

# **BUSINESS PLANNING IN CANADIAN PUBLIC ADMINISTRATION**

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## **Abstract**

Les gouvernements canadiens ont commencé à utiliser des plans d'affaires afin de rendre leur gestion plus efficace, plus imputable et plus transparente. Dans plusieurs gouvernements, l'utilisation de méthodes de planification n'est pas une innovation. Les plans d'affaires se heurtent d'ailleurs à un scepticisme de bon aloi, héritage des échecs du passé. Les chapitres qui suivent rendent compte de la pratique des plans d'affaires telle que vécue par les gouvernements de Canada, de l'Ontario, du Québec, de la Saskatchewan, et de l'Alberta.

Originating out of an IPAC working group on business planning in government, this publication addresses the differences and similarities of business planning in Canadian governments. The representatives of five jurisdictions – the federal government, and the provincial governments of Quebec, Ontario, Saskatchewan and Alberta – present their experiences with business planning.

# Introduction

## Business Planning in Canadian Public Administration

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The purpose of this New Directions issue is to chart the differences and commonalities of business planning in Canada's federal and provincial governments. Our aim is to provide a view of the history of the process, an array of best practices, and some observations on future directions for the business-planning approach as governments move into an era of surplus.

Five jurisdictions – the Government of Canada, Quebec, Ontario, Saskatchewan and Alberta – were chosen as case studies through which to examine how business planning has been used to improve the effectiveness of public management. Readers will not be surprised to find that the ways to perform business planning varied as much as the vocabulary. Nevertheless, the experiences of these studies have much to teach about the progress of public management in Canada. Fundamentally, the following cases of the federal and provincial governments' approaches to business planning seek to answer the following questions:

- Is there a government corporate or strategic plan?
- What is the linkage between business planning and ministry or department budgetary allocations?
- How does each jurisdiction promote an organizational culture that is conducive to business planning?
- What is each jurisdiction's approach to performance measurement and benchmarking?
- What has been the reaction of line ministries or departments to business planning?
- What other issues related to business planning should be addressed?
- Are there other issues that should be addressed?

In comparing the experiences, these core queries raised other issues. Did all the jurisdictions seek to accomplish the same objectives with business planning even if they started off with a similar desire for increased accountability (“vision and values”)? What is the cost of the process? What is the value-added of making such an investment?

Canadian governments introduced business planning to make government more effective, accountable and efficient. Spurred since the early 1990s by the need to reduce deficits, business planning was introduced by politicians in Alberta, Ontario and the Canadian government rather than by the public service. The exception seems to be in Quebec where the change was driven initially more by the need for better service delivery. Saskatchewan, meanwhile, opted for so-called “traditional planning methods” to bring its fiscal house in order. Both in Ontario and Quebec, the other reason for adopting business planning was to improve the link between bureaucratic priorities and political objectives.

It could be said that before business planning took hold, “planning” was more ad hoc. Of course that is not to say there was no planning, just the contrary. A multiplicity of planning regimes were promoted throughout the 1970s and 1980s, all of which were hailed as panaceas to give direction to sluggish public services. Thus the current embrace of business planning (which has very little in common with the sequential processes of past strategic planning) occurs against the backdrop of previous planning efforts such as “zero-based budgeting” and “management by objectives.” These strategies, imported from the private sector, soon vanished because they proved too static and not adaptable to the pressures of changing political priorities.

Obtaining good information is the key to successful planning. The core assumptions of business planning are that departments submit plans that work towards strategic objectives and priorities, rather than on inputs and minutiae, and specify the results against which the performance of officials will be evaluated. Governments should not be managed by considering only their budgets; rather, budgets should be in line with the priorities and the stated objectives of governments.

The business-planning approach calls for a continuous monitoring, assessing and adjusting of the relationship between inputs, outputs and outcomes. Policies, programs and services are evaluated regularly to assess their capacity to produce desired outcomes – to get results. Such results-based management is designed to encourage a culture of continuous innovation and improvement at all levels of the public service.

By setting appropriate outcomes and effective performance indicators at various levels of government, business planning should enable horizontal integration and coordination across the entire system. This departs from the traditional view that coherence across the system must be imposed from the top by central agencies (e.g., treasury or management boards, cabinet secretariats or departments of finance) that shape and maintain government through a combination of policy directives, rules and regulations. Where the old model required a considerable centralization of policy-making authority, the new model makes business planning an essential element of the modernization of the state apparatus. It makes “managing by results” possible as well as the organization of departments around key priorities.

Results-based management does not reject centralized planning but is supposed to be less dependent on the old mechanisms of centralized monitoring. Instead, central agencies ask line departments to focus on common or government-wide objectives (e.g., improving children’s health, increasing youth employment, improving educational achievements) during the planning process. The underlying idea is uncomplicated: if line departments plan around common strategic priorities and “outcomes” of the government as a whole, pursue common goals, adopt similar performance indicators, and use the information to improve their own policies, programs and approaches to service delivery, a natural integration and coordination of activity should result. Such an approach is supposed to lead to better “horizontal” policy-making and provide ministers with a “whole-of-government” perspective. It recognizes that public policy outcomes cannot be achieved by a single program or a single department and that planning will make for more efficient uses of limited government resources. As the task of coordination is spread, responsibility and accountability shift from the centre to line departments and agencies, which encourages some decentralization with respect to policy-making and program design and delivery. Ultimately, the common out-

comes and performance indicators provide the principal check on the exercise of this authority.

Business planning aims to be more comprehensive than planning has been in the past. Traditionally, planning had been focused on core policy and program functions of ministries; less emphasis was placed on corporate issues such as information technology (IT), human resources planning, and real-property management. But with the skyrocketing costs of IT systems, changing work patterns and demographics, and the automation of work processes, an examination of such corporate issues became increasingly integral to a complete ministerial plan. The reference to human resource management, for example, had historically been very narrow in both internal and external planning documents, such as annual reports, that focused on numbers of full-time employees. Little attention was paid to training needs and linking human resource strategies to longer-term corporate objectives. Sound business-planning methods would change this approach.

In theory, then, business planning meant a shift in priority-setting from the vertical to the horizontal. It would allow for a rational discussion on why existing programs need to be protected (or to what degree) and which programs need to be enriched (or impoverished). In the absence of rigorous business planning, it had been observed that there was a tendency to spend new money on new programs rather than prop up crumbling established programs.

There was also some confusion around decision-making timelines. The traditional planning horizon was usually a single year (as opposed to multiyear approaches of business planning). With such short planning horizons, the often-noted disjuncture between strategic thinking and resource allocation is not surprising. As the case of Ontario (Chapter 3) illustrates, “ministries underwent disconnected increases and decreases to their allocations through each [annual] Estimates process. While increases were closely scrutinized, the base to which they applied did not undergo similar review.” Requests for additional funding were made year to year for specific programs, and there was little effort to determine how these specific expenditures affected the entire spectrum of programs (related and unrelated). Furthermore, accountability was an issue within the Estimates process. As the Ontario experience shows, the incremental fashion in which projects were financed meant the exclusion of some resources from the annual Estimates process entirely and the ability of the government, due to the cash basis of accounting, to move decisions from one year to another.

In addition, with planning done historically on a department-by-department basis it was difficult for central agencies to adopt a corporate government perspective. Again, Ontario provides a vivid illustration of this problem. Policy priorities of the government as a whole or an individual ministry were not specifically considered when a proposal for additional funding was prepared or approved. This resulted in resources being allocated in a manner that diverged from the overall priorities of the government or ministry. Attempts at corrective measures such as management by objectives were not very successful. The goals set out for senior managers were not developed in relation to the policy and expenditures of the government or ministry, and therefore little headway was made in linking management performance to the achievement of broader priorities of Queen’s Park.

While incremental change facilitated through various sequential planning regimes may have had some successes in periods of incremental growth during the 1960s, 1970s and into the 1980s, this incremental approach worked less well in a period of radically constrained

finances. There was often a gap between ministerial allocation and the accretion of ministerial mandates and objectives.

Change began roughly in the period 1993 to 1996, which coincided with a change of government in Ontario and Quebec. Declining budgets ensured that there was pressure for an integrated annual planning process. A new set of criteria underpinned government decision-making. Everything an agency or department did needed to be tested against rigid criteria: consistency, fiscal, affordability, fairness. Auditors general were increasingly vocal about misspending.

There was clear philosophical direction from political levels in Ottawa, Alberta and Ontario: business planning would be an integral part of day-to-day decision-making. Simply put, departments needed to measure their activities before making public policy decisions. Although Quebec and Saskatchewan were likewise confronted with unsustainable budgetary deficits, they did not look specifically to the business-planning process as a key means of returning to fiscal balance. Respectful of their province's social democratic roots, Saskatchewan politicians hesitated to use the words "business planning" for what were essentially business-planning "methods."

Public services in Alberta, Ontario and at the federal level had for a number of years been experimenting with ways of re-engineering their management processes along the lines espoused by the proponents of the new public management. Ottawa engaged a full frontal assault on the federal deficit in 1994 through a two-part process known as Program Review. This would last until 1998 and become the most fundamental re-examination of the federal public service in a generation. It led to an evaluation of every federal activity through the now-famous "six questions" and eventually resulted, along with the achievement of a zero deficit, to the shedding of 40,000 federal public-service jobs. Indeed, the genesis of business planning at the federal level cannot be understood without taking into account the enormous push to realize the Program Review objectives of making government services less expensive and of rationalizing the federal public service.

The dominant and related forces facing public services in the early 1990s – the philosophy of new public management sweeping through Anglo-American public services and the attempts to reduce public-sector expenditures – did not appear to penetrate into Saskatchewan and Quebec, however. Saskatchewan did not have a history of acute deficit spending (unlike the federal government of the 1970s and 1980s) and was thus less moved to radical change both from a practical standpoint and from an ideological one. Quebec, for its part, drew from a different public-sector tradition, one less prone to radical change. The governments of Ontario and Alberta, progressive conservative in stripe, implemented business planning more zealously as part of their efforts to slim down "bloated" public services.

For the above reasons, a clear split on the practice of business planning was perceptible among the five Canadian jurisdictions we studied. Ottawa, Alberta and Ontario have to a large extent embraced this approach; while Saskatchewan and Quebec have relied on less systematic and more traditional methods of managing their resources. It is also noteworthy that the conversion to business planning did not occur simultaneously. Alberta led the field in Canada with a "home-grown" business-planning process and related performance measurement system, although it should be said that Alberta's government planners spent considerable time sifting through performance measurement systems installed in other public services –

municipal, state and federal. Alberta officials cited Florida as a jurisdiction from which they could learn. Ontario appeared to follow Alberta's lead, with the federal government taking careful note of the progress in these two provinces.

Initially, the jurisdictions that embraced business planning faced the problem of exaggerated expectations. Questions were raised about whether governments wanted good measures or measures that looked good. It also became evident that there was some difficulty in reconciling political flexibilities with bureaucratic planning. Finally, expectations about the virtues of business planning had to be adjusted before it was perceived as just another management fad that would find the way of "re-engineering," "total quality management" and other tried-and-rejected methods.

Over time, it was clear that despite progress, business planning was not being applied uniformly throughout public services – especially in Quebec and Saskatchewan. Indeed, the more decentralized a public service (i.e., the greater the proliferation of agencies and Crown corporations), the more likely it appeared that only core departments would engage in comprehensive business-planning exercises. For example, more Quebec public servants serve in health and education networks than in government departments and therefore did not fall within the purview of a business plan. Similarly, it is clear that not all Quebec Crown corporations are producing business plans. As of March 1999, federal government departments are no longer required to submit annual business plans to the Treasury Board, although they are expected to produce internal plans.

A number of lessons can be drawn from the experiences of the five jurisdictions.

## **1. CORRELATION BETWEEN GOVERNMENT SIZE AND ADOPTION OF BUSINESS PLANNING**

Views are mixed with regard to this issue. Intuitively, the bigger an organization the more difficult it is for managers to understand how the parts of the whole interact. It would appear, therefore, that business plans are communication and decision-making tools best suited for larger organizations with complicated structures that would benefit most from an ongoing, rigorous examination of the performance of their programs, policies and service delivery. Indeed, Saskatchewan has made just this case. Given the small size of its public service (10,000), Neil Yeates states there has been no need to engage in the detailed planning found in larger jurisdictions. In this light, it is paradoxical that the literature seems to indicate that municipal governments have been far more active in business planning than have either state/provincial or federal jurisdictions.

## **2. ACCOUNTABILITY AND TRANSPARENCY**

One of the theoretical benefits of the business-planning process is that ministers can provide legislators with better information and so increase the confidence of public accounts committees. This has tested the inherent tension between increased accountability and increased transparency. Certainly, in most jurisdictions business plans will be accessible to the public

through access-to-information requests. Auditors general are some of the biggest fans of more rigorous planning and results-based management. There is, however, a concern in some quarters that “honest” reporting of failures and statements of risks in business plans will become ammunition in the hands of members of the opposition and the media, either of whom could use public performance reports to criticize the sitting government for the number of unachieved targets and any other failures.

There have been varying responses to this concern. The governments of Canada, Ontario and Alberta make departmental business plans available to the public. Opposition parties in Alberta, it is worth noting, have made extensive use of performance information provided by ministries in business plans in debating the provincial budget in the committee of supply. Despite this risk, the government insists that it is the cornerstone of the province’s accountability to its citizens as outlined in its Accountability Act. Saskatchewan’s experience with the Partnership for Growth Strategy shows the potential drawbacks of publicizing performance targets. In this case, the province had committed itself to two key performance targets: real GDP growth of 2.5 per cent annually and 4,000 new jobs per year over a five-year period (1996–2000). When these targets were not met, the provincial media held the government’s feet to the fire.

In some policy areas, publishing the plan is seen as making it impossible to negotiate with stakeholders to achieve the published objectives: a difficult position to hold when transparency is increasingly important. Governments are not usually in the habit of voluntarily creating problems for themselves. In Quebec, a concerted public approach has been a non-starter. According to some observers, it is implausible that plans indicating “problems” would be published in the province’s political environment. The Quebec example also raises questions about the transparency of the business plans published in other jurisdictions.

During periods of fiscal restraint, the existence of business-planning processes has proven convenient for politicians. They can point to the rigorous management processes that keep public-sector costs down, and the plans become political tools. In periods of surplus, business plans become more of a communications tool through which governments provide citizens with regular updates on their programming. In the end, it is really a matter of finding a balance between accountability and transparency. And after years of deficit, one of the most interesting things about business planning is that it might be an extremely useful tool for managing the expected surpluses that the federal government and provinces will be accumulating in the years ahead.

### **3. POLITICAL COMMITMENT**

Political commitment is key to successful business planning. Politicians must be willing to share their goals and expectations with the bureaucracy. Conversely, political commitment without bureaucratic buy-in will mean failure. It goes without saying that it is the responsibility of senior officials, starting with the deputy ministers, to ensure that the purpose of business planning is clearly understood throughout their ministries. Given the extra amount of work it entails, front-line public servants must see how the political commitments are translated into the process and how this leads to redistribution of resources based on

changing priorities. Alberta and Ontario, in particular, stressed the need for a political champion to create momentum for the planning process. In Alberta, the political commitment has been demonstrated in deed as well as in legislation, including the Deficit Elimination Act, the Balanced Budget and Debt Retirement Act, and the Government Accountability Act. No other Canadian jurisdiction has enshrined government accountability to such a large extent.

#### **4. SHIFT PRIORITY SETTING TO A WHOLE-OF-GOVERNMENT VIEW**

The theory says that business planning will prompt a shift from vertical to more horizontal policy-making. To date, this has not been borne out in the jurisdictions surveyed, although having business plans that recognize big-picture, cross-governmental issues can be very informative for the general public, interest groups, legislators and the media – especially if the plans include references to the roles and contributions of outside groups and organizations. At their worst, it seems, business plans can have a beneficial public-relations effect but may contribute little to actually improving administration; at their best, they lead to better communications between governments and their citizens, improve program and policy coordination, and ultimately lead to better public policy outcomes. Clearly, the simple mention of horizontal issues in business plans does not by itself achieve the sought-after result.

#### **5. HOW MUCH REPORTING IS NECESSARY?**

All the jurisdictions indicate that reporting of results should be done “regularly.” The differences lie in the interpretation of “regularly.” Most important is striking a balance between furnishing the necessary information from which to make decisions and the burden that continuous reporting places on departments.

For all jurisdictions – including Quebec – the business-planning process is part of the regular budgetary cycle. Ottawa began by having all departments and agencies produce annual plans for Treasury Board. As the board moved to a less interventionist management board approach what was being reported grew more important than whether individual plans had been submitted by the required deadline. By the fifth planning cycle of 2000–01, federal departments, in addition to their internal plans, were only obliged to submit one plan every three years; they could do so more frequently, but only if they deemed it necessary to highlight specific challenges for which they needed immediate central agency attention. At the federal level, business planning feeds into the annual requirements for all departments to submit a plans and priorities report (March), to be followed by a performance report (November). Ontario and Alberta have similar processes whereby business plans are fed into the reporting process to Parliament.

Each ministry in the Government of Ontario is responsible for developing a complete performance measurement system (including high-level “core business” measures, program measures, and staff performance management agreements). Selected core business measures

are published as part of the annual published business plans of each ministry. Ministries are expected to consult with the public on their business plans and their performance measures. Ministries are required to report to Management Board of Cabinet on their core business measures three times annually: as part of the annual business planning and allocation process; in the mid-year progress report on achievements; and following year-end, to confirm annual achievements.

