. At this time, Canada was just beginning to emerge from its worst recession since the 1920s. In the public's mind, future prosperity was linked to the restoration of fiscal responsibility. *Program Review* was the government's response.

In the February 1994 budget, the government set an objective of reducing the deficit to \$24.3 billion, or 3% GDP, by 1996/97. This set the deficit on its first sustained downward track in 23 years. To accomplish this, a 3-year expenditure reduction target of \$29 billion was set. Measures included cutting 45,000 civil service jobs, reducing provincial government transfers \$4.5 billion, eliminating 73 government boards, commercializing or restructuring 47 others, ending agricultural and transportation subsidies, and reducing business subsidies by 60%.

The process involved both the administrative and the political levels. Its objective was "to identify the federal government's core roles and responsibilities and allocate resources to priority areas in order to provide effective, affordable, government." Notional budget reduction targets between 5 and 60% were set. To guide the process, departments were instructed to review their operations against six questions: Is a public interest involved? Is this something the federal government should be doing? Can this be transferred to the provinces? Could this be done by the private sector? Can this be made more efficient? Is this affordable?

An officials committee chaired by the clerk of the privy council (cabinet secretary) reviewed proposals to meet the target with each department. This was followed by a cabinet committee review and then a review by the full cabinet.

From a fiscal perspective, the results were highly successful. By 1997/98, the budget was in surplus. For 1999/2000, the budget surplus has risen to \$12.3 billion while program spending accounted for only 11.5 percent of GDP, the lowest level in 50 years. Forecasts through to 2006 indicate continuing surpluses of over \$10 billion annually against a backdrop of significant tax cuts.

The program was also successful in terms of communications. By using fiscal urgency as a backdrop, public support for the cuts and restructuring was maintained. Thus, **public administration reform was linked to issues that the public believed were vital to the future prosperity of the country**. Moreover, the budget provides one of the strongest communications vehicles in Canada to drive this point home. Although Program Review's undoubtedly achieved fiscal and public relations success in the mid-nineties, a robust debate has ensued within Canada on the outcome of fiscally-driven reforms; i.e., whether service quality (especially health care) has been unduly disadvantaged to achieve fiscal objectives (especially tax cuts).

Civil service and personnel reforms

There are 186,314 core federal public servants, excluding military and independent crown agencies. Over the last four years, the public service has declined by 39,000 employees (17.4%). Most of the reductions were realized in National Defence (cuts in civilian employees), Human Resources Development (transferred to provinces), and Public Works & Government Services (alternative service delivery). No further significant reductions are anticipated in the near term.

In Canada, the federal government only represents a fraction of the entire public sector. In terms of government employees, the federal public service contains 33%, the provincial governments 30%, and municipal governments 37%. In addition, the public sector includes crown corporations, the armed forces, and the broader public sector (e.g., schools, universities, hospitals).

Reductions have also occurred at the provincial level. In 1995, the Ontario Public Service comprised approximately 81,200 employees. It has since been reduced by 21% to 64,000.

In Canada, civil service legislation establishes a broad policy framework, with a high reliance on regulation and directives as the means of establishing, changing and implementing rules and standards. This contrasts with many European jurisdictions that have very detailed civil service laws. Key Canadian legislative milestones include:

- 1918 Civil Service Act empowered Civil Service Commission to implement merit-based system;

- 1961 Civil Service Act revisions created Public Service Commission and assigned employer responsibility to Treasury Board; and
- 1967 Public Service Employment Act recognized senior public servants as a distinct corporate management group.

In addition to public service acts, both federal and provincial jurisdictions have additional legislation governing labor relations and financial administration. Additional legislation may also exist with respect to political activity of public servants, freedom of information, public disclosure of executive salaries, and conflicts of interest.

One significant difference between Canadian and European jurisdictions is in the scope of the law. In Canada, all public employees within departments and departmental agencies are considered public servants. In Europe, the term civil or public servant often refers to a professional cadre of employees and not to those who provide administrative support.

Revamped compensation policy for executives was introduced in 1998 to address problems with recruitment and retention of senior executives. It ties the job rate to periodic comparisons with the private sector and links increases to individual performance. 10-15% of total compensation for executives results from "at risk pay" for achieving performance goals.

For unionized positions, pay policy is derived from labor relations law with specifics being negotiated in collective agreements.

Budget process changes

An Expenditure Management System (EMS) was implemented alongside *Program Review* to ensure that the scrutiny of roles, programs and priorities in *Program Review* became a regular part of departmental expenditure culture. All policy reserves were eliminated, ensuring an ongoing review of lower and higher priorities. During the period of expenditure cuts, new priorities funded in the budget had to come through reallocation – i.e. through expropriation of some portion of *Program Review* savings. Initiatives funded between budgets had to come from reallocation within sponsoring ministries.

