5 SOME PROVINCIAL DEVELOPMENTS

Our survey of provincial developments was not intended to be comprehensive, but rather to provide a sampling of the recent changes. A list of recent provincial initiatives appears as Annex F. Provincial governments are faced with pressures similar to those faced by the federal government and many have been responding to them for some time. Their initiatives span all three levels of decision making.

5.1 CHANGES IN THE ROLE AND POLICIES AND STRUCTURES OF GOVERNMENT

Changes in the Role and Policies of Government

These level A changes include privatization of certain activities. Among the examples in our sample are the privatization of beef cattle and swine improvement programs in Ontario, the proposed privatization of nurseries and hatcheries in that province and the privatization of liquor retailing in Alberta. There has also been some devolution to municipalities (e.g. land use planning applications in Ontario), although given restricted powers of taxation at the local level the opportunities to do this are somewhat limited."

Changes in the Structure of Government

A number of initiatives have involved consolidation of administrative units. In Ontario, for example, three ministries were consolidated to form a new Ministry of Finance. In Alberta, the Department of Justice was createed by amalgamating the departments of the Solicitor General and the Attorney General. In Nova Scotia there has been extensive amalgamation of school boards and some amalgamation of municipalities. There has been extensive consolidation of regional health authorities in Prince Edward Island and Alberta.

5.2 CHANGES IN PROGRAM DESIGN AND METHOD OF DELIVERY

The majority of the provincial initiatives that were brought to our attention were at level B and involved changes in program design and method of delivery.

Program Design Changes

Regulatory Reform

A number of provinces are taking steps to reduce the burden of regulations and are involving regulatees more closely in the regulatory process. Thus, Ontario has made legislative changes to remove the requirement to obtain permits for certain activities that are deemed to be low risk. Ontario has also amended its Mining Act to enable mining companies to 'self-regulate' mining closures. Manitoba is taking steps to curb the proliferation of new regulations, to focus them more on outcomes and to vet them with clients earlier in the process.

" Funded devolution is treated as decentralization and is considered to belong to level B

Cost Recovery Measures

Many provinces have introduced or augmented user fees for a variety of services. A number of provincial organizations have moved to full cost recovery. Two Alberta examples are the Workers Compensation Board and the Securities Commission.

Program Consolidation

Another set of initiatives involve the consolidation of programs. For example, PEI's recently created health authorities integrate a range of social services, such as health, addiction treatment, income support, social services and corrections into a single system focussed on the individual, the family and the community. In Alberta, the Energy Resources and Conservation Board and the Public Utilities Board were merged to form the Alberta Energy and Utilities Board since many clients had to deal with both Boards on similar issues, thereby saving administrative costs and simplifying the process for clients.

Program Delivery Changes

Collaborative Delivery (Partnerships)"

Many examples of collaboration were provided. These included interdepartmental collaboration, inter-governmental collaboration and collaboration with organizations external to government.

Examples of interdepartmental collaboration include co-ordination between New Brunswick's Justice and Social Service Departments with respect to common clients; Saskatchewan's Action Plan for Children in which seven departments are working together to develop common approaches to children's issues; Ontario's Taxation Data Centre providing deposit, data capture and electronic data transfer services in partnership with a number of ministries; and initiatives in Alberta to enable a single inspector to make various inspections and issue permits related to a number of regulatory programs.

Examples of intergovernmental collaboration include the establishment of Federal-Provincial Regional Economic Development Boards in Newfoundland; plans to establish Atlantic Canada On-Line, a common information service for the four Atlantic Provinces; partnerships between PEI's Regional Health and Community Services and HRDC; and a joint project between the Ontario Ministry of Finance and Revenue Canada to combine annual filing for pension plans.

Examples of collaboration with external entities include the establishment of a public/private consortium in New Brunswick to design and deliver an Integrated Revenue Management System; collaboration with external entities in the development and delivery of environmental farm programs in Ontario; and Saskatchewan's Multi-Party Training Plan involving the province, the federal government, Aboriginal agencies and the northern mining industry.

New Mechanisms for Client Consultation on Program Design and Delivery

In order to become more responsive to client needs, a number of provinces have established new mechanisms for consulting clients and stakeholders on certain aspects of program design and delivery. Examples include the Ontario's Fish and Wildlife Advisory Committee; the establishment of Stewardship Councils in the same province to bring a variety of interests to bear on the issue of forestry stewardship on private land; and community involvement in the design of healthcare programs in Saskatchewan and child welfare programs in Alberta.

" Throughout this document the use of the words "partnership/partnering/partner" is used to refer to public-private sector part-nering or collaborative arrangements. These terms should not be interpreted in the narrow legal sense of partnerships but rather encompasses any agreement whereby public and private sector expertise and resources are combined to meet a public sector need.

Devolution of Delivery

There are a number of examples in which program delivery has been devolved to local bodies. Examples include the Improved Community Alternatives program for non-dangerous offenders in New Brunswick and the establishment of community health boards, some with elected membership, in a number of provinces. In Ontario the forest industry will assume responsibility for planning, forestry operations, compliance with regulations and data collection, within a framework of government standards and policies.

Contracting

A number of provinces are exploring new types of contractual relationships with the private sector. Some are more inclusive, such as Nova Scotia's contracts for building and maintaining schools. Others involve licensing arrangements, such as British Columbia's Purchasing Commission which has initiated special licencing arrangements with external entities for government-developed products.

More Autonomous Organizations

In Ontario a number of organizations have been formed to facilitate the financing of government projects. These include the Ontario Transportation Capital Corporation, the Ontario Financing Authority and Teranet Land Services Incorporated.

There is increasing interest in Special Operating Agencies (SOAs)[19]. Among the provinces, Manitoba leads the way with eight and plans to create seven more in the next fiscal year. Another 40 are under consideration. Manitoba is the only jurisdiction in Canada with specific legislation governing the establishment of SOAs. British Columbia currently has four SOAs with three more at the preliminary stage. Ontario is considering the creation of its first SOA, Parks Ontario.

5.3 CHANGES IN THE DESIGN AND OPERATION OF DELIVERY SYSTEMS

Changes in the Operational Capacity of Delivery Units

Re-engineering and Restructuring Initiatives

Many provinces have introduced initiatives of this type. For example, Manitoba hopes to save several million dollars in the operation of its internal administrative systems through the elimination of non value-added activities and the strategic use of technology. A similar initiative was launched in 1995 by the Government of Ontario, under its Restructuring Internal Administration Project. Some initiatives, such as that of the Ontario Ministry of Natural Resources, involve the establishment of cross-functional teams to deliver services.

Service Quality Initiatives

A number of provinces have established government-wide service quality initiatives. One of the earliest was Service Quality B.C. which drew on the concepts and tools of Total Quality Management. Newfoundland has established a permanent Service Quality Unit within its Public Service Commission.

Incentive Programs

Manitoba has introduced a Service First Fund under which departments that demonstrate service improvements or reduction in the regulatory burden while simultaneously cutting costs are allowed to retain a third of their savings (another third goes to the Fund to finance further innovation and the remaining third goes to help pay down the provincial debt).