In Alberta, where business plans are an integral part of the budget, all ministries are required to produce three-year business plans, which would include information on boards, commissions, and agencies reporting to these ministries. As well, each ministry requires a three-year business plan from each of the third-party jurisdictions responsible to ministries (e.g., school boards, health authorities).

In Saskatchewan, government-wide reporting is primarily financial and there is little performance information. In Quebec, a number of larger departments have adopted more regular reporting practices recently. It is worth noting that the recent modernization of the Quebec government has included business planning as an essential element, making reporting a necessity. Nevertheless, certain bodies (agencies and Crown corporations in particular) are not required to report. It would be fair to conclude that the Quebec government appears focused on dealing with high-level, longer-term goals rather than with the minutiae of program planning and results reporting.

In sum, Ontario has the most regular reporting requirements, while Saskatchewan and Quebec have the least rigorous requirements.

## **6. MAJOR CORPORATE RESTRUCTURING**

It has been suggested that the business-planning process can lead to major corporate changes (e.g., partnerships with external organizations, developing new programs, dropping old ones). The question is whether it can be considered the primary tool of reorganization, or one of many. The responses vary.

An example would be what happened in the past four years in terms of coordinating the delivery of children's services in Alberta. This began as an initiative to better coordinate the identification of children's needs and the delivery of service. The Alberta government based its policy and intentions in legislation. An associate minister was named and a Children's Secretariat was formed. Eventually, a "children's business plan" was formalized. This led to the formation of eighteen regional Family and Children's Authorities. In 1999 the Ministry of Children's Services was formed. In the Ontario public service, business planning played a key role in ensuring that projects such as the Shared Services Bureau, internal audit restructuring, and alternative service-delivery mechanisms were successfully launched.

Saskatchewan has pursued the Action Plan for Children, whose success has been directly contingent on the links that exist between the development of a children's agenda and the budget process. Another major restructuring occurred in the health sector. The health-sector strategy was undertaken as a result of careful planning, starting off with a "vision document" outlining a "wellness" approach to health for the province, followed by more detailed published plans (*Health System Directions – Part I: Continuing the Vision; Health System Directions – Part II: Objectives and Strategies*) that were developed in conjunction with the

province's health districts. Saskatchewan's health districts are now required to prepare an annual health plan based on the overall sector plan, and the Department of Health is now moving to a requirement for three-year plans, with annual updates for districts. It is interesting to note that despite the fact that the core documents identified specific objectives to meet the overall outcome of greater provincial "wellness," at the time of writing there was a reluctance to set specific targets for the province's indicators (there is, for instance, no target for infant mortality).

## **7. PERFORMANCE MEASURES**

All jurisdictions agreed that the ideal would be to establish fixed objectives at the beginning of every business-planning cycle and to identify the indicators that would be used to measure performance. But for this to happen, a degree of independence from the vicissitudes of the political decision-making is required. Hence, there is a built-in tension between the ministers who have personal responsibility for their departments' achievements and the civil servants whose task it is to implement decisions. Despite the desire of some senior officials that the rules of the game not be changed by ministers from one cycle to the next, the political cannot be excised from the measurement of performance. Clearly, the issue of performance goes to the heart of ministerial accountability. What is to be hoped is that performance measurement is not politicized to the degree that it loses credibility with the public: in other words, politicized to the extent that the only performance measurements made public are those that reflect results in the best light. Poorly used, the business-planning process could contribute to public cynicism if there is a lack of meaningful measures or if the performance measures are not consistently reported.

## **8. CONTRIBUTION TO DECISION-MAKING**

For Ontario, business planning has become a key tool for the provision of government services. Indeed, Ontario is most bullish on the business-planning process. The process has "transformed" how Ontario manages and allocates its resources. Indeed, the Harris government's success in reducing the provincial deficit from a high of \$11 billion in 1995 to \$2.0 billion in 1998–99 is attributed directly to business planning. This is not so in Ottawa, Saskatchewan and Quebec. The Government of Canada has no single integrated document to account for its decision-making. Instead, the government-wide framework for planning is found in the Speech from the Throne; annual budget statements; and central agency ("Perspectives" documents on each department), and internal departmental plans. It has been the experience at the federal level that the first four rounds of departmental business planning (1995–99) were largely unconnected from the budgetary decision-making process.

Alberta views business planning as a framework in which to portray the business of government. It allows decision-makers to review programs, services and priorities in a predictable manner, but business planning is not seen as a direct decision-making tool.

Neither Saskatchewan nor Quebec can be said to have strategic planning processes that meet the strict definition of business planning. With the exception of the actual budget, there

is no system-wide strategic plan in place; the use of performance measures is limited; government-wide reporting is primarily financial; only a fraction of departments and agencies actually produce regular plans; interdepartmental planning does not operate within a robust accountability framework; and core business performance measures are not linked to program measures and individual performance agreements of civil-service executives.

## **9. RELATIONS WITH CENTRAL AGENCIES**

Opinions varied on whether business planning means less or more control by central agencies. It really depends on how control is defined. If control means having a say on every departmental decision, then business planning implies less involvement by central agencies. But if central agencies want to play a more strategic rather than “keeper and enforcer of the rules” role, a reduced control on tactical decisions will be balanced off by greater focus on how departments are faring in meeting government-wide priorities. In short, business planning will lead to a transfer of accountabilities to line departments (with this certainly being the case at the federal level), while central agencies coordinate broader priorities.

One area where lack of strong central agency oversight has a clear impact is in the consistency of the ministerial and departmental reporting. For instance, the Office of the Auditor General in Alberta has commented on the lack of consistency in appearance and content of plans. But, as the example of the federal government shows, the renewed approach to business planning demonstrates that central agencies’ business-planning expectations of departments can no longer be a “one-size-fits-all” approach. While it is very important to include basic components in all plans, there are nonetheless very real differences between the scopes of the business plans of different ministries. For this reason, ownership and commitment are seen as being more important than strict conformity with a set of presentation standards.

## **10. FOCUS ON OLD OR NEW PROGRAMS?**

There is a consensus among the jurisdictions surveyed in this volume that business planning leads to more attention being paid to ongoing rather than to new programs. This has been an important development since there has been considerable concern – especially at the federal level – that the “base” of governmental activity has atrophied over the last decade of government and now needs to be rebuilt before new initiatives should be considered. Under ad hoc planning systems, there is a tendency (especially with politicians seeking recognition) in every new cycle to present new programs to allow government to appear to be action-oriented and responding swiftly to the newest social and economic trends.

## **11. LINKING BUSINESS PLANNING TO PERFORMANCE AGREEMENTS**

One of the most difficult links to make in the accountability “pyramid,” which is at the heart of business planning, is that between individual performance agreements of civil servants

and the performance of ministerial business lines. Of the five jurisdictions surveyed, Ontario, Alberta and the federal government now tie the performance pay of their civil-service managers with the achievement of goals outlined in their respective business plans. Alberta's Management Rewards Strategy, which ties the bonuses of managers to their ministry's achievement of its business-plan goals, has "fostered a new and perhaps a more personal interest among managers in the business-planning process" (see Chapter 5). The federal government's new total cash compensation plan for its senior executives explicitly links "at-risk" pay with the individual executive's achievement against key commitments in the departmental business plans and/or corporate priorities (including other management improvement initiatives in the federal public service such as modern comptrollership, expenditure management system, risk management, and the framework for good human resources management). In Saskatchewan, greater effort is being made to link results with compensation in the Crown sector.

## CONCLUSION

In the short term, business planning has brought about a number of positive changes. It has brought corporate issues (e.g., human resources and information technology) into line. Auditors general have been very supportive. It is noteworthy that at the federal and provincial levels, ministers and deputy ministers over the course of the 1990s have adopted a more corporate perspective. However, it is difficult to draw a direct causal relationship in each case surveyed between a more corporate and strategic perspective and the adoption of business-planning process per se, although business planning has no doubt supported this approach. It may be that the fiscal pressures ensured that there would be more collaboration across government irrespective of what planning regime happened to be in place.

Business planning appears more easily reconcilable with the market-oriented conservative governments in power in Alberta and Ontario than with the more social democratic-oriented governments in Saskatchewan and Quebec. After having had a disappointing experience with a number of planning exercises in the 1970s, the Saskatchewan government eschewed references to "business" in its current planning exercises. It has preferred the less ideologically weighted term "strategic planning" in keeping with a less formalized process that was not anchored in an attempt to root out efficiencies and economies. In Quebec, business plans are now regularly produced by departments, with little central enforcement; are not published for public consumption; have not resulted in any significant government restructuring; and are now linked to the budgetary process. In sum, Quebec is beginning to catch up.

The following chapters, written by representatives of the five governments, explain in greater detail how it is done.

### **Introduction : Les plans d'affaires au Canada**

*Sommaire* : Les gouvernements canadiens ont commencé à utiliser des plans d'affaires afin de rendre leur gestion plus efficace, plus imputable et plus transparente. Ils y ont été poussés par des situations budgétaires plus que délicates. Ils y ont aussi été poussés par de

nouveaux gouvernements qui voulaient par l'entremise de ce moyen avoir un meilleur contrôle des activités gouvernementales. Même si, pour certains gouvernements, les déficits ne sont plus qu'un mauvais souvenir, les plans d'affaires sont un outil essentiel pour guider l'action gouvernementale alors que les demandes d'utilisation des surplus se multiplient.

Dans plusieurs gouvernements, l'utilisation de méthodes de planification n'est pas une innovation. Les plans d'affaires se heurtent d'ailleurs à un scepticisme de bon aloi, héritage des échecs du passé. Ce qui est novateur, cette fois, c'est que l'approche est plus légère, moins mécanique et orientée vers une gestion par résultats. Cette gestion par résultats permet une décentralisation de la prise de décision et une adaptation aux réalités géographiques ou de spécialisation des divers domaines d'intervention. Cette approche permet de concentrer l'attention sur les programmes existants des ministères et de réduire la tentation de se lancer dans de nouvelles aventures. On peut aussi noter l'extension de l'horizon de la planification – qui passe d'une année à trois ans – ainsi qu'un meilleur support à la prise de décision.

Le degré d'implantation de cette méthode varie selon la taille des gouvernements et l'idéologie dominante dans chaque juridiction. En Alberta et en Ontario, sous des gouvernements conservateurs, on a adopté avec empressement cette façon de faire qui a des connotations avec le secteur privé. En Saskatchewan et au Québec, le vocabulaire-même diffère. Dans le premier cas, on le fait sans employer l'expression « plan d'affaires » et dans le second, on continue à utiliser le terme « planification stratégique ». La technique employée diffère aussi selon la taille des organisations touchées. En Ontario, on considère plus difficile d'établir un plan d'affaires dans un grand ministère comme la Santé – qui a un budget annuel plus grand que l'ensemble du gouvernement de la Saskatchewan au complet. Dans un plus petit appareil gouvernemental où les besoins de coordination sont moindres, des méthodes plus informelles sont suffisantes.

Ce qui ne varie guère d'une province à l'autre, c'est l'appui des vérificateurs généraux et la nécessité d'améliorer la gestion gouvernementale. On considère aussi que l'effort en vaut la peine et permet d'avoir une image d'ensemble de ce que fait le gouvernement, et que l'arrimage entre la volonté politique des élus et l'organisation administrative s'en trouve facilité. Les opinions varient plus grandement à propos du degré de transparence souhaitable. Dans la tradition parlementaire, certains voient la publication des plans et des résultats obtenus comme une façon de fournir des munitions à l'opposition. Si cette opposition est faible ou fragmentée, les plans peuvent être très transparents.

Les chapitres qui suivent rendent compte de la pratique des plans d'affaires telle que vécue par les gouvernements du Canada, de l'Ontario, du Québec, de la Saskatchewan et de l'Alberta. Concernant les plans d'affaires, tout est commencé mais tout reste à faire. Dans les années à venir il faut continuer à améliorer la mesure des résultats obtenus, travailler à changer les cultures organisationnelles et lier le processus budgétaire aux plans d'affaires. C'est à cet effort que ce livre se consacre en misant sur un processus de recherche-action auquel ont participé les gouvernements intéressés.

# Chapter 1

## Business Planning in the Federal Government

### *Government of Canada*

Planning in the Government of Canada has been marked by a thirty-year transition: from an internal planning process focused on detailed expenditure controls to a more strategic, flexible and tailored approach that favours the alignment of resources with government efforts to achieve strategic priorities and objectives. While comprehensive, the planning systems designed in the late 1960s and 1970s were detailed, centralized systems aimed primarily at control rather than at managing in a style consistent with management theory and the practices of most large organizations. Past systems supported central agency transaction approval processes and therefore were centred on internal government decision-making. They were not designed to enable an alignment of resources and work of a wide range of different federal departments and agencies, the voluntary and private sectors, as well as other governments inside Canada and across the globe. Nor were they designed to respond to the current domestic and international challenges of globalization and post-cold war human security.

Today's more flexible and decentralized planning approach shapes program and service delivery in line with the government's publicly stated priorities and commitments. These commitments are framed by core values reflected in the Speech from the Throne, the available financial resources (as set out in the government's fiscal framework and reflected in the annual budget documents), and in detailed planning documents prepared by individual departments and agencies, such as reports on plans and priorities and departmental performance reports. In support of these public documents the government has a process of ministerial priority setting that examines new policy priorities, balances these with the need for reinvestment in existing operations to ensure program integrity, and identifies areas for improving government management and policies.

By focusing on strategic objectives tied to expected results and accountability to Canadians, planning enables the effective organization of the work of stakeholders inside and outside government. Planning can help Canada meet the political, social and economic challenges of globalization, technology and the Internet, demographic changes and the complexity these bring. A great deal of work remains to be done to fully realize the potential of the Government of Canada's current approach to planning, but the fundamental building blocks are in place.

The sections that follow provide an overview of the evolution of planning and budgeting in the Government of Canada and some of the key developments that have shaped the transition highlighted above:

- the Program Planning and Budgeting System (PPBS), launched in 1969;

- the Policy and Expenditure Management System (PEMS), launched in 1979;
- the Ministerial Task Force on Program Review, launched in 1984;
- Program Review and “Getting Government Right,” launched in February 1994; and
- the ongoing commitment to a modern management agenda, reflected most recently in “Results for Canadians” (March 2000).

These developments are described through the lens of planning but recognizes that planning is only one small part of a much wider set of institutional arrangements critical to government, governance and public management.

## BACKGROUND

### The 1970s: Planning and Budgeting

The Government of Canada established its first modern planning and budgeting system, the Program Planning and Budgeting System (PPBS), in 1969. The system was a key tool for the Treasury Board Secretariat. The secretariat and the PPBS were ideas reflected in the findings of the Royal Commission on Government Organization (Glassco Commission), a commission struck in the mid-1960s to find ways to improve financial management in the Government of Canada.

The PPBS was designed to serve as a framework for planning and allocating resources in support of new initiatives and to ensure that the initiatives achieved their goals and objectives. It was also envisioned as providing a basis for monitoring and determining if existing programs met their stated objectives and results. It promoted effective policy development and program evaluation as essential building blocks to decision-making and resource allocation. The integration of policy development with planning, resource allocation, and the evaluation of program results was also intended to provide a system of accountability in managing resources. The accountability relationship struck by the PPBS was primarily between departments and central agencies, and only with later changes in the 1970s was planning linked in a more meaningful way between ministries and Parliament.<sup>1</sup>

The task of completing the link between the PPBS and Parliament was achieved through two important changes to the PPBS in the 1970s. The first was the introduction of the first government-wide fiscal framework; the second was the establishment of three-year revenue and expenditure plans to support the annual budget process and the Estimates documents tabled in Parliament. Changes made to the government’s Estimates process at this time were designed to strengthen ministerial and departmental accountability to Parliament. Specifically, the Estimates documents (which are submitted annually to Parliament) were restructured to provide clearer information on a program basis so members of Parliament would have a better sense of the resources that had been (and would be) expended within individual programs each year.

Over time, however, program evaluation and performance measurement did not become integrated into the ongoing planning and management of programs or into the decision-making of departments and central agencies. The PPBS itself became bureaucratic, with its labyrinth of rules and significant central control. The rules and processes took on a life of

their own instead of improving resource management or ensuring the alignment of expenditures with program objectives. It did not fulfil its promise of providing a basis for reallocating resources from programs that outlived their usefulness or that failed to achieve their intended results.

By the mid-1970s, Canada faced increasing fiscal problems with growth in government expenditures outstripping growth in revenues. The government appointed a Royal Commission on Financial Management and Accountability (Lambert Commission) to examine how financial and program management could be improved.

The Lambert Commission made a number of recommendations that would, some fifteen years later, be adopted as part of the Government of Canada's approach to planning. In particular, it proposed that departments and agencies should be required to produce strategic plans outlining their operational plans, specific goals, key tasks and responsibilities, performance indicators and to demonstrate how these would all fit within the government's fiscal plans and priorities. Responsibility for planning, according to the commission, should rest with deputy ministers, who, in turn, should be subject to a greater degree of accountability for their management.

The commission also concluded that there was a need for more regular contact between the government's Board of Management, a new role it saw for the Treasury Board, and various departments. The new contact would focus on ensuring the performance of departments relative to the attainment of their plan's stated objectives and expenditures. This role would be part of an overall leadership position the Board of Management would play in overseeing management in government. It would be more than a decade before this recommendation would surface as part of government reform.

