

**Notes for remarks by the Honourable Vic Toews  
President of the Treasury Board of Canada  
to the APEX National Symposium (May 8-9, 2007)**

**Theme: *Public Service Matters: Says Who?***

**May 9, 2007**

**9:00 am to 9:30 am**

**National Arts Centre**

**Ottawa**

**Check Against Delivery**

## INTRODUCTION

Good morning.

This is my first opportunity to speak to such a large group of executives since taking on the job of President of the Treasury Board and I have to admit that I'm not like most politicians you know. As a long-time public servant, I not only understand bureaucracy, I actually like it...

And I'm happy to say that what I want to talk to you about today fits exactly with the theme of your conference: *Public Service Management Matters: Says Who?*"

The short answer to that is — everyone. Canadians certainly have told us loud and clear that they want their government to be accountable for its actions and to do a better job of spending their tax dollars. Parliamentarians have too.

That's why implementing the *Federal Accountability Act* and Action Plan continues to be a key priority for our government.

This Act strengthens accountability in government, restores Canadians' trust in their democratic and public institutions, and lays the foundation for the government Canadians need in the 21<sup>st</sup> century.

Since the Act became law on December 12, we have been working hard to implement it to deliver on that promise. And I'd like to say how impressed I have been with the officials who have advised me on this. They set clear timetables and stuck to them both on the legislative changes as well as the management changes.

Recently, I announced the coming into force of four *Federal Accountability Act* measures, including the coming into force of the *Public Servants Disclosure Protection Act* and the expansion of the *Access to Information Act* to more Crown corporations.

The *Public Servants Disclosure Protection Act* will help create an environment in which employees can honestly and openly report government wrongdoing without fear of reprisal. And the expansion of the *Access to Information Act* will help make organizations paid for by taxpayers' money more open to public scrutiny.

Earlier this year, I announced another series of measures including tougher penalties and sanctions for those who commit fraud involving taxpayers' money, and consultations to ensure that lobbying is done fairly and openly.

I am very pleased with the progress we have made in implementing the *Federal Accountability Act*.

But the work of changing how we do business in government doesn't stop with bringing these legislative measures into force. In the Act's companion Action Plan, we outlined a number of measures to foster management excellence in government.

Why? Because research shows that when Canadians are satisfied with government programs and services, their confidence in government goes up as well. So it is critically important for government to be able to design and deliver excellent programs and policy.

But the confidence of Canadians also increases when they feel government is managing their tax-dollars effectively. So demonstrating management excellence is just as important to rebuilding the trust of Canadians in their government.

Today I want to talk to you about three things we are doing to show Canadians that we are focused on improving how their tax dollars are managed:

1. first, what we are doing to untangle the so called "web of rules";
2. second, what we are doing to change the way we spend tax dollars; and
3. third, why renewing the Public Service is key to management excellence.

## GOING BEYOND THE WEB OF RULES

We all live by rules — whether they are formal rules made by elected legislators or informal ones, parents set for their children. Rules are what make it possible for people to live more or less in harmony in society. And for the most part, we respect them.

The Prime Minister's expression "web of rules" has come to symbolise what happens when rules become a barrier to good government. In government, this happens when our response to a crisis is to pile on more rules — rules that become difficult to follow and slow things down, rules that blur accountabilities, and in the end, rules that encourage people to stop using their judgement.

Think back to when the Auditor General released her report on Sponsorship. She did not say there was a lack of rules; in fact, she said that rules were in place. What she did say is that the rules had been broken.

It's not always easy to figure out at what point "useful rules" become a "web of rules." As a government, we have to take our cue from Canadians. And Canadians are saying that in several areas, the myriad of administrative and regulatory processes is impeding addressing their needs.

In fact, in their recent report, the Independent Blue Ribbon Panel on Grants and Contributions was pretty clear about this:

"The present culture of over-control does nothing to strengthen accountability. Indeed, the sheer complexity of the current "web of rules" serves only to confuse accountability and frustrate managers and recipients alike. More rules do not make better rules..."

So what happened to get us to this point? With management failures in every sector — the public sector (Sponsorship) and the private sector (Enron) — citizens began to lose their trust in institutions, in the government and in the public service.

In government, in the private sector and in our own families — when trust starts to break down, tolerance for mistakes drops to zero. In government, the impacts of this cascade down to individual managers:

- first, central agencies like Treasury Board start to establish more rules;
- second, departments layer on their own rules; and
- pretty soon, managers stop relying on their judgement and experience and start sticking to the letter of the rules because they don't want to get caught on the wrong side of someone else's interpretation of the rules.

We've now come to the point where we need to rebalance — to put judgement and discretion back into decision-making. If we don't find a way to do this, we won't be able to adapt to meet the needs of Canadians.

So how do we do it? In my view, we need focus on the rules that are critical to a well-managed organization. The rules that govern stewardship — like financial management policies, internal audit and evaluation — and we need to make sure expectations and accountabilities of Deputies are very clear for these functions. In these areas, departments should have little or no discretion and Treasury Board will need to be firm in its oversight role.