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[19] For an analysis of SOAs at the federal level, see Section 5.

Changes to Specific Aspects of Service

Single Window Access*

Given the range of service provided by provincial governments often to the same groups of clients, it is not surprising that single window access initiatives have received considerable attention. One of the best known examples is Service New Brunswick (SNB). At present there are are four SNB centres in different parts of the province, each of which provides a single point of service for over 60 programs from 16 government departments. Staff at the centres have been trained to deliver a range of services. SNB has established local advisory committees to provide informal evaluation of the centre's operation and to make recommendations on aspects of service, such as office hours. Access Nova Scotia provides Nova Scotians with one-stop access to information on all programs and services offered by the Nova Scotia government. The response to our survey also contained examples of single window access initiatives in Newfoundland, Manitoba, Saskatchewan, Alberta and British Columbia.

More Convenient Access

A number of initiatives involved access improvements such as extended hours and more convenient locations.

Process Simplification

In a number of cases processes have been simplified to speed up service. Examples include the Alternative Dispute Resolution process in New Brunswick which has significantly decreased the time required to resolve civil disputes; the introduction of a "small claims" day by the Ontario Office of Adjudication; and reductions in the number of process steps in the Civil Division of the Metro Toronto Courts Administration and in the Sheltered Aid for Elderly Residents program in British Columbia.

Use of Technology to Improve Access

Applications of information technology were among the most frequently cited service delivery initiatives. A number of provinces are using electronic commerce systems for payments. In Ontario certain documents can be obtained in minutes rather than days using on-line production. Other initiatives include the use of integrated voice response technology (Nova Scotia) and the use of self-service kiosks (Ontario[21] and Nova Scotia). Desktop computers are providing rapid access to needed information for caseworkers and other frontline staff, thus greatly improving their productivity and speeding up service. A number of other examples of improved information sharing through the use of technology were also provided. Further changes are on the way through the use of smart card technology.

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[20] For a more detailed discussion of this topic, see Leslie Seidle *Rethinking the Delivery of Public Services to Citizens,* IRPP, 1995., Chapter 6.

[21] In September, 1993 Ontario established a pilot project consisting of eight self-service kiosks. As of March 31, 1996 another 60 have been added. For further details see Section 3.4 of Annex F.

6 FEDERAL GOVERNMENT-WIDE INITIATIVES

Three events dominated federal public service reform during the last six years: Public Service 2000, the Departmental Reorganization and Program Review.

6.1 PUBLIC SERVICE 2000 AND RELATED INITIATIVES

Public Service 2000 (PS 2000), which was announced in 1989, was primarily aimed at improving service to the public and at providing public servants with the support and authority they require to bring this about. In terms of the model developed in Section 3, PS 2000 embodied an enabling rather than a directive approach, with a particular emphasis on consultation, conversion and capacity building. Its major focus was on decisions and actions at level C. It provided general guidance to public service organizations, but left it largely up to them to decide how to respond. In the words of the manager of PS 2000, the aim was to "let a thousand flowers bloom". Although endorsed in a general way by the government of the day, PS 2000 was almost entirely developed and led from within the public service.

One of the major strengths of PS 2000 was its comprehensive view of the factors that go into building the capacity of government (or any other) organizations to deliver service. All the intrinsic capacity factors listed in Section 3 were addressed. Thus it stressed, among other things, the importance of service standards derived through client consultation, employee involvement in decision-making (which led to the establishment of Councils for Change), staff development through training and career planning, performance incentives, better use of information technology and the development of mission statements aimed at fostering a client-centred culture.

However, PS 2000 did not neglect the role that controls play in influencing the service delivery capacity of government organizations. Several measures were aimed at giving managers more authority and flexibility. Thus, single operating budgets were introduced in which the managers of government units were given a single budget to cover all operating costs, including the acquisition of small capital items. Managers were also given increased discretionary authority in purchasing and in the use of certain common services. In addition, the Public Service Reform Act, which was part of the PS 2000 initiative, was proclaimed in April 1993. The Act, which amended the government's management framework legislation, introduced a number of measures to simplify job classification, facilitate the deployment of personnel and change collective bargaining practices.

Although the overall emphasis of PS 2000 was enabling rather than directive, some directive measures were taken. These included a government-wide delayering initiative in 1991 which mandated that there were to be no more than 3 layers of executive management below the deputy.

The significance of PS 2000 is difficult to assess, especially because it did not set concrete objectives against which performance could be measured. Furthermore, even those organizations that did attempt to adopt the principles of PS 2000 paid little attention to tracking progress. Under PS 2000, the Clerk of the Privy Council was required to issue annual Reports on Progress. In the absence of systematic measures, these reports have had to rely mainly on description and anecdotal evidence.

A major problem faced by PS 2000 was the lack of sustained leadership at the political level. As noted, it was largely an internal initiative aimed at level C activities. Significantly, this is the level at which the public service has the greatest authority to act on its own without active government involvement. In particular, PS 2000 relied mainly on the use of enabling measures to affect cultural change. The experience suggests that this approach is unlikely to succeed unless the surrounding framework of structures and incentives is radically changed, which it was not.

With the benefit of hindsight, PS 2000 was also a victim of poor timing. Within little more than a year of its announcement, it was overtaken by events that included a string of cuts in operating budgets, the introduction of a hiring freeze and wage restraints and reductions in staff levels (including a 10% reduction in the EX category). The negative effect of these changes (especially the wage freeze) on public service morale was clearly demonstrated by the strong support that was given to the 1991 strike. Thus, resource cuts and low morale combined to undermine the gains in service delivery capacity that PS 2000 had sought to achieve.

Nevertheless, although the PS 2000 label has faded into memory (it no longer appears on the Clerk's annual reports) its spirit is not dead. Its precepts continue to influence the thinking of many managers around the government and its ideas continue to be promulgated in a number of Treasury Board initiatives. Notable among these are the Service Standards and Quality Service Initiatives.

Service Standards

In the February 1994 budget, the government committed itself to publishing service standards by 1995 and to issuing a declaration of quality service in the summer of that year. The Service Standards initiative was led by the Treasury Board Secretariat (TBS) and built upon a number of existing departmental developments. The initiative requires government departments and agencies to establish service standards based on consultation with clients and to make them available at points of service. Departments and agencies are also expected to measure and publish actual performance against these standards. The standards are to include five elements:

- service description;

- service quality pledges or principles;

- delivery targets;

- service delivery costs; and

- complaint and redress mechanisms.

The intent of the initiative is to enable taxpayers to assess whether they are getting value for money and to help public servants to identify areas in need of improvement. However, it has no legislative basis and it has not been given the same level of prominence at the political level as, for example, the Citizen's Charter in the U.K.[22] The role of TBS is to provide guidance and to monitor progress but the thoroughness with which the initiative is implemented depends on departmental priorities. Of late, these priorities have been

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[22] In fairness, it should be pointed out that, overall, federal government activities may be less amenable to the establishment of service standards than those of either provincial or unitary national governments with their greater proportional emphasis on direct services.

focussed on adjusting to the consequences of departmental reorganization and program review. Furthermore, TBS has itself noted[23] that "greater tailoring of the accountability frameworks will be required to maintain the focus on results and to do so effectively".