It has been suggested that senior government officials at the time viewed the Lambert Commission's conclusions as unrealistic and lacking in understanding of the parliamentary system of government. In particular, concerns were expressed with the commission's view that departments should be held accountable through the Board of Management to Parliament for the exercise of their responsibilities. In the Westminster model of government, only ministers of the Crown are directly responsible to Parliament for their departments and agencies.<sup>2</sup> With an election following shortly after the tabling of the Lambert Commission's report, its recommendations were set aside. The one exception was the introduction of the replacement of the PPBS with the Policy and Expenditure Management System (PEMS), in 1979.

Like the PPBS, the PEMS tried to introduce a results-based planning system. However, unlike the PPBS, the PEMS made stronger links to government priority setting through an expanded system of cabinet review. This was done through two new cabinet committees: economic and regional development and social development. Each committee was supported by dedicated secretariats, specifically, the Ministry of State for Economic and Regional Development and the Ministry of State for Social Development, whose function was to support priority setting. Funding decisions were supported through the Treasury Board Secretariat.

Under the PEMS, departments were required to submit strategic overviews and multiyear operational plans. These plans were intended to assist ministers in establishing priorities and funding reserves for new policy proposals; identifying where programs and policies could be

discontinued; and identifying where resources could be reallocated to fund new initiatives. Departments were also required to develop an operational planning framework that provided key-result statements and linked expenditures explicitly to program objectives.

The planning framework also provided a format through which expenditure details were to be presented in departmental Estimates documents, thereby supporting accountability between ministries and Parliament. The key development at this stage of the Estimate's evolution was the introduction of what came to be known as the Part IIIs. The Part IIIs were a series of documents prepared for each department that summarized the previous year's expenditures; outlined the objectives, activities and specific results expected; and planned expenditures for the budgetary year.

The PEMS was ultimately set aside for many of the same reasons as the PPBS. An economic downturn in the early 1980s meant that government expenditures were again outstripping revenues, and the resulting fiscal problem could not be addressed solely through expenditure management. The PEMS did not provide the information and knowledge needed to assist ministers and central agencies in making difficult choices about programs and policy priorities and did not provide the necessary tools to evaluate program performance. Despite over a decade of work, central agencies still found that they could not make a useful link between results and resources in many of the government's programs.<sup>3</sup>

### **The 1980s and 1990s: Rethinking Government**

The pressures created by the growth in the government's deficit, and the limited success that had been realized in the PPBS and PEMS compelled a turn away from efforts in designing planning and budgeting systems towards asking a broader set of questions and ultimately a rethinking of the role and programs of government. The election of a new government in 1984 brought with it a series of commitments that would redefine the respective roles of the public and private sectors in Canada.

Very early in their mandate, the new Progressive Conservative government launched the Ministerial Task Force on Program Review (Nielsen Task Force). It looked at redefining where government should act. The work of this task force led to the privatization of many government entities such as Air Canada, Petro-Canada and Canadair. It also laid the foundation for new approaches for delivering commitments that previously were considered public investments (such as the Prince Edward Island fixed link) and the withdrawal from activities such as government-sponsored research institutes like the Economic and Science councils.

Business planning and resource management continued in the federal government as internal departmental planning processes took on more responsibility in determining and implementing budget cuts. Planning and budgeting questions turned to productivity-improvement questions and concerns about how best to provide the flexibility needed to respond to successive "across-the-board" expenditure reductions. Flexibility in the organization and management of resources was essential if departments and agencies were to "do more with less" and sustain program and service delivery at a time of growing demand and fewer resources. A renewed call for "letting the managers manage" was a key plank in the PC election platform in 1984.

A number of changes were implemented in the 1980s and in the first part of the 1990s to improve the capacity of management. The more noteworthy were the Increased Ministerial Authority and Accountability Initiative, the Shared Management Agenda, and Public Service 2000. When the government returned to the issue of business planning from a central agency perspective in the mid-1990s, many things had changed. The balance of the relationship between departments and the Treasury Board Secretariat, in particular, had changed considerably in terms of the balance of roles and in terms of control in day-to-day decisions. Planning in the future would also have to serve not just an expenditure-management agenda but also a wider management and accountability agenda tied to administrative and management policies in the government.

By 1993 it was apparent that public debt, its growing servicing costs, and the continued annual deficits demanded even greater changes. By the end of the Progressive Conservative government's tenure in 1993, a process of rethinking and restructuring government had been launched. A key step was the June announcement of the consolidation of thirty-five departments into twenty-three. Over the course of that year, some \$3 billion in reductions in operating expenditures were also announced.

When the Liberals were elected in 1993, their platform included two key priorities that would guide future innovations in the Government of Canada's approach to planning, budgeting, management and accountability. The first was a commitment to a more prudent approach to managing government's resources. The second was a commitment to increased transparency in government. The first concrete step towards these commitments was the announcement of Program Review in the February 1994 budget. Program Review brought a renewed emphasis on budgeting, planning and expenditure management, but it was significantly different from the PPBS and the PEMS.

Program Review established a series of expenditure targets with specific implementation plans developed by departments. These plans were reviewed and revised based on the advice of a committee of deputy ministers and ministers. The final Program Review decisions were announced in the budget in February of 1995, along with a commitment by the minister of finance that government expenditures would be reduced to three per cent of gross domestic product by the end of the 1996-97 fiscal year.<sup>4</sup>

Concurrent with the February 1995 budget announcement was the announcement of a wider package of government reforms known as Getting Government Right. The Getting Government Right process, however, was not simply about smaller government. It was (and remains) a multifaceted public-sector reform process. Getting the fiscal house in order, while providing the basic rationale for the process, was twinned to a parallel initiative to find ways to increase involvement of the public and Parliament in the budget process and to strengthen accountability to Canadians. These efforts, combined with a renewed commitment to values, ethics and increased transparency, were central to rebuilding declining public trust in government.

A results-based orientation, founded within a strong framework of values and ethics, was key to supporting a transition from a heavy rules-based institution to one where rules are retained for the most important and critical concerns in public-sector management. Managers are expected to make decisions and manage programs and services within a recognized framework of values and ethics consistent with the public interest and public accountability.

This flexibility was considered the key to achieving improved program performance and productivity with limited financial and non-financial resources.

From a business-planning perspective, there were three main initiatives launched in 1995 as part of Program Review and Getting Government Right. These were the revamping of the Expenditure Management System (EMS), referred to as the Improved Reporting to Parliament Project, and the preparation of formal business-plan submissions linking the implementation of the expenditure reduction targets set out in Program Review I and later Program Review II

The new Expenditure Management System (EMS) essentially capped the funds available to a department. New initiatives were to be funded through internal reallocations. Business plans were to be prepared annually by the departments and agencies of the federal government based on the resources allocated to them in the EMS. These plans were formally submitted for review by Treasury Board ministers, and to inform the activities of Treasury Board Secretariat, and included in some instances requests by departments for specific management authorities held by the Treasury Board required so they could achieve productivity and performance improvements required to live within resource limits set out in the EMS.<sup>5</sup>

As part of the government's commitment to greater transparency, work was launched again to reposition the government's instruments for reporting to Parliament in support of the annual appropriations process (Main Estimates). Earlier changes had led to the creation of individual departmental documents, referred to as "Part III of the Main Estimates." To make the documents more forward-looking, planned expenditures were set apart from reporting on results achieved. The department's priorities and objectives, key business lines and agenda, and planned expenditures are now found in the "Report on Plans and Priorities" tabled each spring. Reporting on results is now made in the departmental performance reports that are tabled each fall for the previous year.

These initiatives in this ongoing reform process were followed by further measures:

- a greater focus on strategic priority setting in the Speech from the Throne and on financial targets in the annual budget process, supported by an annual cabinet priorities process.<sup>6</sup> Speeches from the Throne, which historically had outlined government's legislative agenda, have assumed a much larger role in setting the tone and the vision for the government's mandate. These documents reflect the vision and strategic priorities of the government;
- the Improved Reporting to Parliament Project on improving results-based management and strengthening accountability to parliamentarians and Canadians;
- La Rélève, which reinforces the government's priority on management change and public-service renewal by linking human resource management to business planning;
- the launching of major efforts to find better ways of renewing the public service through key deputy minister task forces, including building stronger approaches to horizontal policy development, renewing policy capacity, values and ethics, service innovation and, later, to look at key areas or challenges to government such as "modernizing borders";
- the designation by the prime minister of the Treasury Board as the "management board of government" in June 1997. It relies on effective business plans to inform its decision-making; and

- the report of the Independent Review Panel on Modernization of Comptrollership in the Government of Canada. It was written by a blue-ribbon selection of advisers who looked at how government could improve its approach to the management of its resources. In response, the government adopted a number of initiatives to improve the quality of the financial information necessary to effective business planning and decision-making.

By 1997, however, it was becoming apparent that the process of tracking the restructuring through the Treasury Board Secretariat planning exercise was being over taken by events. A rethinking of the role for planning was undertaken, and specific tools were developed to support strategic investment and management decisions based on a “whole-of-government” perspective. By this stage, significant progress had been made in laying the foundation for the public information documents to support government planning, in particular through the Improved Reporting to Parliament Project, and work was under way to proceed with a second phase of discussions with parliamentarians.<sup>7</sup>

In 1998, the Treasury Board Secretariat re-examined the role of the internal planning process and developed a new approach to business planning, one that built on the government’s experience with four rounds of business-plan submissions by departments to the Treasury Board.<sup>8</sup> The time had come to eliminate the duplication that existed between the public reporting documents and to focus on the strategic information required by ministers in their capacity as Management Board members.

## PLANNING TODAY

The multifaceted nature of planning and budgeting in the Government of Canada is a reflection of the complexity inherent in managing an organization employing over 190,000 people, with planned program spending of \$111.2 billion (fiscal year 1999–2000). The Government of Canada has some eighty-five departments and agencies with highly diverse roles and responsibilities and serves Canadians through a wide spectrum of activities designed to support the key commitment of building a higher quality of life for all Canadians. In the Speech from the Throne, the government had committed itself to doing this by working with its partners to

- develop its children and youth to be leaders for the 21<sup>st</sup> century;
- build a dynamic economy;
- strengthen health and quality care for Canadians;
- ensure the quality of our environment;
- build stronger communities;
- strengthen its relationship with Canada’s aboriginal peoples; and
- advance Canada’s place in the world.

Business planning to support the Speech from the Throne takes place at a number of levels within organizations and across organizations to serve priority setting, policy development, and the management and delivery of programs and services to Canadians. The Government of Canada has no single integrated document, but the government-wide framework for

planning is found in

- key strategic statements such as the Speech from the Throne to launch each new session of Parliament;
- annual budget statements and supporting documents;
- parliamentary appropriations and reporting documents; and
- central agency and internal departmental planning processes and documents that support government priority setting and the ongoing management within and across departments.

The Treasury Board Secretariat now holds that maintaining and enhancing good business planning in departments and agencies is essential to good management practices. The quality of the information generated by these processes is essential to decision-making and management across government.

### **ROLE OF BUSINESS PLANNING**

The federal government's approach to business planning today can be seen from two perspectives: a public perspective and an internal management perspective. These line up very closely with the needs identified earlier, specifically greater accountability to Canadians and a more flexible and strategic approach in the management of financial and non-financial resources. The products of the federal government's planning and priorities processes can be categorized as reflecting these two perspectives.

- The *public* dimension of business planning, as found in the Speech from the Throne, the annual budget and supporting documents released by the finance minister, the annual "Estimates" documents, aims to improve public and parliamentary understanding about what the government is doing, how much it costs and the results achieved; and
- The *internal* dimension has three aspects:
  - a "departmental" focus on what business planning means to a department and what information its management needs. This emphasizes results-based management and the need for strategic and operational planning within departments in support of effective resource allocation and risk management;
  - a "central agency and government" focus that is rooted in a management board approach and in how to create more effective links through the use of the information that business planning in departments provides to the government's priority-setting process; and
  - a human resource management role, with the advent of a new performance management program for executives launched in the spring of 1998, that ties executive compensation to the achievement of results commitments based on departmental business plans.

The public and internal dimensions of business planning are integrated through their reliance on a core of information that describes the internal management accountability of a

department: “how” a department does its work; “how” its work is reflected in the business-planning information it presents to the central agencies, the public and to Parliament; and “what” results of a department are linked to its expenditures.

The work required to realize fully this approach has not been easy, and it will continue to challenge federal organizations and practitioners for years to come.

## **BUILDING ON PAST EXPERIENCE**

Information is the *key* at the heart of planning and managing effectively in accounting to Canadians, but, as the first four years of the federal government’s experience with business planning demonstrated, the all-important two-part question remains: What sort of information is needed and what is the best way to obtain it? Building on the work of “Getting Government Right,” a new approach developed in the fall of 1998 aims to achieve the following objectives:

- Strengthen the linkage among modern comptrollership, business planning, and the Treasury Board as a management board. In this context, both modern comptrollership and good business planning are essential enablers to reliable management information for departments and the secretariat to Treasury Board.
- Ensure an integrated approach between the public and internal dimensions so that information generated by a department through its business planning serves the multiple purposes of both government managers and the broader public and thereby minimizes the resulting reporting burden.
- Strengthen the links of the Treasury Board to the government’s priority-setting process;
- Create an approach to business planning that
  - is founded on key principles that are enduring but that allow for individual flexibility and future evolution;<sup>9</sup> and
  - facilitates a more targeted and selective approach to formal submissions from departments to the Treasury Board in connection with requests for additional resources, authorities and/or delegations.

In the same way any well-functioning organization uses business planning to assist management decision-making and the implementation of programs and services, the federal government uses planning to focus on the strengths of departmental processes. Internal departmental planning processes may culminate in the creation of a strategic plan and/or an operational plan and certainly will involve a variety of management information products. The planning and management processes are key to

- supporting the effective alignment of resources with the government’s strategic priorities, its core mandate and key initiatives identified through the engagement of Canadians, its clients, and key parties and stakeholders;
- enabling the reallocation resources (e.g., human resources, capital, information management and technology, and budgets) as priorities and circumstances change;

- tracking and managing progress towards achieving results and resource use; and
- reporting on the achievement of results linked to resources.

Business planning in departments and agencies is supported by the federal government's modern comptrollership initiatives and its key reform projects such as a government-wide financial information strategy and the overall ethos it provides. Business planning is a tool in the comptrollership that integrates financial and non-financial information into a whole-knowledge base, so that the "right" information is there for its managers when they have to make a decision.

In this context, the management information generated by a department for its own purposes can then, to the greatest extent possible, be adapted to satisfy the information requirements of external users. To illustrate, each department and agency is required to submit a number of annual reports to Parliament. The information that is required for the report on plans and priorities is also crucial for its strategic plan, and its performance report is an extension of its internal performance evaluation. These same internal and external documents are equally helpful to the secretariat in its support of the Treasury Board. By sharing its internal management information, a department minimizes the need to produce something "unique" for each user.

The renewed approach to business planning recognizes that the secretariat has all the information it needs to support the Treasury Board as a management board. However, the annual business-plan submissions from departments are no longer required for this purpose and will no longer be submitted by departments and agencies.

The principal sources for the secretariat's information needs is the departmental business-planning process, with its internal and external documents and data, and the ongoing dialogue it cultivates with departments.

In collaboration with departments and agencies, the secretariat is committed to creating a culture of ongoing, transparent dialogue and using it to share information and insights. Such a dialogue, while less formal and prescriptive, is a more tailored and realistic approach that will result in improved access to the needed information each requires. Accordingly, the emphasis has shifted from the production of a formal document at a specific time by a department or agency to an ongoing exchange. This allows the secretariat to develop an understanding of the operating environment of each organization and the circumstances it faces. In turn, the secretariat is to provide feedback to that organization. The onus is on both parties to initiate the dialogue and to build on a "team" approach so that every facet of each organization is an active participant and that the resulting understanding is comprehensive and integrated.

The ongoing dialogue will be complemented and strengthened through the preparation of

- a "perspective" for each department and agency by the secretariat that presents an overview of its activities and an understanding of its management infrastructure and key program challenges. The *perspective* is developed in open dialogue with each organization, which helps to focus the knowledge thereby gained. While the *perspective* reflects the views and conclusions of the secretariat, each organization will have a full awareness of its contents and an opportunity to raise any concerns that it might have;

- a “strategic issue letter” to the secretary of the Treasury Board by each department and agency’s deputy head, which appraises the secretariat of the issues and risks challenging the organization in the context of its strategic plan. The letter will lead to a discussion of these challenges with the secretary and, subsequently, to the joint development of a plan to address the concerns. Approximately one-third of the departments and agencies are requested to submit such a letter each year, so that all will be covered in a three-year cycle.<sup>10</sup> As part of the tailoring and flexibility of the renewed approach to business planning, the target date for receipt of this letter would be mutually agreed upon and would respect both the planning cycle of each department and the government’s priority-setting process. Furthermore, the deputy head of each organization may write, or may be requested to prepare, such a letter whenever it is felt to be appropriate, such as when there are significant issues or changes in its operating environment;
- a selective, targeted “business-plan submission” written by a department or agency focuses on the business case for decisions, required by the Treasury Board for additional resources, delegated authorities, etc. This request may originate from the strategic issue letter and subsequent discussion, but this is not a prerequisite for such a submission. The business-plan submission will present a short synopsis of an organization’s strategic plan; identify what is being asked for by way of flexibilities or authorities; make a business case for these requests in the context of the strategic plan, thereby linking them to the organization’s strategies; and show how alternatives were considered (e.g., partnerships or pooling of resources with other organizations; innovative approaches to service delivery; innovations in human resource management and organizational design); and technology-based innovations.
- As such, the submission will allow the organization to submit an integrated request that will be more efficient both for its purposes and those of the secretariat and will afford them both a strategic context that reflects government-wide and department perspectives in which to situate these requests. Again, the timing for such a submission will be mutually determined by the secretariat and the originating organization and will reflect their operating cycles. For example, there may be efficiencies gained from incorporating such requests into the secretariat’s “Annual Reference Level Update,” which occurs in the fall;
- a limited number of other specific requests for special information, possibly arising from needs identified by Treasury Board or cabinet, as agreed with individual departments and agencies; and
- the secretariat will also prepare overviews (e.g., at a sector level) on expenditure trends and changes as required to address results-based management and to gain a wider appreciation of risks and challenges in the overall framework of the government’s programs and services.