The whole commitment of modernizing government for the 20th century has led to a number of initiatives and horizontal reviews that are leading to ongoing reform of programs and framework policies (regulatory reform). In addition, improved efforts in expenditure planning and accountability have been implemented. These include the improved Reporting to Parliament Project (including performance reporting); new approaches to business planning; and modernization of results-oriented performance management information supporting systems.

Key documents for planning and reporting on performance are:

- Departmental business plan;
- Report on plans and priorities; and

- Departmental performance report.

Various systems of performance measurement have been in use since the late 60s, beginning with PPBS. The more elaborate versions of program budgeting have been abandoned because of difficulties in operationalizing and sustaining the reporting systems. The commitment to improving performance measurement and results reporting is one legacy from this era that has endured.

Two major changes in financial management for the future are modern comptrollership and accrual accounting. Currently, an Independent Panel on Comptrollership, comprising private and public sector experts, is advising Treasury Board on improvements.ⁱⁱ Partial and modified accrual accounting has already been implemented and full accrual accounting is to be introduced in 2001 as part of a broader Financial Information Strategy. These two initiatives are intended to ensure that modern financial accounting practices are implemented as part of a broader approach to strengthening accountability across government.

E-government

The Canadian government has committed that by 2004 Canada will: "be known around the world as the government most connected to its citizens, with Canadians able to access all government information and services on-line at the time and place of their choosing." (Throne Speech quoted in Secretariat 2000). Service Canada is an e-government initiative providing one-stop telephone or internet access to more than 1,000 government programs and services. By December 2000, all government departments will have on-line capacity for information, programs, and forms

Ontario has won several international awards for its e-government initiatives. For example, Ontario Business Connects allows new businesses to register over the internet. 70% of business registrations now occur in this manner and the service enjoys a 95% customer satisfaction rating. Service Ontario is a public/private partnership with IBM that allows the public to use a centrally located electronic kiosk (e.g., in a shopping mall) to obtain drivers' licenses, pay parking fines, obtain hunting and fishing licenses, submit changes of address for a variety of functions such as health cards, and several other government services.

Reform outcomes

The impact of public administration reform in Canada is difficult to assess since it has never existed as a separate, distinct program. For instance, the coupling of restructuring with fiscal restraint and downsizing makes it impossible to say whether a particular action resulted from a desire to modernize government or simply to save money. In Canada, it is more useful to focus on overall results rather than a particular program. Here, experience suggests that periods of radical change (two in the last fifty years) need to be followed by periods of consolidation.

As noted above, the last major period of change occurred during the mid-nineties with Program Reviews. Unquestionably, these reviews achieved their fiscal objectives. Clearly, these reviews paralleled or drove a rethinking of the role of government and the ways in which government services could be provided. If gauged today, the perceived benefits of the government's improved fiscal situation would likely produce a positive verdict on the impact of restructuring.

There have certainly been significant achievements in terms of creative partnerships with the private sector and exploiting technology. Nonetheless, it remains an open question as to whether all of this change will ultimately produce "more" for "less". If the goals of the rhetoric are to be achieved, an ethic of continuous improvement needs to be instilled in a public service able to attract and retain bright, young, creative employees. Any impoverishment of public service capacity and professionalism will adversely affect service quality. Accordingly, this concern increasingly preoccupies those planning the medium-term directions for public administration reform in Canada.

With the increase in contracting out services that were previously provided by public servants, the management of contractual relationships has become a high administrative priority. Treasury Board oversees contracting policy and has set four criteria to guide awarding of contracts:

- Stand the test of public scrutiny;
- Ensure pre-eminence of operational considerations
- Support strategic, long-term objectives (e.g., regional development); and
- Comply with international trade obligations.

At the provincial level, contracting out has been widely embraced. Services such as building security, snow removal, vehicle license testing, janitorial, and catering are just some of the functions provided on a contractual basis by the private sector that were formally provided by public servants.

Contract management skills are viewed as an increasingly important core competency of civil servants. Criticism has been made that the public service is not yet equipped to properly manage the volume or nature of this form of alternative service delivery.

i The creation of a Policy Research Web Site (<http://policyresearch.gc.ca>) will also help to achieve these objectives.

ii Comptrollership "implies vigorous stewardship of public resources, a high standard of ethics, and provision for appropriate parliamentary oversight. To deliver affordable and high quality services to Canadians, managers need flexibility, incentives, and information." (Secretariat 2001)