Quality Service

The Declaration of Quality Service embodies a set of principles under which clients can expect to receive service that:

- is prompt, dependable and accurate;

- is courteous, and respects individual rights, dignity, privacy and safety;

- is good value for money, and is consolidated for improved access and client convenience;

- reflects a clear disclosure of applicable rules, decisions and regulations;

- respects the *Official Languages Act*;

- is regularly reviewed and measured against published service standards, and these reviews are communicated to clients; and

- is improved wherever possible, based on client suggestions, concerns and expectations.

To support the enactment of these principles, TBS, with the help of many people from various departments, has developed a series of guides each addressing a particular aspect of quality service. Thus far, these guides have been generic in nature, rather than being explicitly tailored to specific activity areas.

6.2 DEPARTMENTAL REORGANIZATION

On June 25, 1993 a major departmental reorganization was announced. Under this reorganization the number of departments was significantly reduced and they were reconfigured on the basis of functions, rather than clients. Specifically, the reorganization reduced the number of departments from 32 to 23. In the process, 8 departments were created or redesigned and 15 were either wound up or merged with other departments.

The aim of the reorganization was to promote policy co-ordination both by having a smaller Cabinet and by internalizing, within departments, policy implementation and program design decisions that had formerly required lengthy consultations between departments. The integration was also intended to give ministers clearer authority over their areas of responsibility.

There were also changes to central agencies. The Federal-Provincial Relations Office was reintegrated into the Privy Council Office (PCO), thereby consolidating support for the Prime Minister, and the Office of the Comptroller General was reintegrated into the TBS. The entire process was overseen by an Implementation Board under chairmanship of Clerk of the Privy Council, supported by a small PCO secretariat. Although the reorganization had been planned and implementation started under the previous Progressive Conservative administration, its basic features were only modified slightly by the new Liberal government that came to power on November 4, 1993. As a signal of on-going commitment to public service renewal, the new government designated a Minister with specific responsibilities in this area. The Advisory Committee on Government Restructuring, which had been created under the previous administration and which provided advice on cost reduction, increased effectiveness and enhanced service, was retained and reported to this Minister.

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[23] Strengthening Government Review: Annual Report to Parliament by the President of the Treasury Board, 1995, p.2

As expected, the impact on the public service of a reorganization of this magnitude was considerable. It resulted in a 17% reduction in the number of Deputy Ministers and Assistant Deputy Ministers. Another 200 executive level positions were also affected, mostly as a result of combining departmental corporate groups. The changes were also disruptive for thousands of public servants who had to adjust to new organizational arrangements and corporate cultures. However, these short term costs were thought to be justified by the longer range benefits of a smaller Cabinet, greater policy coherence and enhancement of ministerial authority and control over government operations.

The reorganization had been conceptualized as the following three-stage process.

Phase I: Consolidation of administrative functions.

Phase II: Rationalization of operations.

Phase III: Fundamental re-examination of programs and services.

Only Phase I was completed as planned. Phases II and III were superceded by the Liberal Government's Program Review initiative (see below).

In terms of the service delivery model described in Section 3, the departmental reorganization clearly constitutes a level A activity. In order to expedite the process, it was also carried out in a highly directive manner. As a level A activity it had the capacity to undermine or disrupt initiatives at levels B and C, especially those that did not enjoy the stability afforded by separate legislation. "Softer" initiatives at level C (such as certain elements of PS 2000) are particularly vulnerable to such changes. At the same time, it was a logical starting point for Program Review, which carried through to levels B and C.

6.3 PROGRAM REVIEW

In the Budget of February, 1994, the government announced a comprehensive review of all federal government programs, which was intended to "ensure that the government's diminished resources are directed to the highest priority requirements and to those areas where the federal government is best placed to deliver services". 'Program Review' was designed to start the process of fundamentally rethinking the role of the federal government and how it should fulfil that role. It represented departure from past efforts at expenditure control by starting from fundamentals, rather than employing across-the-board cuts. Ministers and their departments carried out the review themselves, based on a series of six tests, as follows:

- **Public Interest Test** – Does the program area or activity continue to serve a public interest?

- **Role of Government Test** – Is there a legitimate and necessary role for government in this program area or activity?

- **Federalism Test** – Is the current role of the federal government appropriate, or is the program a candidate for realignment with the provinces?

- **Partnership Test** – What activities or programs should or could be transferred in whole or in part to the private/voluntary sector?

- **Efficiency Test** – If the program or activity continues, how could its efficiency be improved?

- **Affordability Test** – Is the resultant package of programs and activities affordable within the fiscal restraint? If not, what programs or activities would be abandoned?

In terms of the model presented in Section 3, the first three questions concern justification of the program in terms of federal policy (i.e. level A). Tests 4 and 5 (in part), address the choice of delivery mechanism (i.e. level B). Test 5 also addresses the design of the delivery system (i.e. level C). Test 6 is more explicitly driven by the need to cut costs and may precipitate a recycling through the other five tests. Although not explicitly included as a test, the need to reduce public expenditure while maintaining service levels also created pressure to look for opportunities to introduce or augment user fees[24] or share costs. The overall initiative is non-directive beyond the general framework of test questions and, more significantly, the clear requirement placed on each department to cut costs.

The budget of Feb 27, 1995 laid out the detailed departmental decisions resulting from Program Review. These are summarized in Annex F. Collectively, they are expected to produce annual savings of around $7.2 billion by 1997-98[25]. The budget of March 2, 1996 identified further Program Review savings of $368 million by 1997-98 and extended the review horizon by another year to yield a further $1.9 billion in savings in 1998-99. These expenditure cuts will be accompanied by a 16% reduction in the size of the federal public service (representing about 45,000 jobs). Some of these jobs will be transferred to the private or not-for-profit sector following decisions to privatize or devolve certain programs.

The Program Review process is supported by a number of key Treasury Board initiatives, namely:

- development of a framework for alternative program delivery;

- the introduction of a new Expenditure Management System; and

- changes to the human resources management framework to facilitate employee takeovers and the transfer of employees to external organizations.

Framework for Alternative Program Delivery

The Framework for Alternative Program Delivery, which was issued in 1995, supports Program Review by providing a frame of reference to help departments and agencies select the most appropriate means of delivering programs and services. It defines strategies for changing the way programs and services are delivered, sets out principles and criteria (at a greater level of detail than the Program Review tests) for assessing whether delivery alternatives achieve government objectives and describes program delivery alternatives and their provisions for accountability, financing and human resources management. The alternatives considered include special operating agencies (see below), separate (statutory) agencies, departmental corporations, Crown corporations, public partnerships, devolution to another level of government, contracting out, government-owned, contractor-operated (GOCO) arrangements, contracting for services, mixed enterprises, licencing and franchising arrangements, public-private arrangements, devolution to not-for-profit or community enterprises and privatization.

These guidelines are intended to apply to the full spectrum of government operations, so that they are, of necessity, couched in very general terms. Consequently, although useful, they do require a lot of interpretive analysis before they can be applied in a particular functional context.