The secretariat will use the information garnered from its dialogue with departments and agencies, from their business plans, reports on plans and priorities and performance reports and strategic letters to develop a “whole-of-government view” that is focused on the integrity of the existing programs; results-based management; and risks, risk management, and the need for strategic investments.

As is apparent, it is intended that the word *integrity* be defined in its broadest sense. Integrity refers to more than the monies needed to deliver a program. It also involves results-

based management, program objectives, government priorities, facing risks, risk-management strategies, and the strategic investments needed to help mitigate and manage those risks. The resulting whole-of-government view will form a strategic context within which the secretariat will

- analyse and make recommendations on exchanges with departments and agencies, such as the “strategic issue letter,” and their submissions to the Treasury Board, including the “business-plan submission”;
- undertake analysis and provide advice on policy proposals from organizations; and
- complete the Expenditure Management Strategy link through the preparation of an annual report to the Treasury Board and cabinet on the integrity of government operations.

The annual government-wide priority-setting process had been almost exclusively concerned with new policy initiatives. There was very little discussion on priorities related to the existing base of government programs. In order to help balance the information given to ministers, an annual report is under development that will provide them with an analysis of the integrity of government operations. It will identify and make recommendations on key issues affecting these existing programs and it will address issues that are *horizontal* – that is, common to a number of departments – and *vertical* – that is, program-specific. The report will enable cabinet to consider these pressures as it allocates any fiscal flexibility across the full gamut of the government’s priorities.

It is evident that having good information from departments and agencies is key to the preparation of this report. Developing and deploying a whole-of-government view means understanding the challenges within departments and agencies, as well as across the government, and being able to situate them in terms of the government’s priorities and strategies. As a strategic analysis, it is the antithesis to the roll-up of every kind of resource wish-request from organizations. Thus, it is incumbent on them to have realistic expectations as to what can be achieved from cabinet’s priority-setting deliberations. This process and its supporting processes, products and key tools will take many years to develop and can be expected to advance concurrently with ongoing work in support of the management board on key management frameworks such as values and ethics that will guide how the secretariat will work and key functional frameworks such as the Human Resource Management Framework and the Information Management Framework.

## NOTES

- 1 An overview of the steps in the Government of Canada’s experience with planning and budgeting systems may be found in Richard French, *How Ottawa Decides: Planning and Industrial Policy Making* (Toronto: James Lorimer & Company, Publishers, 1980); Peter Harder and Evert Lindquist, *Expenditure Management and Reporting in the Government of Canada: Recent Developments*, in Jacques Bourgault et al., *Public Administration and Public Management, Experiences in Canada* (Quebec City: Publications du Québec, 1997), pp. 71–99.
- 2 Donald Savoie, *Governing from the Centre: The Concentration of Power in Canadian Politics* (Toronto: University of Toronto Press, 1999), p. 207.

- 3 Harder and Lindquist, in Bourgault et al., *Expenditure Management and Reporting in the Government of Canada*, p. 80.
- 4 For further details on the budget reform in Canada, see the OECD's PUMA June 1999, *Report on Expenditure Management*.
- 5 The significance of initiating and implementing this business-planning initiative in the federal government should not be underestimated. The current operating framework of federal government consists of an organization of approximately 190,000 employees in eighty-five departments, agencies and commissions across Canada and throughout the world; a planned program spending of \$104.5 billion for 1998–99; a transition from an era of restraint and deficit reduction to prudence and managing a surplus; an agenda to be realized with its key partners (the provinces/territories and foreign governments and international agencies and public, not-for-profit, and private organizations); and an increasingly important role for citizens in policy development, program design and implementation and in ensuring the government's accountability.
- 6 OECD, PUMA, *Report on Expenditure Management*.
- 7 See Evan H. Potter "Treasury Board as a Management Board: The Re-Invention of a Central Agency," in Leslie A. Pal, ed., *How Ottawa Spends 2000–2001: Past Imperfect, Future Tense* (Don Mills: Oxford University Press Canada, 2000).
- 8 From in 1994 to 1999, the government's priority setting was driven by Program Review and the deficit-reduction imperatives of the budget. As a direct result, the role of departmental business-plan submissions to the Treasury Board reflected the outcome of priority and budgetary decisions:

| <i>Year</i>   | <i>Emphasis in Business Planning</i>   |
|---------------|--|
| 1995          | – "adjustment" plan for Program Review implementation  |
| 1996          | – ongoing "adjustment" plans, as well as making the transition from "adjustment" for Program Review implementation to key strategies and performance commitments |
| 1997 and 1998 | – strategic planning and impact analysis related to a number of common horizontal issues   |

The renewed approach to business planning adopted by the federal government in 1998 will enable the results of departmental business planning to be taken into consideration in the government's priority setting.

- 9 For example, it is essential that a renewed approach to business planning recognize that the expectations of central agencies for business planning in departments can no longer be for a "one-size-fits-all" approach. In particular, the special circumstances of small departments and agencies with respect to their resources and capacity for business planning and information generation must be accommodated.
- 10 For small agencies, the secretariat has proposed stretching this formal reporting cycle to perhaps once every five years, if this is acceptable to the organization and if it is stable.

## Les plans d'affaires au gouvernement fédéral

*Sommaire* : En partant d'un régime de planification interne singulièrement axé sur le contrôle des dépenses pour en arriver à un système qui favorise une approche souple, stratégique et un alignement des ressources aux objectifs de l'État, il est évident que la planification au sein du gouvernement fédéral a vécu une importante transition au cours des trente dernières années. Les régimes de planification conçus durant la fin des années 60 et durant les années 70 exigeaient le détail et une centralisation des contrôles plutôt qu'un style reconnu tant en théorie que par la pratiques des grandes entreprises. Les systèmes budgétaires de l'époque étaient conçus pour appuyer le processus décisionnel des organismes centraux et donc mal adaptés pour tenir en ligne de compte les activités d'une variété d'organismes et de ministères oeuvrant sur divers aspects d'un même champ d'intervention.

Le processus de planification budgétaire en vigueur aujourd'hui est plus flexible et plus décentralisé, tout en étant plus en accord avec les priorités et les engagements du gouvernement du Canada tels qu'énoncés dans le Discours du trône, les ressources financières disponibles, les plans d'action détaillés préparés par les ministères. Ceci tant au niveau des plans et des priorités qu'au niveau des rapports de performance.

Le texte offre une perspective sur l'évolution du processus de planification budgétaire à Ottawa de 1969 jusqu'à aujourd'hui. Il révèle que le plan d'affaires peut maintenant être perçu simultanément sur deux dimensions : par le peuple et par la gestion interne. En rapprochant ces deux dimensions, le régime vise une plus grande imputabilité envers les Canadiens et une approche plus flexible et stratégique des ressources mises à la disposition des gestionnaires du gouvernement. Les deux dimensions sont rattachées à des données communes sur le rendement d'un ministère : « comment » un ministère effectue son travail, « comment » son travail se reflète dans l'information fournie aux organismes centraux, au peuple et au Parlement. Quant au « quoi », c'est le résultat obtenu par le ministère à la lumière de ses dépenses.

Le processus de plan d'affaires dans les organismes et les ministères est appuyé par de nouvelles initiatives de comptabilité visant à bien faire comprendre au sein de la Fonction publique, l'information financière et non financière disponible. Les ministères sont appelés à rédiger un Rapport sur les priorités ainsi qu'un Rapport de performance qui sont livrés au Parlement. Ces bilans sont aussi utilisés par le Secrétariat du Conseil du Trésor qui assure un dialogue privilégiant la transparence et l'échange d'information et de sagesse. Celui-ci rédige ensuite une Perspective sur un ministère ou un organisme, conçue en collaboration avec ces derniers. Tous les trois ans, les ministères et organismes sont priés de remettre une Lettre sur les questions stratégiques. À l'occasion, celle-ci peut provoquer une demande de plan d'affaires sur des questions précises.

Le gouvernement canadien poursuit ses efforts de planification, particulièrement à la lumière des nouvelles initiatives qui réunissent de front plusieurs ministères sur des questions « horizontales ». Enfin, l'intégrité du processus de planification dépend entièrement de la qualité de l'information fournie et de sa mise en contexte avec la gamme d'initiatives favorisées par le gouvernement.

# Chapitre 2

## La planification stratégique au Québec

*Jean Laliberté*

Tous les gouvernements ont besoin de processus pour faciliter leur fonctionnement et plus leur taille est imposante, plus ces processus doivent être formalisés. Au gouvernement du Québec, la planification stratégique est en voie de devenir aussi fondamentale que la préparation des crédits budgétaires ou de la publication des rapports annuels. Dans une organisation qui compte 25 ministères et une centaine d'organismes ayant des employés à temps plein, la fonction de planification est un élément essentiel de la gestion. Mentionnons que le budget annuel de dépenses est de plus de 40 milliards de dollars et que la Fonction publique<sup>1</sup> compte près de 50 000 fonctionnaires et plus de 15 000 employés occasionnels.

La planification stratégique au Québec correspond au processus de préparation d'un plan d'affaires<sup>2</sup> dans les entreprises et dans d'autres gouvernements. Le vocable « plan stratégique » est préférable à celui de « plan d'affaires » car le but d'un gouvernement n'est pas de brasser des affaires, mais de rendre des services aux citoyens. Nous présentons ici l'historique de la planification stratégique et nous analysons les caractéristiques principales du processus. Nous soulignons aussi les changements que la planification stratégique est en voie d'opérer dans l'organisation et nous traçons un bilan de l'expérience jusqu'à date.

### HISTORIQUE DE LA PLANIFICATION STRATÉGIQUE

L'exercice annuel de planification stratégique fut d'abord piloté par le Conseil du Trésor. Bien que la préoccupation première de ce comité ministériel soit avant tout budgétaire, on reconnaissait le besoin d'une perspective pluriannuelle pour prévoir les changements à venir. Depuis le début des années 1990, il était devenu évident que le retour à l'équilibre budgétaire, après des années de déficits croissants, allait exiger des efforts bien planifiés et soutenus.

L'arrivée d'un nouveau premier ministre en janvier 1996 entraîna des changements importants. Ce dernier réalisa que les processus décisionnels existants s'avéraient peu performants dans l'environnement de plus en plus complexe où se trouvait le gouvernement et que ces processus étaient mal adaptés pour faire face aux nouveaux défis – entre autres les réformes à entreprendre dans la santé, l'éducation, l'aide sociale et la politique familiale. De plus, l'élimination du déficit allait prendre quelques années et nécessiter un plan bien défini et appliqué avec rigueur.

Les décisions les plus stratégiques furent de créer un comité des priorités et de convoquer deux sommets socio-économiques. Il s'agissait là de décisions qui traduisaient une volonté

de renforcer la coordination au sommet de l'État et de gouverner de façon plus stratégique en se donnant une vision et de nouveaux instruments de gouverne.

## **LES NOUVEAUX INSTRUMENTS DE GOUVERNE**

Le Comité des priorités regroupe, sous la présidence du premier ministre, les sept ministres responsables des secteurs de politique publique les plus importants du gouvernement : Finances, Trésor, Santé, Éducation, Science et Technologie, Travail et Emploi, et Affaires municipales et Métropole.

Le Comité des priorités a pour fonctions de déterminer les grands objectifs politiques du gouvernement, d'établir ses priorités d'action, ainsi que d'assurer la cohérence des programmes et des activités des ministères et de faire les arbitrages qui s'imposent. Il a aussi pour rôle d'établir les principaux éléments de la politique budgétaire et de faire l'allocation générale des ressources financières.

En plus du Comité des priorités, quatre autres comités ministériels ont été créés. Ces comités ministériels de coordination ont pour mandat de s'assurer que les mémoires soumis au Conseil des ministres soient en accord avec les orientations retenues par le Comité des priorités et avec les autres politiques et programmes. Les domaines touchés par ces comités sont : le développement économique, le développement social, l'éducation et la culture et les affaires régionales et territoriales.

De façon plus conjoncturelle, étant donné que le nouveau premier ministre n'avait pas reçu un mandat formel des électeurs, la décision fut prise de convoquer deux sommets socio-économiques afin de réaliser un consensus autour des grandes priorités du gouvernement. Ces sommets furent tenus en mars 1996 à Québec et en octobre 1996 à Montréal. Ils réunissaient des représentants des grandes associations patronales et syndicales, de même que des délégués d'associations et de groupes représentatifs de tous les secteurs de la population.

Les objectifs prioritaires qui ont fait consensus lors du sommet de Montréal furent les suivants : l'atteinte du déficit zéro par une baisse des dépenses plutôt qu'une hausse des revenus; un rythme de création d'emplois permettant de rejoindre la moyenne canadienne; la création de 20 000 emplois dans le secteur de l'économie sociale et la réalisation de réformes en vue d'améliorer l'efficience et l'efficacité des services publics.

Il est évident que tous les ministères québécois devaient être mis à contribution pour réaliser ces objectifs. Le moyen privilégié pour mobiliser l'ensemble de l'appareil public dans cette entreprise fut la planification stratégique.

## **NATURE DE LA PLANIFICATION STRATÉGIQUE**

Dans le contexte de la réalisation des objectifs prioritaires retenus au sommet de Montréal, la planification stratégique prenait une connotation nouvelle. Il ne s'agissait plus d'un instrument de planification budgétaire, mais d'un processus d'élaboration de politiques visant à définir la contribution des ministères aux orientations et priorités du gouvernement. La

préoccupation première n'était pas d'effectuer des compressions budgétaires, mais d'établir des politiques plus performantes.

La planification stratégique a été définie comme un exercice de réflexion sur les politiques de l'organisation. Tous les spécialistes du domaine s'accordent pour dire que la démarche de remise en question des objectifs et des activités est plus importante que la rédaction du plan lui-même. Pour que les ministères s'ajustent aux besoins de la population, il est essentiel qu'ils se donnent une vision de ce qu'ils entendent réaliser à moyen terme et planifient ensuite les meilleures façons de concrétiser cette vision. Le moyen terme est défini comme étant trois ans, mais les ministères peuvent opter pour un horizon plus lointain.

Le processus de planification implanté au Québec comprend l'élaboration d'orientations stratégiques gouvernementales approuvées par le Comité des priorités et par le Conseil des ministres. Ces orientations constituent pour les ministères les lignes directrices devant guider les choix à effectuer dans leur planification stratégique.

Le Secrétariat du Comité des priorités a été chargé de coordonner l'exercice de planification stratégique à laquelle tous les ministères doivent contribuer. Le fait que cette tâche ait été attribuée à ce secrétariat plutôt qu'au Secrétariat du Conseil du Trésor se justifie du fait que l'exercice se situe au niveau des responsabilités des ministres en matière d'élaboration de politiques. Ce qui importe en effet dans la planification stratégique, c'est de définir les directions à prendre et les priorités à retenir. Il s'agit là de responsabilités clairement politiques.

Le Guide de référence de la planification stratégique élaboré par le Secrétariat du Comité des priorités définit le contenu des plans qui doivent être soumis par les ministères. Les plans doivent inclure un énoncé de mission, l'identification des grandes orientations, des objectifs mesurables et des indicateurs de résultats. L'élaboration du plan stratégique est un processus itératif parce que la réflexion effectuée sur un élément entraîne habituellement la précision du contenu des autres éléments. La planification stratégique devrait idéalement être un exercice continu parce que les stratégies d'une organisation nécessitent des ajustements périodiques. En pratique, cependant, elle obéit à un calendrier bien établi à l'exemple de tous les grands événements gouvernementaux tels le discours inaugural, le discours sur le budget et le dépôt des crédits budgétaires.

Pour bien comprendre la portée de la planification stratégique, il importe de considérer les liens qui existent entre cette dernière et d'autres éléments du processus administratif qui concernent la gestion des opérations et la gestion budgétaire.

## **LIENS AVEC LE PLAN D'ACTION ET L'ALLOCATION DES RESSOURCES**

Un des critères fixés pour déterminer le succès de l'implantation de la planification stratégique dans un ministère, c'est son intégration dans le processus de gestion. Tant que la planification stratégique demeure un exercice ponctuel dont le résultat principal est la rédaction d'un plan destiné aux organismes centraux, les impacts sur le fonctionnement du ministère sont limités. Mais lorsque les dirigeants concrétisent la planification stratégique triennale dans un plan d'action annuel, ils retirent des bénéfices concrets de leur démarche stratégique. Le plan d'action permet, en effet, de traduire les grands objectifs en terme d'activités pour chaque

unité administrative et de s'assurer que l'ensemble du personnel comprenne et partage la vision du ministre.