In my view, there should be a payback for individual departments that achieve and maintain a record of excellence in these management areas. And the payback is in greater flexibilities in how they decide on and deliver programs to Canadians to achieve results and eventually in greater flexibilities in authorities.

Again, I point you to the Blue Ribbon Panel report: "...no amount of central regulation will forestall all wrongdoing, or prevent people from making mistakes. Rather, the task is to control the risks of error through a modern and streamlined system of risk management. Accountability is strengthened when compliance rules make sense and are established at a level that corresponds to risk and need."

These directions are not simple to achieve. And it certainly is not about getting us back on the pendulum of extremes with “let the managers manage” on one end and a “web of rules” on the other. We have to strike the right balance.

Never again can we be in a situation where departments can't explain how and on what they spend tax dollars because they don't have effective internal controls. Neither can we value blind adherence to unnecessary rules over effective results for Canadians.

This means we'll have to do a much better job in three areas:

- ensuring that management accountabilities and expectations are clear;
- providing effective oversight, focusing our greatest attention on the areas of highest risk from government-wide perspective; and
- establishing effective tools to monitor management performance.

And in doing these three things, we'll have to rebuild tolerance for discretion and risk for the departments who get top marks for their management performance.

### EXPENDITURE MANAGEMENT SYSTEM

My second main topic today is about doing a much better job at managing spending in government. Why? Because right now, as a government, we can't tell Canadians with confidence that every one of their tax dollars are achieving results that matter to them.

Part of the reason for this is the system we've inherited. The fact is that the bulk of spending is automatically rolled over from year to year, without Cabinet discussion.

I suspect that after the very deep cuts to government programs in 1995, there may have been a sense that the cuts had been so deep that there was no need to go back to review these activities. However, over the years, the amount that this spending represents grew from \$45 billion to \$90 billion, without a clear mechanism to satisfy Ministers that these

activities were achieving results and value for money, or that they were in line with the government's priorities.

And even in departments, there is no real challenge on whether this spending is still needed or still relevant. Without good information on existing spending, there is no way for Ministers or departments to assess whether spending is achieving meaningful results.

That is why the overall thrust of expenditure management renewal is focused on results — results in decision-making, results in managing and results in reporting. Let me take a minute to explain what this means:

- **Decision-making for Results** — to do this, Ministers need better information to be able to make the right spending decisions on government programs;
- **Managing for Results** — which means putting the onus on departments to clearly define the outcomes of all of their programs, new and existing, to justify funding requests for those programs and to be able to measure the results they are achieving;
- **Reporting for Results** — by improving the quality of the information reported to Parliament.

The bottom line is that if we can't demonstrate the results our programs are actually achieving, then we can't defend that spending to Parliamentarians or to Canadians.

What we are proposing is returning to basics. In managing our own family finances, we need to take a look at what we are spending regularly to make sure we are still on the right track as our family situation changes. We also have to make sure we are living within our means.

The same applies to government spending; we have to be able to answer some basic questions:

- Are the objectives still relevant?
- Are the results being achieved and are they making a difference?
- Is this spending still the best way to achieve the objectives?

And in the end, as Ministers, we absolutely have to be able to stand up and explain to Canadians what we spend on the programs we provide and what results we are achieving.

That is what expenditure renewal is all about.

## PUBLIC SERVICE RENEWAL

The third area I want to talk about is Public Service renewal. None of the changes I have spoken about are possible without a strong, vibrant and forward-looking public service.

In February 2006, the Prime Minister made clear his own commitment to the Public Service, and to core public service values: democratic values, professional values, ethical values and people values. These have and will continue to stand the test of time.

I believe strongly that these values must remain at the heart of public service renewal and must guide efforts towards management excellence.

In the face of the challenges facing government and the Public Service, to be able to adapt and respond to the evolving expectations of Canadians, the need to focus on Public Service renewal is clear.

In its first report, the Prime Minister's Advisory Committee's states that the "first premise" of their work is "that a well-functioning and values-based public service is critical to the success of every country in today's complex and interconnected world."

I strongly agree that this is the starting point for a renewed Public Service. A Public Service guided and energized by its core public service values.

## CONCLUSION

Striving towards management excellence in government is not a one-time effort or a passing fad — it is about continuous improvement. It will require long-term efforts across government, as well as the sustained attention of Ministers. It also requires sustained focus and leadership by each and every one of you.

As President of the Treasury Board, I can tell you that my Treasury Board colleagues and I are fully engaged in supporting management excellence and public service renewal in our role as the management board for the Government of Canada.

The Prime Minister has often said that we in Canada are fortunate to have a committed and principled Public Service staffed by highly skilled people. I fully agree with him. That is why I look to the future with confidence, knowing that, together, we can rebuild the trust of Canadians in their government and in the public service.

Thank you.