Expenditure Management System

In 1994-95, a new Expenditure Management System (EMS) was introduced to integrate the budget planning process with the Cabinet planning cycle. This enables new policy and program proposals to be considered in the context of the government's overall priorities and fiscal framework. New initiatives can be considered outside the budget and planning cycle, but they must be funded through reallocations within

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[24] In cases where specific individuals or groups could be shown to benefit from the service.

[25] These savings include additional revenues from cost recovery that are included in non-tax revenues.

the existing budgetary framework. A key aim of the Expenditure Management System is to encourage a more strategic approach to portfolio spending on the part of departments, accompanied by greater freedom from central agency controls. Under the Expenditure Management System, departments are expected to prepare 'Departmental Business Plans and Outlooks on Program Priorities and Expenditures'. This provides a valuable opportunity to clarify the objectives of operational units and to establish targets or standards for performance, thereby focussing on improved management and improving accountability. However, as Peter Aucoin points out, unless ministers are willing to make these plans explicit and transparent and hold public servants to account on that basis, EMS is unlikely to have a significant impact on public management.[26]

Human Resources Management Framework

Recent changes in the Human Resources Management Framework are intended to facilitate the adoption of alternative delivery mechanisms. A key component of this new framework is the expansion of the definition of a Reasonable Job Offer under the Workforce Adjustment Directive to include offers of employment continuity when work is transferred to provincial governments or the private sector (subject to a number of conditions). Recent policy changes have also made it easier for public servants to engage in employee takeover initiatives.

6.4 OTHER SIGNIFICANT INITIATIVES

Special Operating Agencies (SOAs)

The SOA initiative was launched at the end of 1989 with the creation of the first five agencies. SOAs are discrete operational units within government departments that function under a regime of increased management flexibility and greater accountability for results. Although there are some similarities with the U.K. Executive Agency model, a major difference is that SOA heads report to public servants (deputy ministers or assistant deputy ministers) and not to ministers. Furthermore, (again in contrast to U.K. Executive Agencies) the SOA concept was never strongly supported at the political level, nor was it seen as a fundamental factor in reforming the public service. As a result SOAs currently account for only 3% of the public service and consist mostly of organizations that are strictly operational and are somewhat peripheral to the core mandates of their departments.

Experience with SOAs does suggest that, in the hands of an effective leader, the model can help to build a stronger organizational identity, an enhanced sense of purpose, a more strategic perspective on operations and a better focus on client needs and service quality (i.e. it can help build organizational capacity)[27]. However, the model (as currently implemented) is too weak to ensure that any gains will necessarily be maintained. A recent stocktaking of SOAs by the Auditor General of Canada[28] concluded as follows.

"...for certain government activities, SOAs should be able to provide better service at lower cost, and should therefore be continued if Treasury Board ministers, ministers and deputy ministers of departments in which SOAs are situated, and agency heads:

- provide clearer focus and direction for the SOA initiative as a whole;

- build greater acceptance and support for the SOA concept among stakeholders – public servants, unions, suppliers and competitors, the general public and parliamentarians;

[26] Peter Aucoin The New Public Management: Canada in Comparative Perspective. IRPP, 1995, p. 249

[27] For more detailed discussion of this, and other aspects of the SOA experience, see J. David Wright and Graeme Waymark Special Operating Agencies: Overview of the Special Operating Agency Initiative, CCMD and CAC, August, 1995. This is the first in a series of papers that address issues related to SOAs.

[28] Special Operating Agencies: Taking Stock, Office of the Auditor General of Canada, May 1994.

- improve the criteria for determining which government activities should be converted into SOAs, and which SOAs, if any, should be moved to an alternative structure;

- set clearer, more concrete performance goals and improvement priorities for SOAs and include them in agency charters with appropriate permanence, establish more clearly the respective responsibilities of SOA heads and deputy ministers under the umbrella of ministers and match these responsibilities with appropriate authority and discretion, and monitor agency performance with respect to the goals and priorities established;

- establish a framework for public reporting using existing departmental accountability reports with appropriate safeguards to deal with confidentiality;

- develop and adhere to clear guidelines for SOAs that compete to supply government departments and that compete for markets in the private sector; and,

- provide for subsequent stocktaking of the SOA initiative to assess progress and make appropriate adjustments that may be required."

In terms of the model in Section 3, SOAs are a level B initiative. They suffered from not being driven by a level A vision.

1992 Regulatory Policy

In 1992 Treasury Board announced a new regulatory policy. The policy was designed to address the problems of too many regulations that were making it difficult for Canada to compete in world markets and the costs of implementation given dwindling public resources. Thus, the aim of the policy was to ensure that regulation would be used only when absolutely necessary.

The policy requires departments to consider a wide range of alternatives to regulation (such as information campaigns, voluntary standards, suasion, courts, self-regulation, ISO standards for management, market-based incentives and direct government expenditure) before proceeding. They are also required to demonstrate that the benefits of any proposed regulation clearly outweigh the costs and that any regulatory activity impedes Canada's competitiveness as little as possible.

A broad consultation is assured under the *Citizen's Code of Regulatory Fairness*, both to ensure fairness and to identify unforeseen impacts. Furthermore, since problems may arise from the interplay of regulations promulgated in different policy areas for different reasons, the new policy stresses the need to consider the possibility of overlap and duplication with the regulations of other federal departments and those of provincial and foreign governments. Harmonization of various government regulations is strongly supported by this new regulatory policy.

Under the policy, systems should be in place to manage regulatory resources effectively and to ensure that:

- compliance and enforcement policies are clearly articulated; and,

- the available resources are adequate to discharge enforcement responsibilities and to ensure compliance when regulation binds the government.

Technology-Related Initiatives

Throughout the period of this analysis, there has been a growing awareness of the role of information tech-nology (IT) and its potential to save money and improve service. For example, the February 1994 budget emphasized the importance of investments in IT and made a commitment to $2 billion in cost avoidance savings over five years through the application of IT and modernization of internal systems.

A Chief Informatics Officer was appointed in 1993 within TBS to provide leadership in information man-agement and the application of IT across the government. In the following year, Treasury Board issued the Blueprint for Renewing Government Services Using Information Technology. The Blueprint envisioned "a government-wide electronic information infrastructure to simplify service delivery, reduce duplication and improve the level and speed of service to clients at a lower cost to taxpayers".[29]

Other government-wide initiatives include:

- PWGSC's electronic procurement and accounts settlement system.

- CCMD's Expo Innovation which provided a forum for departments to showcase innovative manage-ment practice, including applications of IT

- PWGSC established The Institute for Government Informatics Professionals with the aim of enhancing knowledge and skills.

Growing government experience in the use of information technology and increasing awareness of its long-term potential to reduce costs and improve service has prompted Treasury Board to consider issuing the following statement:

"Electronic processes will be the Government's preferred means of doing business internally, with other governments, private sector organizations and Canadians by 1998."

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[29] *Blueprint for Renewing Government Services Using Information Technology (Discussion Draft),* TBS. 1994.

7 RECENT DEPARTMENTAL INITIATIVES

Annex H contains an organized list and brief description of around 200 departmental initiatives which were reported in response to the survey carried out for this study. Although this list does not include every initiative of significance, it does provides a reasonably comprehensive view of what has been happening in the last two or three years and especially as a result of Program Review.