Un autre impératif pour un système efficace est le lien entre la planification stratégique et la planification budgétaire. Cette question comporte deux aspects : la cohérence gouvernementale entre les orientations et priorités du gouvernement et l'allocation des ressources ; et la traduction des objectifs ministériels en priorités budgétaires internes.

La détermination, par le Comité des priorités, des orientations et priorités gouvernementales, de même que la définition, par le ministre des Finances, d'un cadre financier pluriannuel et la détermination d'enveloppes budgétaires fermées par le Conseil du Trésor sont des conditions préalables à l'élaboration d'un plan stratégique par les ministères. Le fait que les ministères connaissent à l'avance les intentions gouvernementales, tant pour ce qui est des grandes orientations politiques qu'en ce qui concerne les cibles budgétaires, permet d'orienter leurs réflexions stratégiques et d'éviter que les plans stratégiques ne deviennent des plaidoyers pour l'obtention de ressources additionnelles. Étant donné que le maintien de l'équilibre budgétaire continue d'exiger des compressions de dépenses, les plans stratégiques doivent indiquer les conséquences des décisions budgétaires sur les politiques de façon à faire ressortir les problèmes majeurs éventuels.

L'arrimage entre le plan stratégique et l'allocation interne des ressources financières au sein d'un ministère demeure difficile à réaliser parce que la planification financière est effectuée sur la base de « programmes et éléments » qui n'ont le plus souvent aucun lien avec les orientations politiques et les objectifs du ministère. Certaines organisations ont commencé à indiquer comment leurs divers postes budgétaires appuient les objectifs poursuivis, mais le progrès dans cette direction a jusqu'ici été assez limité. Les améliorations véritables ne peuvent être réalisées que si les ministères modifient leur structure budgétaire pour qu'elle corresponde aux objectifs poursuivis. Pour des raisons administratives liées au fonctionnement du système budgétaire gouvernemental, une telle modification s'avère actuellement irréaliste.

La planification stratégique exigera des changements encore plus exigeants, entre autres une véritable transformation de la culture organisationnelle de la Fonction publique.

## **IMPACTS SUR LA CULTURE ORGANISATIONNELLE**

Le Président du Conseil du Trésor du Québec a récemment publié un énoncé de politique sur la gestion gouvernementale dont l'un des principes majeurs est de mettre l'accent sur les résultats plutôt que sur les moyens. Le nouveau cadre de gestion situe le plan stratégique au cœur du processus. Ce plan, qui est sous la responsabilité du ministre, sera complété au niveau administratif par un plan de gestion des dépenses et par un rapport annuel de gestion qui deviendra un élément clé de la reddition de comptes.

La planification stratégique est une partie intégrante du système de gestion par résultats parce qu'elle exige des ministères qu'ils définissent leurs politiques en termes de résultats attendus.<sup>3</sup> L'approche de gestion par résultats constitue un changement culturel important, car le personnel des ministères, tant au Québec qu'ailleurs, a été habitué à penser en termes

d'application de lois et de règlements suivant des procédures rigoureuses destinées à assurer la transparence, l'impartialité et l'équité. Encadrés comme ils le sont par des textes légaux et des directives administratives de toutes sortes, les fonctionnaires disposent de peu de flexibilité pour faire de l'efficacité et de l'efficience des préoccupations quotidiennes. Le changement de culture nécessaire pour effectuer une véritable gestion par résultat est à peine amorcé. Des moyens importants seront mis en œuvre pour effectuer des progrès significatifs d'ici trois à cinq ans.

Au cours des dernières années, deux changements ont profondément transformé la perspective des ministères : la recherche de l'équilibre budgétaire a imposé à l'État de réaliser des économies dans ses dépenses de programmes et, par conséquent, de trouver des moyens d'être plus productif; les citoyens, de leur côté, ont été plus nombreux à exiger un meilleur service de la part des ministères et organismes et demandent que le secteur public soit aussi performant que le secteur privé. Par conséquent, le gouvernement doit de plus en plus avoir un souci d'efficacité tout en sauvegardant les principes de transparence, d'impartialité et d'équité auxquels la population continue d'être attachée. La planification stratégique constitue l'outil privilégié pour repenser les services publics afin de les adapter à ces nouvelles exigences.

Les défis que pose l'élaboration des politiques publiques dans un environnement de plus en plus complexe et en mutation constante sont immenses. Parmi les difficultés auxquelles fait face le gouvernement du Québec, comme d'ailleurs tous les gouvernements, on peut mentionner : l'abondance et la disponibilité de l'information qui rend plus difficile l'analyse et la synthèse des informations utiles aux décideurs; le nombre accru d'intervenants intéressés aux politiques publiques et les groupes d'intérêts qui sont plus nombreux et plus actifs; l'influence omniprésente des médias; les contraintes fiscales qui réduisent les possibilités d'action des gouvernements; la coordination fédérale-provinciale qui pose toutes sortes d'embûches; et l'interdépendance croissante des différentes problématiques qui soulève des enjeux majeurs.

Pour être efficaces, les politiques doivent être pertinentes et cohérentes. Cet idéal de pertinence et de cohérence est cependant difficile à réaliser. L'OCDE a identifié huit conditions susceptibles d'améliorer la qualité des politiques :<sup>4</sup>

- l'engagement des leaders politiques envers l'objectif de cohérence des politiques;
- l'élaboration d'orientations et de priorités gouvernementales dans lesquelles doivent s'inscrire les politiques ministérielles;
- l'accès pour les décideurs à des conseils fondés sur une bonne analyse des enjeux et incluant une indication des incohérences possibles;
- l'existence de services centraux capables d'effectuer une coordination efficace et de dégager une vision d'ensemble;
- la présence de mécanismes capables, très tôt dans le processus, d'anticiper, de détecter et de résoudre les conflits pouvant se produire entre les politiques;
- la capacité de réconcilier les impératifs budgétaires avec les priorités politiques;
- la mise en œuvre de mécanismes de suivi permettant d'ajuster les politiques à la lumière des progrès réalisés, des informations disponibles et des circonstances nouvelles;

- le développement d’une culture organisationnelle mettant l’accent sur la coopération entre les différents secteurs administratifs et sur le dialogue permanent avec les divers intervenants.

La réalisation de progrès significatifs permettant de rencontrer au moins partiellement les conditions mentionnées plus haut exige la mise en œuvre d’un système de planification stratégique performant. Elle requiert aussi la transformation d’un aspect de la culture organisationnelle : le remplacement de l’approche verticale et compartimentée – qui est trop souvent celle des ministères agissant de façon isolée dans le cadre restreint de leurs mandats respectifs – par une approche interministérielle. Une telle approche est nécessaire pour agir efficacement dans des domaines tels que l’emploi, le développement durable, la lutte contre la pauvreté, la réduction des disparités régionales, le vieillissement de la population, la politique jeunesse, le développement de la métropole et bien d’autres. De nouvelles institutions et de nouveaux processus devront être expérimentés afin de découvrir les solutions innovatrices qui permettront de transcender les pratiques peu adéquates qu’on rencontre au Québec et dans plusieurs autres États. Le Québec a d’ailleurs commencé à se doter de nouveaux instruments.

## **PROCESSUS ET INSTRUMENTS DE PLANIFICATION STRATÉGIQUE**

Le Secrétariat du Comité des priorités est chargé de plusieurs tâches visant à supporter l’exercice de planification stratégique : il formule des recommandations au Comité des priorités sur les orientations et priorités gouvernementales; communique aux ministères les décisions du Comité; élabore des lignes directrices sur le contenu du plan stratégique; conseille les responsables de l’exercice sur les aspects les plus difficiles tels que les objectifs mesurables et les indicateurs de résultats; et enfin, fournit aux ministères une rétroaction sur le respect des lignes directrices. Il importe de souligner que le Secrétariat du Comité des priorités n’intervient pas dans le contenu des plans. Il est du ressort des ministres de se prononcer sur les orientations, stratégies et objectifs proposés par les ministères. Le Secrétariat n’a qu’un rôle de support et de conseil.

Certains des aspects qui se sont avérés les plus difficiles pour les ministères sont l’élaboration d’objectifs mesurables et d’indicateurs de résultats. Il est très ardu d’identifier les résultats attendus des politiques publiques et plus complexe encore de déterminer la contribution du ministère à l’atteinte de ces résultats, car l’administration publique ne contrôle pas toutes les variables. De plus, il y a beaucoup de réticence de la part des autorités à se dire responsables de résultats sur lesquels elles n’ont qu’une influence indirecte et partielle.

Deux autres problèmes sont préoccupants : les partis d’opposition sont à l’affût de toutes les informations permettant de mettre un ministre dans l’embarras et les médias ignorent systématiquement les aspects positifs pour se concentrer sur les aspects négatifs. Des solutions doivent être trouvées à ces problèmes pour que des progrès réels soient faits dans la mise en œuvre d’un système de gestion par résultats.

Les indicateurs constituent d’excellents instruments de reddition de compte pour les

administrateurs publics envers les autorités politiques. Une des orientations déjà annoncée par le gouvernement est de transformer les rapports annuels des ministères en rapports de gestion ayant pour but de communiquer à l'Assemblée nationale, et au public, les objectifs visés ainsi que les résultats atteints.

Un autre domaine où des progrès ont été accomplis concerne la création de nouveaux instruments pour améliorer le processus d'élaboration des politiques. Le Secrétariat du Comité des priorités a travaillé pour favoriser la coopération interministérielle afin de relever les défis que pose l'interdépendance accrue entre les différents domaines d'action gouvernementale. Il a créé un comité de sous-ministres adjoints responsables de la planification stratégique qui est chargé, entre autres, de conseiller le gouvernement sur les orientations et priorités d'ensemble susceptibles de guider les ministères dans l'élaboration de leurs plans. Le Secrétariat a aussi lancé un projet de veille intégrée sur les politiques publiques visant à repérer, sur une base continue et systématique, les informations pouvant permettre au comité de sous-ministres adjoints de considérer les problèmes sous les angles les plus divers.

Un enjeu non résolu demeure la participation des organismes publics à l'exercice de planification stratégique. La décision prise dès le début a été de laisser à chaque ministre la décision d'inclure ou non les organismes relevant de son portefeuille dans le plan stratégique de son secteur. Certains ministres, par exemple la ministre de la Culture et des Communications, ont soumis un plan stratégique couvrant à la fois leur ministère et tous les organismes placés sous leur direction. D'autres ministres ont demandé à certains organismes de soumettre un plan distinct alors que d'autres n'ont donné aucune directive à cet effet. Une solution pourrait être d'inclure dans l'exercice les organismes qui jouent un rôle important dans l'élaboration des politiques.

Deux autres aspects de la planification stratégique retiennent particulièrement l'attention : le processus d'approbation des plans et leur publication. Chaque ministre remet son plan stratégique au gouvernement en l'adressant au secrétaire général du Conseil exécutif. Ce dernier transmet les plans au Secrétariat du Conseil du Trésor pour obtenir un avis de conformité avec le cadre financier du gouvernement, ainsi qu'au Secrétariat du Comité des priorités pour qu'il détermine s'ils contiennent des éléments nouveaux exigeant un examen par le Comité des priorités. Tous les grands projets de réforme ayant potentiellement un impact significatif sur les politiques gouvernementales sont examinés par ce Comité.

Un aspect majeur de l'exercice de planification stratégique est la publication des plans en vue d'informer les membres de l'Assemblée nationale et le public des intentions gouvernementales en matière de politiques. À ce jour, la qualité des plans d'un bon nombre de ministères n'était pas adéquate pour fins de publication. Cependant, l'expérience acquise permettra très bientôt d'obtenir des documents dont le contenu présentera une véritable valeur ajoutée pour la compréhension des politiques publiques. Dans le cadre de son projet de politique sur la gestion gouvernementale, le gouvernement a déjà fait part de son intention de rendre publics les plans stratégiques.

Une évaluation a été effectuée par le Secrétariat du Comité des priorités pour mesurer les progrès réalisés par les ministères lors du dernier exercice de planification stratégique. Les résultats de cette évaluation sont présentés dans la section suivante.

## BILAN DE L'EXERCICE 1999–2002

Il ressort du bilan du dernier exercice que la moitié des ministères ont amorcé un virage et se sont résolument engagés dans la planification stratégique. La plupart des ministères ont fait des efforts accrus concernant l'exercice et ont amélioré leur plan par rapport à celui de l'an dernier.

L'attente signifiée aux ministères était d'accorder une attention spéciale à trois éléments du plan : le contexte et les enjeux, les objectifs mesurables et les indicateurs de résultats. On a observé un progrès généralisé mais inégal en ce qui concerne ces sections prioritaires.

Pour cerner les facteurs de réussite dans l'élaboration du plan stratégique, nous avons essayé de déterminer si une relation existe entre le processus adopté par les ministères et le niveau de qualité des plans. Il ressort que c'est non pas le fait que le processus implique la participation d'un nombre plus ou moins grand de gestionnaires qui s'avère important, mais bien l'existence d'un comité de pilotage (le comité de direction ou un comité *ad hoc*) chargé de diriger l'exercice. Ce fait témoigne de l'importance de renforcer l'engagement de la haute direction dans la planification stratégique.

### CONCLUSION

La planification stratégique se situe dans le contexte plus vaste d'un important projet de modernisation de l'administration publique du Québec. L'objectif visé est de rendre l'appareil gouvernemental plus efficace et de s'assurer qu'il rende de meilleurs services aux citoyens. Les moyens mis en œuvre sont, entre autres, l'implantation de la gestion par résultats, la création d'unités autonomes de service, le renforcement du cadre de reddition de comptes, ainsi que l'allégement des contrôles administratifs. La poursuite d'une plus grande efficacité repose sur l'élaboration de politiques publiques bien adaptées au contexte et qui apportent des solutions non seulement dans l'immédiat, mais aussi à plus long terme. Le processus intégrateur de toutes les initiatives d'élaboration de politiques est la planification stratégique. Il s'agit d'un processus qui évolue au fur et à mesure que les ministères lui accordent plus d'importance et que les autorités s'y impliquent en y consacrant plus de temps et d'efforts. Au cours des prochaines années, une évolution pourra être constatée sous quatre aspects :

- l'élaboration d'orientations et de priorités gouvernementales plus précises et plus claires, de même que d'un cadre financier pluriannuel, afin de mieux guider les ministères dans la définition de leurs objectifs stratégiques;
- l'utilisation de la planification stratégique par les ministères pour effectuer une véritable remise en question de leurs politiques en vue de réaliser plus efficacement les orientations gouvernementales et de contribuer à une plus grande cohérence des programmes et services gouvernementaux;
- une implication plus active des ministres, individuellement et collectivement, dans l'analyse et l'approbation des plans stratégiques;
- l'utilisation des plans stratégiques et des indicateurs de résultats comme instruments

d'information pour l'Assemblée nationale et pour la population, de même que comme éléments centraux du régime d'imputabilité.

## NOTES

- 1 La Fonction publique ne comprend pas le personnel des sociétés d'État, ni ceux des réseaux de l'Éducation, de la Santé et des Services sociaux.
- 2 *Business Plan*.
- 3 En anglais, on parle de *outcomes*, c'est-à-dire des effets sur la clientèle de la prestation des produits et des services publics.
- 4 PUMA's Work on Strategic Management and Policy-Making, Building Policy Coherence, <http://www.oecd.org/puma/gvrnance/strat/coherence.htm>

### Strategic Planning in the Government of Quebec

*Summary:* Strategic planning in the Government of Quebec is becoming as essential as department estimates or annual reports. "Business planning" is similar to the practice known in private industry but is delivered under the name of "strategic planning." The rationale for this is simply that the *raison d'être* of the government is to provide services to the citizenry, not to run a business.

This paper examines the history of strategic planning in Quebec. Until the arrival of a new premier in January 1996, planning was spearheaded by the Treasury Board.

In addition, two socio-economic summits were held in March 1996 and October 1996 to help the government set its policy objectives. Key among them was the elimination of the deficit. The priorities established required concerted government action, hence the urgent need for a strategic planning process. Mr. Bouchard asked that cabinet create a priorities committee in order to facilitate the articulation of policy objectives, ensure the coherence of department activities and programs. It also established the broad parameters for funding allocations and budgetary policies. Four other committees were created in cabinet: economic development, social development, education and culture, regional and territorial affairs. Their purpose was also to ensure a degree of harmony between departmental initiatives and the government's strategic plan.

The Secretariat for the Priorities Committee was given the lead in coordinating the planning process. The secretariat drafted a guidebook to instruct ministries on how to approach planning and continues to draft the broad guidelines of the strategic plans. Ministries are called to produce plans that must include mission statements, identification of broad orientations, measurable objectives and performance indicators. Based on plans submitted by the ministries, the secretariat makes recommendations to the priorities committee and in turn acts as a liaison with the ministry and may advise them on performance indicators and measurable objectives. It is important to note, however, that the secretariat does not intervene in the contents of the plan; it only acts as a support and adviser. Strategic plans are then implemented through management processes.

The implementation of strategic plans and their emphasis on outcomes rather than on means, the public demand for services of high quality and the pursuit of zero deficits has

triggered an important cultural change. Moreover, the public nature of the planning and reporting documents expose the government to considerable risk: the loyal opposition is privy to key directions and indicators and the media is also far more knowledgeable. The potential for embarrassment is great, but the ambition of the government to create a more transparent administration is greater.

So far, half the ministries have undertaken a strategic review and have adopted new plans, and the prospect that all ministries will be involved is near. Strategic planning must be perceived in the broad context of a modernization of public administration in Quebec. Its key objective is to make government more effective and to ensure that it offers the best possible service to its citizens.

