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

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

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

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

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

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

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Kathy O’Hara, Deputy Secretary to the Cabinet (Machinery of Government), Government of Canada.
around the world. Today I’d like to talk about three principles or objectives that underpin the reform agenda: balancing control and innovation, enhancing accountability, and ensuring stewardship and transparency.

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

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

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

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

The second principle that underpins public service reform is the need to ensure accountability. Of the several initiatives that have already been implemented I would like to talk today about one in particular – improvements in performance assessment and reporting – that I consider to be one of the most important but it is often overlooked.
We tended in the past to take a relatively simplistic approach to measuring performance. But one of the things we are trying to do in the federal public service is to put in place a more dynamic process for measuring performance.

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

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

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

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

The third principle or objective of the reform agenda is increasing stewardship and transparency. This was reflected in machinery changes
made in December 2003 when the new government took office in December, such as streamlining the Treasury Board Secretariat so that it could focus on stewardship and financial management issues. The position of Comptroller General was created in the Treasury Board Secretariat and the role of the senior Financial Officer in each department was reinforced.

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

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

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

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

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

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

Thanks very much.