7.1 NATURE OF CHANGES

It is clear from the list in Annex H that there is a large amount of innovation taking place within departments as they attempt to adjust to smaller budgets and rising expectations. Innovation has taken place at all three levels.

Level A

The major initiatives at this level have involved significant policy changes as the government has eliminated a number of subsidies (notably in the areas of transport and business), has privatized some services and has transferred others (especially in the field of transportation) to other levels of government and to not-for-profit organizations. Some departments have begun to focus more on core federal government functions (policy development, regulation, R&D, international trade, etc.) and less on direct delivery of services. In some cases (most notably Nav Canada), entirely new delivery organizations have been set up outside government. In short, there has been a general decline in the use of direct delivery as a policy instrument.

Level B

Many of the changes reported to us were at level B. This is partly a consequence of the primary focus of our questionnaire, but also reflects the kinds of changes encouraged by Program Review. Level B initiatives fall into three main groups: cost recovery measures, redesign of programs and the introduction of alternative delivery arrangements (including partnering, devolution of delivery, contracting and the creation of more autonomous entities within government).

Cost Recovery

Ten of the reported initiatives fell into this category, nearly all of which involve the introduction of user fees. Most of these fees are levied to recover the costs of regulatory or processing activities in situations where those receiving the service can be shown to benefit directly.

Redesign of Programs

Seventeen of the reported initiatives fell into this category. A number of regulatory programs have been altered, in some cases to simplify and update regulations, in others to reduce the regulatory burden and in still others to involve regulatees more closely in the regulatory process. Furthermore, the regulatory aspect of some programs has assumed greater importance as the government moves out of direct delivery. A number of these changes can be traced to the regulatory reviews that followed the 1992 changes in regulatory policy.

Some programs have been amalgamated or integrated. In other cases, program provisions and implementation strategies have been adjusted in order to eliminate overlap, save money and align efforts. Examples of program harmonization can be found within departments, between departments, with the provinces and with foreign governments.

Partnering Arrangements

No fewer than 24 of the initiatives involved some form of collaboration in an attempt to achieve more with the limited resources available. These partnering arrangements have been made between departments (4), with other levels of government (5), with foreign governments (2), with the private sector (5) and with not-for-profit organizations (2). The remaining six involve a range of stakeholders. The precise forms of collaboration vary. They may, for example:

- work on complementary activities to achieve a common goal;

- have one organization do work on behalf of another;

- establish a separate jointly controlled organization;

- pool resources to undertake joint ventures;

- share knowledge and expertise;

- promote accessibility for citizens through a joint interface; and

- share costs, risks and benefits in various ways.

It is clear departments are increasingly having to forego the bureaucratic luxury of doing things on their own. Demands for responsive and integrated service within increasingly restricted budgets are compelling government organizations to look for leverage wherever they can. However, while arrangements such as these can help to reduce costs to the taxpayer and can increase the responsiveness of services to the specific needs of service recipients, it is less clear how well such arrangements function with respect to the remaining two elements in Figure 2, namely support for national policy objectives and adherence to public values and democratic principles. Furthermore, such arrangements face potential obstacles in the form of turf protection (interdepartmental), jurisdictional issues (intergovernmental), goal incongruence (private sector) and ideological differences (voluntary sector).

Devolution of Delivery

In all, 14 of the initiatives involve devolution of delivery (7 to other orders of government, 3 to not-for-profit organizations and 4 to the private sector). In these cases, unlike complete devolution, the federal government retains ultimate responsibility for the program in question. These arrangements confer a wider range of discretion on the devolvee than that found under normal contracts (next section). While such arrangements can reduce administrative costs for the federal taxpayer, their *raison d'être* has more to do with the

fact that devolvees have the specialized/localized knowledge that can help improve the cost-effectiveness of program delivery. Where the devolvees are themselves the clients of the program, there is an increased risk of client capture which must be monitored closely.

Contracting with the Private Sector

Twelve of the initiatives involve delivery contracts with the private sector. A number of these take advantage of an existing infrastructure outside government, thus saving the government the cost of developing one of its own. These contracts may or may not be competitive. In other cases government facilities are managed by the private sector under competitive contracts. These are referred to as government-owned contractor-operated (GOCO) arrangements and are applicable to situations in which the private sector would be deterred from competing by high front-end facility construction costs. One case involves an employee takeover (ETO) arrangement, which may become more prevalent in the future with the new ETO policy referred to in Section 6.

Arrangements Involving Greater Autonomy and Accountability

Initiatives of this type are designed to enhance the capacity of government organizations to deliver services by increasing management flexibility and providing a greater measure of stability in return for greater accountability for achieving specified results. Special Operating Agencies (see Section 6) remain the predominant example of this approach within Canadian federal government departments and six[30] of these were mentioned in response to our survey. However, SOAs are not the only arrangement of this kind and the survey turned up a number of examples of SOA-type arrangements that were developed without recourse to the model. The three new agencies announced in the 1996 Budget may well be the precursors of larger scale adoption of this approach within the federal government.

Although not covered by our survey, a range of institutional arrangements has already been developed to provide for increased autonomy for government activities. Beyond SOAs (and in increasing order of autonomy) these are separate (statutory) agencies, departmental corporations and Crown corporations.

Level C

The changes at level C that were reported to us fall into two general groups. First, there are those that are aimed at generally enhancing service delivery capacity. Second there are those that involve specific changes to particular aspects of the service and the way it is delivered.

General Enhancement of Capacity

In all, 56 of the initiatives fell into this category. The most prevalent were consolidation of regions, branches or activities (9), consolidation or sharing of support services and systems (9), decentralization (8), delayering (4), creation of project based teams (4) and automation of activities (4). The remaining 18 initiatives include additional flexibilities, improved management practices, internal rearrangement of functions, centralization and improvements to processes and consultation mechanisms. Most of these involve changes to structures and processes and may well have been supported by a range of "softer" human resources interventions (e.g. training, feedback, etc.) which were excluded from our survey.

The picture that emerges is one of greater integration (of support services, organizational units, activities and work) accompanied by a measure of decentralization of decision-making. Both of these tendencies are moving government organizations further away from the traditional bureaucratic model of organization.

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[30] There are currently around 16 SOAs in the federal public service.

Changes to Specific Aspects of Service Delivery

In all, 42 of the initiatives fell into this category. In 9 cases organizations simplified or streamlined the procedures that clients were required to follow, thereby reducing the time and cost requirements of dealing with the government and/or ensuring prompter service. Ten cases involved the introduction of single window initiatives for added client convenience. Other initiatives included co-location (3), public information programs (2), the introduction of service standards (1) and new measures to resolve complaints (1).

However, the largest group of initiatives (16) involved the introduction of technology-based access. These included the introduction of electronic commerce systems for filing information (6), making information accessible on the Internet (6), the establishment of toll-free 1-800 lines (4) and the development of databases available on CD-ROM (2). This represents but a small sample of the many initiatives taking place across government that employ information technology in the delivery of services. As noted in Section 6, this approach is supported by provisional Treasury Board policy.