# Chapter 3

## Business Planning in Ontario (1995–2000)

*David Fulford*

With the arrival in 1995 of a new conservative government in Ontario intent on controlling public finances, the refrain “What is it that government can afford to deliver to the public?” gained an urgency. Facing sizeable operating and accumulated deficits, the new government, as per their pre-election platform, the “Common Sense Revolution,” was committed to managing in a more businesslike fashion and restoring confidence in Ontario’s finances.<sup>1</sup> The government acted early in its first mandate by announcing in July 1995 measures to reduce the deficit immediately. In November of the same year, the government introduced its Balanced Budget Plan, which set out declining annual deficit targets, striving for a balanced budget by 2000–01. This initial curbing of expenditures was soon followed by the use of business planning as a primary tool for cabinet decision-making and multiyear planning and resource allocation.

This chapter will describe how Ontario’s adoption of an annual business-planning process, identifying core businesses, key strategies and detailed resource requirements for the upcoming and following two fiscal years, has helped to transform operational planning in ministries and has also helped to ensure greater accountability in program delivery. This chapter will also describe in detail Ontario’s performance measurement system, which was implemented as part of the annual business-planning process.

The use of business planning has been a learning experience for the province, and, through a commitment to continuous improvement, the process continues to be refined. The direction, however, is sound and has ensured that the information provided by ministries is detailed and comprehensive enough to support an effective decision-making process.

Before describing the business-planning process, it would be useful to first outline the responsibilities of the main players. In keeping with a Westminster system, ultimate authority rests with cabinet. Cabinet is assisted in its duties and functions by the following cabinet committees: the Priorities, Policy and Communications Board; the Management Board of Cabinet (MBC); the Statutory Business Committee; four policy committees, and other committees created for specific purposes, such as the Cabinet Committee on Privatization and SuperBuild. The central agencies that coordinate and provide support for the policy development and decision-making system include the Premier’s Office, Cabinet Office, Management Board Secretariat (MBS), and the Ministry of Finance.<sup>2</sup>

The Management Board Secretariat (MBS), the central agency responsible for advising the Management Board of Cabinet, shares responsibility for corporate controllership with the Cabinet Office and the Ministry of Finance. The MBS creates and implements directives and strategies for the responsible and accountable management of government resources (finan-

cial, human resources, technology, information, and real property) across the Ontario public service. The Ministry of Finance, in addition to setting and implementing the government's fiscal plan and taxation and economic policies, is responsible for preparing the annual provincial budget and reporting on the province's financial position through the annual Public Accounts.

## **BUSINESS PLANNING**

### **Process Prior to Business Planning**

Business planning plays a key role in the allocation of resources to support the provision of government programs and services in Ontario – so much so that the province's experiences have attracted the attention of other jurisdictions both inside and outside Canada. Business plans help identify and address policy and financial risks, ensure greater accountability and provide the planning framework within which more detailed operational plans are developed for the programs and services delivered by ministries. Annual business plans, which outline the vision, core businesses and key strategies, are in place in every one of the Ontario government's ministries.

This was not always the case. Before the introduction of business planning, the Estimates process controlled how government allocated its resources. The Management Board Secretariat provided ministries with broad expenditure targets (termed planning allocations) and ministries were in turn obliged to provide the Management Board of Cabinet (or, during 1990–95, the Treasury Board) with a list of proposals that requested incremental changes to the planning allocations. These proposals related to specific programs in ministries and were reviewed and recommended by the Management Board Secretariat to the Management Board of Cabinet for decision-making.

There were shortcomings. Depending on the focus of the government in power and the prevailing fiscal situation, ministries underwent disconnected increases and decreases to their allocations through each Estimates process. While increases were closely scrutinized, the base to which they applied did not undergo a similar review. Incremental changes requested by ministries related to individual programs; little effort was put into analysing the overall impact on the entire spectrum of programs when changes were made to individual elements. Also, the connections between individual proposals and the policy priorities of the government as a whole were not clearly linked when a proposal was prepared or approved. In summary, because a coordinated planning framework was not in place, resources were at times allocated in a manner that may not have been the optimal approach to support the overall priorities of the government.

Within the Estimates process, accountability for results was an issue. This too resulted from the incremental fashion in which projects were funded and the lack of rigorous analysis applied to the base funding already in existence for programs and services. Periodically, there would be initiatives aimed at improving accountability. These were usually stand-alone programs not linked to program or expenditure management targets. "Management by objectives," to cite one example, gave goals to senior management and periodically evalu-

ated their performance against these. The process, however, did not develop these goals by directly linking them to the policy and expenditure priorities of the government and/or the ministry. Meeting the goals, therefore, was not in most cases integral to achieving the overall priorities of government.

Other accountability initiatives – “managing by results” and “zero-based budgeting” – suffered from the same lack of overall coordination and linkage to the priorities of the individual ministry and the government. The frequent introduction of new initiatives meant, as well, that no sooner had the public service mastered one measurement system than it was learning a new one.

## **Drivers for Change**

Several factors ultimately combined to convert Ontario’s method of allocating resources from the Estimates process to business plans.

The move towards a more businesslike management of public resources was emphasized in the report of the Ontario Financial Review Commission (OFRC), a high-level body assembled by the current government soon after its first election. The OFRC had a mandate to review and comment on the financial practices of the Ontario public service and its agencies. The impetus for the OFRC’s review arose from the government’s focus on deficit reduction and its commitment to a balanced budget by the fiscal year 2000–01.

The OFRC was made up of six members of the accounting profession and two representatives of the business and financial community. The commission laid out recommendations in a number of areas. Among those related to business plans, the OFRC recommended “that Government adopt an integrated framework for ministries’ activities that better links planning, monitoring, reporting and evaluation to improve the management and accountability processes.” As part of the framework, the OFRC further recommended “that each ministry prepare a three year business plan, updated annually, that reflects the Government’s priorities.”<sup>3</sup>

The OFRC also recommended that the government itself present a three-year business plan as part of its annual budget that would help form the basis for ministry plans. As well, the OFRC suggested a contingency “reserve in the budget” to allow for unexpected changes in the government’s economic outlook: this notion was adopted as part of the 1996 budget and has continued to be a feature in every budget since. The OFRC’s report, released in 1995, also repeated a theme long found in the annual audit reports of the provincial auditor of Ontario: the need for a close link between good information and good decisions. And, in further alignment with the auditor, the OFRC also favoured a better planning process that focused on reducing the deficit and checking results against plans.

While not directly affecting business planning, the OFRC report also called for Ontario to adopt the accounting and financial reporting standards recommended by the Public Sector Accounting Board (PSAB). Over the four years after the report was issued, there was a concerted movement towards planning, accounting and reporting on a PSAB basis, with key financial documents (i.e., the annual budget, the quarterly Ontario finances updates of the government’s performance against its budget plan, and volume one of the Public Accounts) prepared on a PSAB basis.

## **Evolution of Business Planning**

Since its adoption following the OFRC report, business planning has evolved considerably. Several factors gave rise to this evolution. The government's overall priority of deficit elimination by 2000–01 has focused the Ontario public service on delivering better programs and services with fewer resources. This, in turn, has emphasized the importance of priority setting and effective planning, at both the elected and senior management levels. It has also placed an emphasis on monitoring actual results and implementing prompt corrective action where there are deviations from the plan.

Business planning has also improved through an annual review conducted at the end of each cycle by the Program Management and Estimates Division (PMED) of the Management Board Secretariat. Within the Management Board Secretariat, the PMED acts as a controller. In this role, the PMED manages the business-planning process to ensure that approved expenditures are consistent with the government's policy priorities and fiscal plan objectives. The intent of the annual review is to consult with the PMED's partners (other central agencies such as the Cabinet Office) and clients (the line ministries) on the previous year's process with regard to what worked well and what did not.

The annual review begins with a rigorous internal evaluation of the process by the PMED, followed by detailed consultations with all stakeholders and partners. The review results in a number of recommendations aimed at improving the process, and these recommendations – as many as possible – are implemented in time for the next cycle. Recommendations that take longer to implement will be phased in over two or three business-planning cycles.

The review has also compared, or “benchmarked,” business planning in the Ontario public service with private-sector companies of similar size and complexity. For the 1998–99 business-planning cycle, many private-sector organizations, including IBM, Northern Telecom, mining companies and some of the major Canadian banks, were reviewed by a team from the PMED. Their best practices in business planning, budgeting and monitoring were considered, and some aspects were adopted by the OPS, most notably the inclusion of financial and policy risk assessments and cost-driver analysis.

### ***Steps in the Evolution***

Following the OFRC's report, the 1996–97 resource allocation or Estimates process featured the development of separate business plans on a ministry-by-ministry basis. During this introductory year of business planning, four fundamental concepts that underlie as well as continue to drive business planning were introduced.

These four concepts – vision, core businesses, key strategies and performance measures – were put in place that year. The concept of defining core businesses was to help ministries identify their priorities and focus scarce resources on them. Ministries were to group similar programs into broad business areas. Ideally, a ministry would focus on four to six core businesses only. By grouping programs into core businesses, ministries could rank them in line with the government's priorities and the availability of resources.

Once ministries had sorted their programs and services into core businesses, they were to consider the key strategies that would bring their core businesses closer to the ideal outlined

in the ministry's vision. Greater use of information technology, alternative service delivery, and program consolidation are all examples of key strategies that ministries have used in the programs and services that make up their core businesses.

The concept of annual published business plans was also introduced as part of the 1996–97 cycle. The published plans provided the Ontario public with details of each ministry's projected activities for the upcoming fiscal year. The plans also included a number of performance measures and targets, and ministries were required to report their actual results against the targets as part of the new emphasis on public accountability.

The evolution of business planning continued during the 1997–98 cycle. The business plans, which were separate from resource allocations during the previous cycle, were now integrated. This integration of core businesses and key strategies with capital and operating resource allocations allowed the Management Board of Cabinet to ensure that new funding to ministries was aligned with the government's priorities for program improvements and enhanced service levels.

Accountability was further enhanced in the OPS through the introduction of the Accountability Directive in December 1997. The directive outlined an accountability framework and its components and clearly specified the role of business planning as an integral element in ensuring accountability in government.

The 1998–99 cycle incorporated two notable features. First, as a result of a private-sector survey, the concept of risk factors and cost drivers were included in business planning. Ministries were required to identify the policy and financial risks and with this information assess the probability of meeting all of their program and performance objectives within their given allocation. This analysis provided the government with a realistic assessment of the risks involved in meeting their policy and fiscal objectives over the short-term horizon. It also allowed the government to ensure that the contingency fund, a pool of money separate from the reserve and focused towards addressing specific pressures, was large enough and so structured that it could handle these deviations from the plan. While the type of risk varied from ministry to ministry, a typical scenario would have been the impact of higher-than-forecast caseloads on ministry programs. For example, the Ministry of Community and Social Services would have assessed the feasibility of coming within its transfer payment allocation for welfare in the event of a downward change in the economy.

The second notable change was the incorporation of the ministry annual reports into the published business plans. A majority of ministries are required by legislation to table and publish each year an annual report on their activities during the previous fiscal year. Unfortunately, this requirement was rarely met in the past, with most ministries typically two or three years behind in their reporting. This situation was rectified by expanding the ministries' published business plans to incorporate the annual reports. Legislative requirements were thereby promptly addressed and public accountability significantly improved.

The 1998–99 cycle also featured further integration between the business plans and other resources such as information technology, office space and facilities (realty), and human resources.

The 1999–2000 cycle built on the achievements of previous years largely through the refinement of features introduced before. Business planning was further advanced by better linking operating and capital allocations with non-tax revenues, information technology plans, realty and human resources.

Based on the 1998–99 experience with cost-driver and policy risk information, ministries were required to provide more detailed information on these areas in order to better assess the feasibility of achieving program objectives within the approved allocations. To allow the government to better forecast its fiscal requirements, ministries also had to estimate any requests for changes in their approved resource allocations that may come before the Management Board for approval during the upcoming fiscal year.

Business planning has also played a role in helping to integrate into ministries' planning a number of enterprise-wide initiatives, such as the Shared Services Bureau, internal audit restructuring, government information centres, and quality service, that are aimed at providing improved service within the OPS and externally to clients and taxpayers. Ministries' core businesses and key strategies reflect the impact that these initiatives have on service-delivery functions and internal administration.

The 1999–2000 cycle also took advantage of the advancements in Internet technology by providing easier access to business-planning information for line ministries. What previously required a fax or a delivery by a courier was now available on the corporate Intranet sites for easy reference and printing. Improved training on business planning was made available to OPS managers by the Centre for Leadership – an area of the Cabinet Office that develops and promotes effective leadership in the OPS, including the provision of training for senior management.

The 2000–01 cycle improved on the achievements of previous years through incremental changes to the process. Some examples include the identification of corporate management principles<sup>4</sup>; the piloting of improved performance-measurement reporting requirements with six ministries (discussed in the following section); the development of a Business Planning and Allocations Directive setting out the policy components of business planning and expenditure management; and the further use of technology to allow ministries to electronically submit their plans, which in turn allowed the MBS to consolidate the information for analytical purposes. The 2000–01 cycle also incorporated a requirement that all ministries submit a detailed human resources plan as a component of their business-plan submission.

## **Performance Measurement**

Measuring performance has been a formal part of the allocations process in Ontario for the last two decades. “Managing by objectives,” “managing by results,” and “zero-based budgeting” are some of the key measurement initiatives preceding the current performance measurement system introduced as part of business planning for the 1996–97 fiscal year.

The new government's strong commitment to business planning, with performance measures as an important part of gauging business success, launched a sustained effort to develop good performance information aligned with ministries' core business objectives.

Three equally important goals – accountability, informed decision-making and continuous improvement of programs and services – drive Ontario's performance measurement system:

- *accountability*: Performance measures in Ontario are used to support the government's accountability to taxpayers through the annual published business plans, first published in

1996–97. Within the government, ministers are accountable to cabinet, and deputy ministers are accountable to the secretary of cabinet for the achievement of yearly commitments. Ministries report to the MBS three times a year on performance achievements: after the close of the second quarter of the fiscal year; during the business-planning and allocations process; and after fiscal year-end with final data. Also, in Ontario, senior managers' performance evaluations are linked to the achievement of core business performance measures. The government introduced an incentive awards program in which meeting ministry commitments for performance measurement is a key factor in receiving a financial reward.

- *informed decision-making*: Good decisions require good information. Ontario has strived to develop a solid set of performance measures that reflect the achievement of core business objectives. The focus is on measuring outcomes, not outputs. At the same time, ministries are asked to develop performance measures for the effectiveness and efficiency of those activities for which they are responsible. In the complex world of public policy, balancing outcomes with controllability is challenging. While he noted in his 1998 report that further improvements should be made to the government's information quality, the provincial auditor also wrote the following: "As it evolves, the new planning framework adopted in Ontario will strengthen linkages between planning, monitoring, reporting and evaluation as performance measures are refined, and the cycle becomes well established so that past performance influences emerging plans."<sup>5</sup>
- *continuous improvement*: Performance measures provide important information that triggers the need for further review of a program or service when commitments are not met. Ontario has used performance achievements not to drive allocation decisions but rather to have informed discussions about the results that can be achieved for the funds spent. The performance measurement system itself, like business planning, has continuously improved over the last five years. In the first year, all ministries were required to set outcomes for the newly defined core businesses and the measures that would gauge success. By 1998, there were over 1,000 performance commitments in the OPS, with standards and/or targets and annual commitments. In addition, the Management Board of Cabinet established the Special Review Committee on Performance Measures, comprising members of the legislative assembly and reporting to the chair of the MBC, to support a comprehensive review of the measures during business planning.<sup>6</sup> During this past 2000–01 business-planning and allocations cycle, six ministries piloted improvements—dubbed "Making Measures Count" – to the performance measurement system.

### ***Ontario's Performance Measurement System***

Each ministry is responsible for implementing a complete performance measurement system. Ontario has a three-tiered measurement system: core business performance measures; program-level performance measures, and performance measures in individual senior manager performance contracts. The measures are intended to be aligned among all three levels.

Core business measures are intended to support business-planning decisions by ministries' senior management teams and the MBC. By providing indicators of core business

success, decision-makers have information that allows them to assess whether overall objectives are being met. That information can trigger further discussion about planned strategies and programs when objectives are not being met. Core business measures are also linked to incentive pay for senior managers. Meeting yearly performance measure commitments is one factor that determines the ministry's overall performance and incentive pay.

Program measures are intended to provide more specific and detailed information to the program manager on the achievement of individual programs that make up the core business. The individual senior manager's performance contract includes performance measures that are intended to gauge the contribution of the individual's work towards achieving the program and core business success. There are three types of desired measures in Ontario's system:

- *effectiveness measures* indicate the degree to which desired results are achieved in terms of quantity and/or quality. They gauge the results and impact of providing a service and how well the ministry is accomplishing its objectives. The key question in assessing effectiveness is, “Are we doing the right things?”;
- *efficiency measures* ascertain the relationship between inputs and outputs, for example. They do not count the number of units produced but rather the number of units produced in relation to spending. The key question in assessing efficiency is, “Are we doing things right?”; and
- *customer service measures* isolate the degree to which a service satisfies the needs and expectations of the recipient.