As service delivery becomes increasingly technology-based, it will raise fundamental questions of equality of access (a key public value). In order to ensure that those who cannot access or use the technology (for whatever reason) continue to receive service, it will be necessary to provide alternative means (face-to-face, telephone, etc.) at least for a transitional period. At the same time, the government might wish to augment its existing programs to enhance the ability of Canadians to access and use the technology.

7.2 FACTORS INFLUENCING CHANGE

Participants in the four focus groups identified a number of factors that they felt were motivating changes of the type discussed above. They also discussed factors that either helped or impeded the changes.

Change Motivators

Pressure to cut costs and generate revenue following Program Review was by far the most frequently cited motivator for change. Variations on this central theme included pressure to achieve greater efficiency. A number of participants also mentioned the need to improve client service and reduce compliance costs imposed on clients. Other motivators identified were culture change, protection of assets, ministerial directives, achievement of synergy, the changing nature of the federation, the changing role of the federal government, the Auditor General's Report and the opportunities offered by information technology.

Factors that Helped Change

The factors that influenced change were mostly organizational specific rather than government-wide. A number mentioned the importance of support from the Minister or Deputy Minister. Support from employees and pent-up demand for change on the part of stakeholders were also mentioned. Some SOA representatives felt that SOA status had helped them to make changes. Other factors cited included the pressure to report publicly; legislative change; small scale; low profile; compatible culture; positive rhetoric; clear goals; strong leadership; ambiguity in the rules; ignorance of the rules; budgetary restrictions; technology and benchmarking.

Factors that Inhibited Change

Inhibitors of change cited included central agency[31] and departmental obstruction (or at least inertia); lack of a unifying vision (so that initiatives were undertaken without a clear rationale); an inappropriate culture (not entrepreneurial enough, clash between staff values and organizational goals, etc); practical challenges of bridging the gulf between potential partners; overly rigid rules; the current classification structure and lack of Ministerial support.

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[31] Issues and problems related to central agencies are discussed later.

7.3 ISSUES ARISING

Participants identified and discussed a wide range of issues related to changes in the federal government's service delivery system. These included:

- Role of the Federal Government;
- Role of central agencies;
- Devolution and privatization and partnerships;
- User fees and cost recovery;
- Competition;
- Accountability;
- Performance Measurement;
- Motivation;
- Recruitment, deployment, promotion and training;
- Structure and process issues;
- Technology; and
- Leadership.

Role of the Federal Government

There was a feeling that this aspect of Program Review had not received as much attention as other aspects. In part, this might be attributed to the bottom-up manner in which the Review was conducted. Questions concerning the role of government are properly decided at the political rather than the program level. However, participants also pointed out that it is often difficult to pin down an appropriate role for the federal government in today's complex and rapidly changing environment. Some areas, such as real property and certain value added services which could be licenced to the private sector, were identified as possible areas in which the government did not need to be involved. On the other hand, the government might wish to retain a capacity in certain areas such as security and public policy. A further factor is the difficulty of establishing the value of certain organizations, such as CIDA. Maintaining relevance in the eyes of the public might require some organizations to transform their mission and culture to remain aligned with society's changing values and priorities.

Role of Central Agencies

Participants voiced a number of concerns about the role played by central agencies (Treasury Board in particular) in the change process. There was a general view that TB policies were lagging behind the events triggered by Program Review. Policies on human resources[12], and fee charging were particularly mentioned. The slow progress of classification reform is causing problems for some organizations by making it difficult for them to hire the people they need and by causing capable people to leave. TBS was perceived to be a drag on the implementation of Program Review initiatives in part because of excessive workloads but also because of structural and attitudinal problems and lack of a coherent vision or enabling framework.

In the opinion of many participants, TBS remains functionally stovepiped which makes it very difficult to get coherent action on issues, such as alternative service delivery, that require functionally integrated decisions. Furthermore, TBS is also perceived as failing to appreciate the practical difficulties of implementing policy or the necessity to take some risks in order to achieve results. It maintains an overly rigid approach which makes insufficient allowance for diversity. Finally, a number of participants pointed to examples of inconsistent decision-making or information which might be attributed to lack of a coherent vision.

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[12] Since addressed to some degree under the new framework.

Some participants also felt that policy changes were being poorly communicated to more junior levels within TBS. As a result, the perception was that some individuals within the organization continued to operate in the 'old' policy framework and provided information and guidance which was inconsistent with information obtained elsewhere in TBS. A number also expressed concern over the amount of time they spent providing information ("feeding the gorilla") and the lack of feedback on draft submissions.

Many participants felt that the Treasury Board should provide a broad policy framework (including appropriate financial, administrative and classification systems) but should then trust each organization to work out the solution best suited to its individual circumstances and environment. However, some pointed out that it is not always safe to assume that departments know what to do. It might be necessary for TBS to be more prescriptive in some areas (such as governance and accountability frameworks) at least on an advisory basis.[33] There was general agreement on the need for better communication between departments and central agencies at all stages in the development of new initiatives. This would provide an opportunity for those involved to understand the unique perspectives of departments and central agencies.

Although frustration and indifference with central agencies was widely felt, some participants reported instances where TBS has been very helpful. Some also pointed out that TBS was much less intrusive than it used to be and more recently had an important role to play in ensuring consistency in operational policy. The central agency role in substantive policy co-ordination was also seen as important.

The role of the central agencies (and in particular that of the Treasury Board) is unclear and contradictory in that they are expected to lead, or at least actively support the change process, while maintaining their traditional "guardian/enforcer" role. These contradictions can only be resolved by the development of a coherent and government-led vision and enabling legislative framework. Such a framework would also help to ensure consistency and avoid the time-consuming process of treating each change initiative as unique.

Devolution, Privatization and Partnerships

While supporting the concept of devolution, a number of participants pointed out the importance of carrying it out at appropriate pace while ensuring that the devolvee had the capacity to take over (devolution to Aboriginals was cited as an example). However, this may not be easy to achieve since experience suggests that once the process of devolution is started it tends to acquire its own momentum as devolvees start to demand increasing control. There was a related concern regarding devolution to the provinces in that provincial cutbacks could lead to gaps rather than duplication in service. Finally, it was pointed out that, in the absence of effective competition, devolution to the private sector could end up increasing costs.

On the subject of privatization (including employee takeovers) some participants felt that regulations such as those governing conflict of interest presented significant impediments. Experience suggests that these impediments can be overcome if there is consistent support from both the political and administrative levels of government.

Many participants saw an increasing need for partnering arrangements if they were to successfully achieve their goals. Trust was identified as essential to success, especially in situations where the government acted as a catalyst by bringing various players together to provide better service.

User Fees and Cost Recovery

Several participants who had introduced user fees indicated that they now felt increased pressure from their clients to keep costs down and demonstrate results. In addition, clients needed assurance that they were paying only for the services they were receiving. Also, charging fees created an expectation on the part

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[33] It is interesting to note that this issue also arose during implementation of the Next Steps initiative in the U.K. There the centre started from the premise that agencies and departments would be able to determine for themselves what was required in areas such as target setting and performance measurement. However, many requested much more detailed guidance which was eventually forthcoming.

of clients that the service would continue in spite of government reductions or that their fees would be reduced if there was a cutback in service. At least one participant reported a conscious effort to tailor services more directly to clients needs now that they charge for them and another emphasized that charging user fees makes it desirable for clients to have input into the decision-making process. Finally there was general agreement that good public relations and open communication were very important to the success of cost recovery initiatives.

Some participants expressed concern over certain risks associated with fee charging. These include:

- limiting access to services for which fees are charged, which may undermine the "public good" role of the service;

- encouraging government organizations to focus more on value added activities and pursuit of markets (e.g. international) that generate revenue rather than on their core responsibilities;

- the introduction of what amounts to an additional tax in cases where fees exceed the costs of providing the service; and

- protection of government monopolies from the need to improve efficiency[34].

Thus, in terms of Figure 2, fee charging appears to be creating pressure to minimize costs and increase responsiveness to client needs, but may also be putting at some risk the remaining two factors of policy support and maintenance of public values such as fairness and consistency.

Competition

A number of participants represented organizations that either competed for business themselves or saw competition as a way of obtaining better service from arms' length delivery agents. In some cases, such as optional common services, the nature of such competition is readily apparent. However, government services also face less obvious competition, such as competition for potentially productive immigrants and competition to provide information (e.g. weather services). Among the first focus group participants there was general agreement that more needed to be done to clarify the rules relating to competition. For example, they are being encouraged to form partnering/collaborative arrangements with private sector organizations against which they may also have to compete. Furthermore, there is considerable ambiguity over how agressively they can market their services. Finally, one organization was in the process of trying to privatize an optional competitive service without any clear policy as to how to proceed. There was a need to establish a defensible policy position – a long-term game plan – for competition with respect to the public good and it was thought likely that this would have to be decided at Cabinet level.

While the use of competition among private sector delivery agents is generally accepted as positive, the position with NGOs is less clear. Exposing the NGO community to competition could act as a spur to efficiency but could also deflect NGO resources from their core task and make them less effective, which could also result in pressure being put on politicians.

Accountability

The topic of accountability came up from time to time during the discussions. Participants acknowledged that government is accountable to the public in a way that the private sector is not (see Figure 2). The presence of senior functional officers within departments and use of horizontal checks and balances were seen to serve the accountability of the deputy minister and ultimately the minister. However, it was noted that these arrangements weakened internal accountability. Under the status quo it was not clear why the SOA model would necessarily be an attractive option for a Deputy Minister.

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[34] While this is certainly a potential risk, the experience of a number of participants (as noted earlier) suggests that it may be more than offset by countervailing pressure from fee paying clients to keep costs down.

Some participants felt that cost recovery initiatives created a direct accountability arrangement with those who pay. Finally, accountability was seen as a key unresolved issue in partnering arrangements.

Performance Measurement

Participants recognized the desirability of establishing service standards and measuring aspects of performance, such as client satisfaction. Without proper measurements taxpayers cannot be sure they are getting value for money. Furthermore, performance measurements were seen as vital to accountability and even as a means of helping ensure survival. Some participants claimed to have made considerable progress, while others admitted they still had a long way to go. However, participants also identified a number of difficulties, including:

- the problem of determining what to measure;[35]

- the fact that the results of some important activities cannot readily be measured;[36]

- lack of resources;

- lack of stability at a time of rapid change; and

- lack of time (survival mode);

Participants observed that it was hard to get people to focus on perfomance measurement. It has to be signalled as serious and it has to be done by the line managers themselves and not by planning staff. It was also pointed out that measurements should be kept as simple as possible and should not be used for comparing different parts of an organization. Finally, one participant suggested that it might be useful to measure the combined contribution of a number of programs on a common outcome, such as public safety. This might help to rationalize the allocation of resources among those programs.

Motivation

Participants identified a number of factors in the current situation that they felt demotivated employees. Among these were:

- insufficient ability to reward people (including the limitations imposed by the current system of tying promotions to management responsibilities);

- the current emphasis on cost-cutting and staff reductions which tends to breed cynicism and undermine loyalty just when it is most needed to carry the government through the current transition and also creates a climate of survival that discourages innovation;

- too much empty rhetoric concerning empowerment, for example, and "saying one thing and doing another";

- insufficient rewards and recognition for good management of human resources;

- the current emphasis on teams which some employees see as a threat to their security;

- new priorities that clash with the ideology and values of employees;

- being "locked into a hierarchical, patronizing and old-fashioned system";

- insufficient recognition of culturally distinct units and difficulty in balancing their interests with those of the department;

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[35] For example, the question was raised as to whether it make sense to measure CIDA's performance in terms of its impact on conditions in recipient countries, when CIDA's contribution may represent 2% of the total. In such cases, it might be more reasonable to measure outputs, such as the number of immunizations.

[36] For example, how do you measure the quality of CRTC decisions?

- loss of key people to the private sector; and

- making unrealistic demands on employees.

Recruitment, deployment, promotion and training

A number of participants pointed to their lack of freedom to recruit people with the necessary qualifica-
tions. It was not always possible to find suitably qualified internal applicants. The classification system
made it difficult to offer competitive salaries in some cases. Participants also identified a number of areas
in which training is required, including quality management (ISO), marketing, informatics, teamwork,
multi-discipline problem solving and leadership. There was some scepticism concerning new style
management techniques. Vision, commitment and positive attitudes were seen as important.

Structure and process issues

Some participants were opposed to the idea of "one size fits all" structures and stressed the importance of
tailoring the structure to the situation. It was also observed that while functional stovepipes can impede
service, the classification system impedes the formation of cross-functional teams. Some support was
voiced for the idea of separating service from policy where it made sense.

Technology

There was extensive discussion of technological issues during the focus group sessions. Many participants
noted the widespread move to electronic delivery and the increasing use of the Internet. While there
was broad agreement on the potential of the Internet, the need to retain the option of human contact was
also noted.

The role of the government as both holder and transmitter of information was examined. Participants
agreed that information technology could help the government to play this role more effectively. The gov-
ernment should also help the public to become technologically literate and should encourage good tech-
nology practices. One participant felt that Canada should focus on specific areas of technology in order to
be able to compete internationally.

A number of issues concerning the use of technology for delivering services were identified, including:

- how much to charge;

- potential limitation of access;

- public comfort level (especially where confidential information is concerned);

- the question of who owns personal information and who has access to it; and

- implications for the publishing industry with increasing use of the Internet.

There was also some discussion about the use of information technology for internal administrative
systems. Some participants felt that cost pressures would induce a search for common solutions. There
were too many "Cadillac" custom-made packages when something off-the-shelf would do almost as well
and cost far less. There was scepticism about centrally developed solutions. Some thought that the
Blueprint (see Section 6) was too general. However, it was also recognized that systems development is too
fragmented, that there is unnecessary duplication of effort and insufficient sharing of experience.
Consequently, there was support for the idea that departments should share information and develop-
mental risks. Finally, one participant observed that the future lies in networking components so that

people can build their own solutions, while another stressed the importance of giving employees some freedom to find the best way of using technology.