Performance measures are reviewed twice a year by the MBC. At mid-year, ministries provide a report on progress towards fiscal-year commitments. In most years, the mid-year review also included recommendations to ministries on improving the quality of measures. The second review occurs during the business-planning and allocations process. Performance measures are reviewed for quality, and commitments for the coming year are scrutinized to ensure they are meaningful and realistic. The Program Management and Estimates Division reviews and provides feedback to ministries on their measures. In addition, in 1998 and 1999, the Special Review Committee on Performance Measures provided an additional review on behalf of the MBC. The revised measures are then submitted for approval by the MBC. These approved measures become part of the ministries' business plan and allocations for the upcoming fiscal year. The annual process concludes with a year-end report to the Management Board Secretariat to confirm final achievements.

During the 2000–01 business-planning and allocations process, the MBS introduced a number of improvements to the performance measurement system. “Making Measures Count” introduced changes that will lead to a more mature performance measurement system by

- ensuring performance measures represent the majority of ministry spending and/or important government priorities;
- requiring ministries to use attribution in their performance reporting (i.e., explaining the contribution of ministry activity to the public policy outcome desired); and

- allowing ministries to tell their performance story, including important contextual information, such as environmental factors affecting performance, or key sectoral or historical data.

### *Challenges, Innovations and Future Directions: An Assessment of Ontario's Experience*

Ontario's challenges in implementing performance measurement are similar to the experience of other jurisdictions. Developing measures that gauge the success of public policy impacts raises issues of controllability and measurability. In addition, building organizational commitment to develop and sustain a vital performance information system that is an integral part of ministry and cabinet decision-making is the foundation of successful performance measurement, but it is difficult to achieve in the face of competing resource and funding priorities.

These challenges are reported widely in public-sector and academic journals and headlined in conference brochures that advertise solutions. The balance of this section will look at each of these challenges and Ontario's solutions in trying to measure the effectiveness of public policies and programs.

*Controllability and Ability to Measure.* "How can we measure that?" "There are too many other factors influencing the outcome." "We're not the private sector; we don't have a bottom line." These are familiar refrains, not only in Ontario but also internationally, as all public services strive to measure the success of their policies, programs and services. In 1995, however, a new chorus was added to the song: "If we can't measure the success of the program or policy, why are we spending money on it?" The government was committed to running the public service in a more businesslike way and publicly reporting to taxpayers on results.

There is no shortage of data in the public service, but it was not necessarily the type of performance information for business planning. Ontario primarily measures outputs, such as the number of people receiving services, dollars spent, and applications processed, that are within the control of the public-service manager. How to measure the impact continues to be the challenge.

Elementary school test scores is a good example of this challenge. The public policy goal is clear: well-educated students. But what is the right measure for which ministry officials and elected representatives will be held accountable? Committing only to the completion and distribution of curriculum are within the span of significant control, but these are only *outputs*. However, yearly increases in test scores, some argue, are too significantly influenced by other people and factors, such as parents, teachers and a variety of other societal influences, that affect school achievement levels.

The issue of controllability is significant for all areas of public service. To respond to this concern, one of the "Making Measures Count" improvements was to formally introduce the concept and application of attribution into the design and reporting of measures. Ministries are required to describe in their performance measurement template how, and to what extent, their activities contribute to core business objectives.

Ministries then report contextual information that allows them to track and report high-level performance information, such as test scores, and describe the relationship between ministry activities and the test scores. This section of the report would also describe the other factors that influence *outcome*. The ministry then establishes outcome-based measures and commitments, such as the quality of the curriculum in comparison to established international standards, over which it has more control. The ministry is held accountable for the achievement of the commitments, which, as stated earlier, is linked to the incentive pay for senior managers. By increasing the sophistication of the performance measurement reporting, decision-makers will have access to more useful information, and senior managers are held accountable for commitments over which they have a reasonable degree of control. The challenge will be to develop those immediate or intermediate outcome measures.

A companion issue to controllability has been how to measure certain areas of government activity. Developing measures of effectiveness for areas such as policy or regulation is difficult. In addition, core businesses are essentially a collection of programs that collectively seek to influence a common public policy objective. Because of these issues, and that of controllability, ministries have developed numerous proxy indicators for one or two measures for core business measures effectiveness.

By March 1998, the number of performance measures and commitments had swelled to 560 core business measures and 1,018 commitments, with ministries often making more than one commitment to support a measure. As ministries struggled to measure the effectiveness, efficiency and customer satisfaction of their businesses, the measures increased. However, many of the commitments to support the measures were ministry activity lists for the upcoming fiscal year.

During the 1999–2000 business-planning cycle, the Special Review Committee on Performance Measures directed all ministries to significantly reduce the number of measures to two or three per core business. In total, this direction nearly halved the number of measures to 331 and commitments to 585 for the 1999–2000 fiscal year. The numbers remained constant in the 2000–01 fiscal year. However, the ongoing challenge is to ensure the right measures to support decision-making.

In addition to the review and advice on the quality of measures from the MPP Special Review Committee and MBS staff, “Making Measures Count” requires ministries to report measures that reflect the majority of spending of a core business (and to identify that percentage). The experience of pilot ministries reflected the general assumption about the measures: some core businesses are well represented by solid, effective, efficient customer service measures that capture a majority of core business spending, and other areas of spending are not represented at all.

Through these two improvements in the performance reporting – attribution and reporting measures that represent the majority of spending – another step has been taken to improve the quality of performance information in Ontario.

*Organizational Commitment.* Performance measurement will be fully entrenched into decision-making when ministries develop and use performance measures even if there is no

MBC requirement to do so. In some ministries, performance measurement information is a regular part of business, and the biannual reporting to the MBC is simply one additional report. For other ministries, considerable amounts of data are collected, but they are not yet brought together in a cohesive management information system. And finally, for a few ministries, there is still much work left to create a measuring organization.

Ontario has been fortunate to have the performance measurement system driven from the top: both the government and the most senior public servants have continually stressed their commitment to an OPS-wide performance measurement system. The importance placed on performance measures at the top has created a constant source of momentum that has helped embed performance measures into ministries' business planning.

The experience of the Ministry of Citizenship, Culture and Recreation is characteristic of the evolution of performance measures over the last five years: The ministry faced three initial challenges in building a performance measurement system. First, there was initial resistance to the system resulting from the perception it was just another "flavour of the month." This sentiment was addressed by emphasizing that accountability was a government priority and that program evaluation and measuring results were not new. Second, there was concern over the impact the system would have on jobs. This anxiety was overcome by providing training and explaining the context and the process, conveying the focus of the system was on measuring programs and services, not the individual. Third, there was a lack of up-to-date, relevant, quantifiable and cost-effective baseline data. This was dealt with by prioritizing the development of relevant baseline data, which in many cases was established as a first commitment. The momentum to build a solid performance information system has not waned. Indeed, the progress is steady: from the enthusiasm to pilot changes to the performance measurement system, to pockets of program measurement success, to one large Ontario ministry willing to overhaul its performance measures to ensure they better represent the ministry's spending, Ontario remains committed to developing solid performance measures.

*Use in Decision-Making.* Ontario continues to strive to have relevant and meaningful performance information to support financial decision-making. The goal of the system is to have meaningful core business information that provides a gauge of whether the majority of ministries' core business expenditures are meeting the core business outcomes. The information should signal whether goals are being met or not and thus should trigger further investigation into the reasons for under-performance. Ontario does not seek to use core business performance information as the sole basis for future funding allocations. The information is intended to guide the appropriate funding for a core business area. Some ministries have been able to successfully show how a specific expenditure increase would achieve a higher level of program results. Interestingly, ministries have not necessarily received the enhanced funding for enhanced results; however, there was meaningful information to help inform the debate.

At the program level of measurement, ministries are required to submit the relevant performance measures with each in-year and business-planning request for a change (increase or decrease) in resource allocation. Where the submitted measures are insufficient, the Management Board of Cabinet has directed ministries to return with appropriate performance measures before making a decision on a specific request for resource allocation.

### *Next Steps*

The MBS is now evaluating the results of the experience of pilot ministries with the “Making Measures Count” improvements. The results are positive, though ministries have noted that developing the measures to meet the new system’s requirements will require some work and time. The MBS aimed to roll out a refined “Making Measures Count” system to the OPS by fall 2000. To support the initiative, a course on the use of attribution in developing performance measures has been developed. The secretariat continues to study the experience of other jurisdictions to learn how legislators are using performance measures to drive or inform their financial decision-making.

The next frontier may likely be the expansion of performance measures into the policy-making process. As governments demand better business cases with defined outcomes and results, ministries will need to respond with more complex policy analysis that discusses the impacts and limitations of policy options. Despite some scepticism or reluctance in 1995, ministries recognize the importance and permanency of performance measures as they invest more time, staff, technology and funding to the development and management of performance information.

## **IMPACT OF BUSINESS PLANNING**

The first part of this chapter focused on the Ontario government’s adoption of business planning and the evolution of the process to its current state. The second part focused on the government’s efforts to improve performance measurement as an integral component of business planning. The balance of the chapter discusses associated issues, such as the impact of business planning on line ministries and the organizational culture required for business planning, reviews the strengths of the Ontario process, and concludes with the expected “next steps” for business planning in Ontario.

### **Line Ministry Perspective**

There is significant support at the line-ministry level for business planning. Ministries now define the core businesses to which they should allocate their resources in order to meet the government’s priorities. Business planning also requires ministries to assess the risks they face, and, while this information was first requested for central-agency purposes, it has proven helpful to ministries in forecasting their multiyear resource requirements and developing policy and program options to address risk.

Within individual ministries, business plans have transformed planning. From a time-limited exercise geared purely towards meeting central agency requirements, planning has become institutionalized as a year-round activity. Ministries have adopted planning and have incorporated it into all their operational planning activities to improve their programs and services and increase efficiency wherever possible. Continuous comparison of results against

plan exists, with corrective action on a short-term and long-term basis being implemented to ensure that either plan objectives are met within available resources or the objectives themselves are flexible enough to accommodate changed circumstances.

This has not been without some hardship. Ministries have reported that business planning has created significant extra work at a time when the Ontario public sector is shrinking. Performance measures have also created some tension in situations where achieving a measure is not fully within a ministry's control but depends on a number of other ministries and external factors.

But ministries also view business planning as a way of achieving their objectives. While the focus in Ontario over the past few years has been on deficit reduction, ministries have also effectively utilized the business-planning process to either shift existing resources or obtain additional resources for core businesses and programs that support the objectives of government. The implementation of performance measures at the program level up to the core business level has functioned as an effective tool in allowing ministries to prove to the Management Board and cabinet that their resources are managed in a businesslike manner and compare favourably with similar programs in other jurisdictions.

As a result, on the whole, ministries have welcomed business planning as a positive tool in the management and integration of resource planning and are continually working with the central agencies to resolve the points of tension in the process.

## **Organizational Culture and Employee Motivation**

Business planning has always recognized that success is dependent on the prevailing organizational culture and employee motivation. Currently, members of the senior management group are rewarded with incentive awards based on performance in three areas: corporate results, ministry results, and the achievement of individual performance agreements. The incentive awards, based on results and rank, range from zero to fifteen per cent of an individual's salary.

Ontario public-service employees outside the senior management group are motivated through a number of ways that include annual merit increases, recognition awards, entry into sought-after training programs, and attendance at conferences. In addition, a succession planning process has been implemented that provides encouragement to middle-management personnel. Those in the feeder group of employees – middle managers whose classification is one or two grades below that of senior management – are eligible for the succession planning process. This process identifies high-potential candidates and then grooms them for senior management opportunities through enhanced work responsibilities and participation in high-profile projects.

## **Strengths of the Business-Planning Process**

The business-planning process in Ontario has evolved over the past few years and in doing

so has significantly strengthened the planning function within the OPS. The process has contributed to a cohesive planning approach that allocates resources based on government priorities. The success of the business-planning process can be seen most clearly in the elimination of Ontario's deficit in 1999–2000, one year ahead of schedule. From a potential deficit outlook of \$11.3 billion in June 1995, the deficit was reduced to \$2.0 billion in 1998–99, and the government's 2000 budget projected a \$654-million surplus for the 1999–2000 fiscal year. A balanced budget was also projected for 2000–01, the first back-to-back balanced budgets in more than half a century.

Business planning has succeeded in linking the objectives of government to resources and ensuring the resources are allocated accordingly. As a result of cabinet accepting the concept of core businesses and using this concept in making decisions about allocating resources, business planning has evolved into a primary tool for strategic and operational planning.

The annual review of the business-planning process gives partners and stakeholders a chance to provide their input with confidence that their recommendations will be seriously considered and implemented wherever possible. The annual review process also gives the political staff a chance to provide their unique perspective to the process and help identify the measures needed to meet any changes in the government's priorities. Business planning has become an integral part of ministry decision-making, with business-plan objectives reflected in division and branch operating plans as well as in the performance plans of individuals. The quality of ministry business plans has improved and, based on their expressed priorities and objectives supported by actual results, so has decision-making within individual ministries.

Business planning also serves as a link between the annual budget, which is prepared on a Public Sector Accounting Board basis, and the Printed Estimates, which represent the government's legal spending authority (i.e., cash requirements for a particular fiscal year). The current business-planning process has met with the approval of the provincial auditor, who has commented favourably on the implementation and results of business planning. The auditor's 1998 report reviewed the extent to which the government has implemented the recommendations of the Ontario Financial Review Commission and was complimentary on the government's implementation of all but one of the key recommendations. The auditor noted that the remaining key recommendation of the OFRC, the requirement for an annual government-wide strategic plan, remains to be implemented.

The provincial auditor has also indicated that Ontario, in keeping with the recommendations of the OFRC, has now established a prudent planning framework that includes annual business plans as well as the creation of a contingency reserve to mitigate the impact of any economic downturn. The existence of the planning framework has helped to identify and mitigate risk and has contributed to the achievement of balanced budgets.

In summary, the business-planning experience has been positive from Ontario's viewpoint and has contributed greatly to deficit reduction and a more businesslike OPS that is focused on delivering programs and services in an efficient, cost-effective and outcome-measured manner. Ontario's approach has attracted the interest of other jurisdictions, both within and outside Canada, that are interested in replicating Ontario's success.

## NEXT STEPS

While the business-planning process has largely transformed the way Ontario manages and allocates resources, there is room for further changes. The OFRC recommended a three-year business plan for the government, as part of its annual budget, that would serve as a blueprint for the ministries as well as provide the public with details on government priorities. Such a document would outline goals and priorities in enough detail that ministries could use it as a basis for their planning, explain the government's objectives for effective and efficient performance and how it will measure progress towards them, report on progress towards established goals, and explain the reasons for any changes from previous plans. This document would also outline the revenue, expenditure and economic projections for the upcoming year and the following two years.

An annual three-year business plan for the government as a whole is not in place in Ontario, but various existing documents and processes in total serve the same purpose. The documents that direct and guide ministries in their priority-setting are the Blueprint, throne speeches and annual budgets. In addition, multiyear priority planning and agenda setting is achieved through a rigorous exercise coordinated by the Cabinet Office working closely with all ministries.

For the 2001–02 planning cycle, the government has launched a new initiative, called Integrated Planning, to bring greater cohesion to the planning processes (policy, fiscal, business and communications) led by the central agencies. Integrated Planning involves the integration of the government's planning processes, including business planning, to increase the effectiveness of support to decision-makers while streamlining and rationalizing the information provided by ministries. Through the information provided in the integrated plans that ministries will submit to the central agencies in early fall, the Cabinet Office will be able to update its policy agenda, the Ministry of Finance will be able to complete a fiscal update based on ministries' reported pressures and program changes, and the MBS will have received the front end of all ministries' business plans to provide an early policy, fiscal and communications context for the detailed resource submissions that will follow. The MBS will also receive high-level information on ministries' information and information technology plans as well as their human resources issues.

Integrated Planning spreads ministry planning over a more manageable time-frame. It incorporates a greater emphasis on ensuring that individual ministry policy objectives are aligned with government priorities. It also includes a new process of program review that will ensure funding requests are submitted along with cost-offset options and that programs and services that are demographically sensitive or sensitive to other cost drivers are reviewed and options are available to address policy risks and funding affordability.

Business planning is being formally extended to the agency level. Under the new Management Board of Cabinet (MBC) directive on the establishment and accountability of agencies, every provincial agency (approximately 300) will annually prepare business plans. Minimum contents for the agency business plan is set out in the directive. At a minimum, each agency's business plan is to be submitted to the responsible minister for his or her concurrence. In addition, the approximately seventy-five operational enterprises and operational service agencies will have their business plans reviewed by the MBC on a

rotational basis, whereby every three years the agency will bring its plan to the MBC for review.

Finally, the OPS needs good financial and decision support systems so that the information provided to decision-makers is detailed and comprehensive. The OPS is moving forward on implementing a comprehensive planning and financial system called the Integrated Financial Information System that will include all ministries. The new system will assist ministries in their move from the current, modified cash basis of accounting to a full PSAB-based accounting as recommended by the OFRC as well as the provincial auditor. The Integrated Financial Information System project, managed by the Ministry of Finance, has now selected the appropriate software for this comprehensive system. System implementation will proceed on a module-by-module basis and will include business planning as well as expenditure management.

## CONCLUSION

In Ontario, the initial challenge facing business planning was to obtain the cooperation of the line ministries in a process that was new and on the surface perceived as an attempt by central agencies to exercise greater control over ministry resources and programs. Over the past four years, line ministries have become enthusiastic partners in the process, and the government has been pleased with the impact of business planning on the deficit and in general its significant contribution to the movement of the OPS to a more businesslike entity.