Leadership

The need for government-wide leadership came up a number of times during the discussions. There was a need for someone to point out inconsistencies in current policies and to ensure that a holistic and coherent interdepartmental perspective is brought to bear on major issues. The lack of a clear, long-term game plan was seen to waste resources and create uncertainty. One participant observed that we seem to have backed into a differentiated (alternative service delivery) model and that, although new models had been developed, there was a lack of commitment to effective implementation of existing models.

8 CONCLUSIONS

In this paper, we have taken a comprehensive view of government service delivery: one that includes the development of policies that respond to the individual and collective needs of Canadians; the design of programs to meet those needs; the establishment of mechanisms to deliver the programs; and, the design and operation of delivery systems. Although we believe that government can learn from the best private sector practices in the area of service quality, we also contend that there are fundamental differences between public and private services which we should not lose sight of. Specifically, and unlike the private sector, government services must support specific public policy objectives and must be delivered in a manner that is consistent with public values and democratic principles.

It is not enough simply to respond (however well) to the needs of specific groups of citizens. Ineffective or poorly designed programs, even if delivered to the highest standards of service quality, do not constitute good government service. We believe that models for the delivery of government services should be constructed to provide balanced service based on a full range of desirable attributes, including economy, efficiency, accessibility, service quality, effectiveness, fairness, accountability, etc.

8.1 SUMMARY OF DEVELOPMENTS

It was clear from our information and other sources that there has been an enormous amount of creative thinking and innovation throughout the federal public service over the last few years. This does great credit to the professionalism and dedication of federal public servants. The following paragraphs summarize some of the key developments at each level of decision-making, vis-à-vis (i) policy development, (ii) design of programs and delivery mechanisms, and (iii) design and operation of delivery systems.

At the policy level there have been major reviews of key policy areas, a move away from the use of subsidies as a lever of government policy, and an increased focus on core government responsibilities. This has led to the abandonment of some federal programs and the devolution and privatization of others.

Changes at the program design level reflect a growing concern both with the overall cost of government operations as well as with the specific burden (regulation, complex reporting requirements. etc.) that individual government activities impose upon Canadians. Initiatives aimed at reducing the overall cost to taxpayers have included the introduction or augmentation of user fees and cost-sharing arrangements, the consolidation of activities, collaboration with the provinces and other external entities to make better use of available resources and the devolution of operational responsibilities to others within a federal policy framework. Although new delivery units have been formed to respond to emerging policy issues, under the new Expenditure Management System their costs have to be met by reallocating resources within the

existing budgetary envelope. Initiatives aimed at reducing the burden on Canadians have included redesigning programs to make them more user-friendly, reducing regulatory compliance costs and harmonizing programs with those of other jurisdictions.

Another trend has been to facilitate the development of alternative organizational arrangements for delivering services. The centre has given departments greater freedom to devise delivery approaches tailored to their particular responsibilities. There has also been some encouragement for the creation of somewhat more autonomous entities, such as Special Operating Agencies and the three new agencies announced in the March 1996 Budget. Policies have been changed to facilitate employee takeovers and the transfer of staff to external entities and new arrangements for contracting with the private sector have been developed.

At the level of service delivery the dominant trend has been the increased use of information technology for both the automation of internal processes and as a means for providing information on and access to government services. There have also been efforts to be more user-responsive by simplifying procedures, documentation and language at the client interface. Structural changes have included consolidation of regions and branches, sharing of support services and systems, delayering, the introduction of project-based teams and decentralization of decision-making. Some attention has been given to service quality initiatives (including ISO certification) and the introduction of service standards.

The dominant force behind these changes has been the pressure to reduce expenditures, especially under Program Review. However, in many cases improved service to clients was also a significant objective, especially if it could be coupled with reduced costs associated with measures such as procedural simplification and the use of technology.

8.2 ISSUES ARISING AND LESSONS LEARNED

These new developments and changes have brought to the fore a number of issues. Central agency policies and framework legislation have proven to be significant impediments to change. Current policies are not designed to support a diversity of delivery arrangements, so that change initiatives have had to be addressed on an inefficient and ad hoc case-by-case basis. From the perspective of many line managers who are under pressure to make operational changes, the central agencies often appear inflexible, functionally fragmented, slow and unresponsive. However, the role of the central agencies (and in particular that of the Treasury Board) is unclear and contradictory in that they are being expected to lead, or at least actively support the change process, while maintaining their traditional "guardian" role.

Specific problems have included entrenched attitudes and cultures, traditional systems of departmental governance that cannot cope with diversified delivery, an overly restrictive job classification system, disconnections between expected roles and available authorities, ambiguities over accountability (especially in the area of partnering), insufficient sharing of information on initiatives across the federal government (leading to inconsistencies and duplication of effort), restrictions on recruitment to acquire needed skills, lack of clear and consistently supported guidelines on user fees and competition and inadequate nurturing of leadership. The situation has not been made any easier by the fact that these changes have taken place in an environment of downsizing and job insecurity. Furthermore, rapid change is not conducive to the introduction of measures such as results-based performance assessment which require a more stable environment.

These problems are symptomatic of a deeper problem, namely the lack of a coherent and consistent vision and a set of guiding principles for change visibly led at the political level. While "Getting Government Right" provides a useful starting point, there is a need to advance by changing the legislative and policy

framework in order to resolve some of the above problems and to ensure the effective alignment of incentives and goals. Finally, these framework changes will need to be supported by a well-led and well-structured infrastructure for implementation.

We also looked at service delivery initiatives in provincial jurisdictions and in other national governments. Generally speaking, the provinces have pursued courses of action that are quite similar to those of the federal government. There are some differences in emphasis which are likely attributable to the differences in the mix of services offered by provincial and federal governments. In particular, direct services to the public, such as health and education, constitute a larger proportion of provincial than federal government activity.

As far as other national governments are concerned, the changes that have taken place in New Zealand and the United Kingdom are the most radical and appear to have produced some tangible service delivery gains. Both hinge upon the separation of policy and operations in order to provide a sharper accountability for maintaining service standards and achieving specified targets for operational performance. Significantly, both are also unitary governments offering a full range of government services. While the Canadian federal government could emulate this approach in areas of exclusively federal jurisdiction, it might find it more difficult in areas of mixed federal and provincial responsibility. Furthermore, the delivery of direct services to the public, which is particularly amenable to this kind of treatment, is an area in which the federal government is proportionately less involved than the governments of unitary states.

A key lesson we have drawn from the experiences of provinces, other national governments and past federal initiatives is that solutions developed in one context are not directly transportable to another context. While we can certainly use the experiences of other jurisdictions as a source of ideas and inspiration, solutions must ultimately be driven by the specifics of each situation. Even within the federal government, the great variety of roles, responsibilities and influences precludes the adoption of generic solutions, beyond statements of overall objectives and principles. It is important to be able to look beyond partial solutions and organizational fads and to think in terms of the whole system and the underlying objectives and principles of reform. Specific service delivery initiatives should be designed to provide balanced support for the four broad requirements of cost containment, responsiveness to user needs, support for national policy objectives and consistency with public values and democratic accountability.