Business planning is here to stay in the OPS. The government's intention is to further improve the process by continuing the dialogue between the managers of the process (i.e., the central agencies) and the clients, which are the line ministries. By extension, the line ministries also consult with their partners and stakeholders on the published business plans, and the results of these consultations lend themselves to a process and product that reflect the needs of the participants.

The Management Board Secretariat, as the principal manager of the business-planning process in the OPS, will continue to improve business planning through reviews of the process in other comparable jurisdictions around the world. The Management Board Secretariat will also utilize other sources of information both within the OPS, such as the Centre for Leadership, and outside the OPS, such as universities and other institutions, in expanding its knowledge of this complex area so that the business-planning process will continue to be characterized by positive change aimed at meeting the priorities of government.

## NOTES

- 1 As Canada's largest province in terms of population, annual budget, and gross domestic product, Ontario's budget for 2000-01 fiscal year amounted to \$62 billion. These resources were allocated to twenty-six government ministries and various transfer payment agencies within the broader public sector. The ministries, including a few offices and directorates, represent the approximately 62,000 employees who make up the Ontario public service.
- 2 The Premier's Office serves the premier. It is the central political agency and provides a liaison between the premier and ministers, caucus and their political staff. The Cabinet Office, headed by the secretary of

cabinet and staffed with civil servants, is the premier's ministry. It provides advice and critical analysis to the premier on significant policy and change issues. There is a close working relationship between the Cabinet Office and the Premier's Office to ensure that the premier receives the complete range of information and advice and that the two offices provide consistent direction to ministries. The Ministry of Finance, in its role as a central agency, provides the minister of finance, cabinet, its boards and committees with advice and assistance in setting and achieving the government's fiscal plan, taxation and economic policies. The Ministry of Finance is also responsible for preparing the provincial budget and reporting on the province's financial position through the annual Public Accounts and an annual report.

- 3 Ontario, Financial Review Commission, *Beyond the Numbers: A New Financial Management and Accountability Framework for Ontario* (Toronto: Queen's Printer, 1995), p. 36.
- 4 The corporate management principles include alignment with government goals and priorities; continuous year-round planning with a view to both the short and long term; value for money, meeting fiscal targets/management of pressures and integrated resource management; the provision of high-quality public services with a commitment to clients and staff; and measurement of results for improvement and ensuring accountability.
- 5 Ontario, Office of the Provincial Auditor, *Annual Report* (Toronto: Queen's Printer, 1998), p. 40.
- 6 Reporting to the chair of the Management Board of Cabinet, the Special Review Committee's mandate was to evaluate and advise each ministry on the quality of new or changed measures for core businesses, to assess each ministry's progress in meeting specific commitments, and consider how the quality of measures can be further improved. The committee comprises up to seven members of the legislative assembly as selected by the committee chair in coordination with the chair of the Management Board.

### **Les plans d'affaires au gouvernement de l'Ontario**

*Sommaire* : Ce texte décrit comment l'Ontario a adopté la méthode des plans d'affaires là où la méthode a réussi. L'arrivée au pouvoir des conservateurs en Ontario en 1995 a entraîné un changement de cap important. La question principale est devenue: « Quels sont les services publics que le gouvernement a les moyens d'offrir? » Confronté à des déficits importants, le gouvernement de l'Ontario a choisi, suivant l'exemple de l'Alberta, de gérer les finances publiques selon un modèle assez semblable à celui du secteur privé. L'effort initial qui visait à éliminer le déficit pour l'exercice budgétaire 2000–2001 est par la suite devenu l'outil principal pour organiser la prise de décision par le Conseil des ministres ainsi que pour la planification pluriannuelle et l'allocation des ressources.

En Ontario comme ailleurs, on est conscient que les plans d'affaires ne règlent pas tous les problèmes de fonctionnement. Il s'agit d'une approche perfectible qui a permis d'apprendre à mieux comprendre le fonctionnement du gouvernement et à l'améliorer. On a aussi appris qu'il ne faut pas créer d'attentes irréalisables en ce qui concerne cet outil qui permet de mieux contrôler les activités gouvernementales. Il faut à la fois vendre l'idée que c'est un outil utile et s'assurer que les ministères vont continuer à appliquer la méthode au cours des années à venir.

Un élément important du modèle ontarien est l'identification des secteurs centraux pour les différents ministères. Les ministères ont déterminé quelles étaient leurs activités essentielles et ont élagué celles qui ne correspondaient pas à leur mission. Les ministères planifient en fonction d'horizons de trois ans, ce qui est un progrès sur la méthode antérieure.

Le *Management Board* – qui a remplacé le Conseil du Trésor – et le ministère des Finances sont responsables, comme dans les autres juridictions, de conseiller le Conseil des ministres et de préparer le budget qui résulte de la planification des activités. Ces organismes centraux opèrent en appuyant les comités du Conseil des ministres.

Les plans d'affaires ont reçu l'appui de l'*Ontario Financial Review Commission*, organisme créé après l'élection du gouvernement conservateur. Cette commission avait reçu le mandat d'évaluer les pratiques financières du gouvernement. Elle avait proposé que le gouvernement adopte un plan d'ensemble basé sur des plans triennaux permettant aux ministères de faire leurs propres plans triennaux. Cette méthode est maintenant soutenue par le Vérificateur général.

Les plans institués en 1996 doivent comprendre une vision, les activités principales des ministères, les stratégies principales et les mesures de performance. L'idée initiale était de forcer la réflexion sur les activités essentielles des ministères et de s'assurer que les ressources disponibles leur étaient consacrées. Les plans furent rendus publics en 1997. Pour 1997-98, on intégra allocation des ressources et plans. En 1998-99, on intégra la notion de facteurs de risque et celle des facteurs de coûts. On a aussi intégré les plans dans les rapports annuels des ministères. Depuis, les plans ont graduellement été améliorés.

Une autre partie du travail fait en Ontario porte sur la mesure de la performance. Ces mesures portent sur les activités principales des ministères, sur la réussite des programmes et, finalement, sur la performance des gestionnaires les plus élevés dans la hiérarchie, tel que spécifié dans leur contrats. Ces mesures sont de trois types: efficacité, efficacité et satisfaction de la clientèle. Les mesures de performance demeureront dans les années à venir un défi important. Un des développements à suivre sera de savoir comment ces mesures de performance peuvent être incorporées dans le processus des politiques publiques. Un autre défi important est l'acceptation par les ministères de la nécessité de plans qui requièrent un certain temps de préparation alors que les ressources se font rares. Il faut aussi développer une culture organisationnelle appropriée. En bref, la méthode a jusqu'ici porté fruit mais il reste des progrès à faire.

# Chapter 4

## Planning and Budgeting in Saskatchewan

*Neil Yeates*

Saskatchewan has a strong history of public administration, but it has not been among the early adopters of the “business-planning” approach that has been so enthusiastically taken up in a number of other jurisdictions. This chapter will attempt to answer the question “why not?” To begin, however, an overview of what Saskatchewan does do in terms of planning and budgeting will be provided, along with an assessment of the strengths and weaknesses of the current system and an overview of an accountability review project currently under way.

Saskatchewan is a large geographic area but it has a population of only one million people and a relatively small government. In fiscal year 1998–99 the total budget was \$5.3 billion. The government is composed of fifteen departments, and there are approximately 10,000 public servants. Like most other jurisdictions, deficits and debt dominated the agenda in the 1990s. The accumulated debt from government operations is about \$8 billion, and annual interest payments in 1998–99 were expected to be \$725 million.<sup>1</sup> The Crown corporation sector carries a further \$4.1 billion in debt.<sup>2</sup> After eleven consecutive deficit budgets, beginning in 1982–83, the province had modest surpluses for the five years after 1994–95. Careful fiscal management has allowed the province to reduce debt by some \$2 billion over this period and to reduce the debt to GDP ratio from nearly seventy per cent in 1991 to forty-five per cent in 1998.<sup>3</sup>

This remarkable fiscal turnaround was engineered through the traditional planning processes used by successive Saskatchewan NDP administrations. These planning processes include those of cabinet planning to set clear priorities and of the Treasury Board to carry out cabinet’s directions through the detailed budget-review process. A series of difficult trade-offs and decisions were made on both revenue and expenditures so that in the fiscal year 1992–93 a plan could be put in place to achieve a balanced budget by 1994–95. Continued fiscal discipline ensured these objectives were reached, and since then a balanced approach between tax reduction, debt reduction and spending has been put in place. The priority-setting and fiscal-planning process used during the 1990s was not based on a systematic and standardized approach to department planning or to performance management. Saskatchewan does, however, have some history with respect to these kind of systems.

### THE HISTORY OF PLANNING

Saskatchewan’s history with performance measurement systems dates back to the 1970s, and it is a history that to some extent has worked against adopting such a system today. In 1973, the Program-based Management Information System (PMIS) was introduced through the Department of Finance, focused on developing performance measures for all govern-

ment programs in order to increase effectiveness and efficiency. The PMIS was linked closely to the Planning Secretariat in Executive Council. In 1974, the Management Improvement Branch was established in the Department of Finance to undertake specialized reviews on behalf of the Treasury Board that could not be readily accommodated in the normal budget-review process. Three years later, the mandate was expanded to include internal management consulting services to departments and was renamed the Bureau of Management Improvement (BMI). The two units were amalgamated into the Department of Finance in 1978.

Both of these agencies were seen to represent the interests of the Department of Finance and were perceived by departments to have been imposed on them – further central agency attempts to control the operations of departments. Once fully in place, the BMI and the PMIS had a combined staff of thirty-six, which compares to the current Treasury Board Branch staff of thirty-one (including budget review *and* the management services role). The PMIS did not survive beyond the early 1980s, and the BMI became much smaller. Neither of these initiatives is remembered particularly fondly, and they are now part of Saskatchewan’s corporate memory of large performance-based systems that did not work.

Why has Saskatchewan not embraced the new performance management paradigm, especially since the province has had a strong tradition of public administration dating back to the Tommy Douglas (1944–61) and Allan Blakeney years (1971–82)? The answer, in part, is due to this history of public administration, which has led to scepticism about large system management regimes and the limits of a central control and planning approach to government. Much of what government does cannot be planned and measured in the neat, orderly fashion that these systems seem to imply. Many public servants in Saskatchewan would be sympathetic to the views expressed by Henry Mintzberg and Jan Jorgensen about the limitations of a strategic planning approach, which can be seen in the failure of previous attempts (Planning Programming Budgeting System and zero-based budgeting). Mintzberg and Jorgensen argue that these systems were really directed at systematic implementation of specific strategies or at expenditure control and were not about creating policy or strategy.<sup>4</sup>

In Saskatchewan, government is generally not seen as a “business,” and therefore the entire language of “business planning” does not resonate well with the province’s political culture. That “business planning” is often seen as ideologically motivated, and to an extent as “anti-government,” does not encourage its adoption in Saskatchewan. Furthermore, there is concern from public servants about exposing their ministers to what is seen as unnecessary criticism brought about by the publication of measures and targets.

Saskatchewan has a small public service with a well-established network among senior managers. Many current deputy ministers have worked in the Department of Finance or another central agency. To an extent, the informal system works in a way that may not be possible in larger jurisdictions. As noted earlier, one of the major motivations seen in other jurisdictions for the implementation of performance management systems (i.e., the need to reassess the role of government and deal with substantial deficits) was dealt with in Saskatchewan through the tried and true cabinet and Treasury Board processes. Finally, the question that must be answered in Saskatchewan is what is the value-added of these approaches versus the time, effort and costs involved.

## THE PLANNING SYSTEM

While Saskatchewan has not adopted a performance management regime, a great deal of planning and other activity does indeed take place. Outlined below is a brief review of government-wide planning, department planning (illustrated by examples of the departments of Health and Education) and interdepartmental planning (with reference to two “horizontal” strategies). Lastly, planning in the Crown sector is discussed.

### Government-Wide Planning

Planning is focused around cabinet and the annual cabinet planning conference. In early fall, cabinet reviews the fiscal framework in the context of a four-year plan included in the current year’s budget, usually tabled in March. The four-year plan includes revenue, expenditure, surplus/deficit and debt-reduction targets. Cabinet receives an updated revenue and expenditure forecast and reaffirms the fiscal targets. The forecast is based, in part, on preliminary department estimates for the following year. Cabinet then discusses key revenue and expenditure initiatives in the context of the priorities that have been previously identified. These priorities are reassessed. Cabinet may also review specific sector strategies that are of particular interest at the time (e.g., health, agriculture, economic development).

The outcome of the cabinet planning conference is a set of directions for the minister of finance and Treasury Board upon which the detailed development of the budget will be based. The process today is very similar to that described by former Premier Allan Blakeney of the NDP administration in the 1970s.<sup>5</sup> This process is informal to the extent that these directions are not written down but rather are verbally communicated. Following cabinet planning, deputy ministers will have a planning session at which time the premier will de-brief deputies directly on the outcome of cabinet deliberations. Deputies are then expected to apply the cabinet planning context in developing their own detailed departmental budgets.

In addition to the annual cabinet planning conference, which formally links priority setting to the budget process, planning issues are dealt with on a year-round basis through cabinet committees on the economy, social development, public-sector compensation, and legislation.

### Department Planning

Department planning includes the development of strategic plans, sector strategies, operational or work plans, and individual performance reviews. The form and nature of this planning, however, is largely the prerogative of departments. Consequently, plans vary considerably between departments, and, indeed, not all departments have formal strategic plans. Where plans involve specific reform strategies (e.g., health) or new initiatives, they are reviewed by the appropriate cabinet committee, and, if there are financial implications, they are also reviewed by the Treasury Board. The annual budget submission represents the

annual program and financial plan and typically includes various indicators such as expected volumes of service, cost per case, etc.

In terms of public documents, a number of departments publish sector-based strategies or reports that may include some level of performance measurement. Saskatchewan Health is an example of a sector-based strategy, while Saskatchewan Education illustrates a sector-indicator approach. These two examples also demonstrate how Saskatchewan is responding to the challenge of developing useful indicators of performance.

### ***Health-Sector Strategy***

Saskatchewan has undertaken substantial reform of the health system that has resulted in the collapsing of over 400 local boards, each responsible for one aspect of health services, into thirty-two health districts with a broad health-service planning and delivery mandate. Prior to the establishment of the health districts in 1993, fifty-two small hospitals were converted to either twenty-four-hour or eight-hour health centres. In 1995, after districts had been in place for two years, over 1,400 staff employed by the Department of Health to deliver mental-health, public- and community-health services were transferred to the health districts. This enormous amount of change was based on an overall plan, initially provided through a vision document that outlined a “wellness” approach to health.<sup>6</sup> This vision provided a macro-framework for change and was based on four key themes: creating a health system that is responsive to community needs; balancing treatment and prevention services more effectively; eliminating inequities; and increasing effectiveness and efficiency. A series of more-specific goals and strategies were also identified.

Once the initial reforms had been put in place, and in order to provide more detailed direction for the health system, the Department of Health, in collaboration with the Saskatchewan Association of Health Organizations (representing the health districts), developed and subsequently published in March 1998 *Health System Directions – Part I: Continuing the Vision*. This document updates the earlier vision document and outlines the values, principles and assumptions about the health system, along with a brief overview of key challenges. This document was followed by a second publication, in July 1998, *Health System Directions – Part II: Objectives and Strategies*. This latter document was developed by the Department of Health and identifies more specific objectives and strategies under way to fulfil the objectives.

Strategies include system-wide initiatives as well as those specific to the department. For example, one of the objectives is to “enhance and develop integrated primary health and community-based services,” and one of thirteen identified strategies for this objective is to “develop medical satellite and outreach services in centres to improve access to services by rural residents.”<sup>7</sup> In essence, *Part II* outlines the department’s work with the health sector and as such represents a work plan for the sector. A progress report was subsequently published in June 1999.<sup>8</sup> Health districts are required to prepare an annual health plan based on the overall sector plan, which is supplemented by specific guidelines for the fiscal year issued by the department. The department is now moving to a requirement for three-year plans, with annual updates for districts.

In addition to these strategic and operational planning activities, work is also under way on developing a measurement system for health outcomes. This is being done through two means: a population health-status survey and specific indicators.<sup>9</sup> Targets have *not* been set for the indicators; rather, the intent is to focus on improvement over time. This approach has avoided debates over what is an appropriate target for things such as infant mortality. A considerable amount of research has been undertaken on methodological issues, data availability and reliability, and assessments as to what extent the health system versus other factors contribute to the indicator results. Implementation of the indicators is now under way.

### ***Saskatchewan Education Indicators***

The Department of Education has taken a leadership role in working with education stakeholders to develop a sector indicators report.<sup>10</sup> The K–12 indicators report includes a comprehensive set of goals and student-outcome measures, as well as indicators for the education system as a whole. The report is the product of a collaborative process that commenced in 1989 and resulted in a first report in 1994. Clearly, considerable discussion with respect to many sensitive measurement issues was required with education stakeholders in order to arrive at a consensus. The purpose of the report is both to serve as an accountability document to the public and as a planning tool to improve the education system.

There are forty-seven goals organized around the following nine themes: basic skills; life-long learning; understanding and relating to others; career and consumer decisions; membership in society; self-concept development; positive lifestyle; spiritual development; and growing with change. In general, specific targets have not been established, with the important exception, however, of student academic achievement. Expected performance levels are set for the subjects that are tested, and an explanation and discussion is provided based on what extent actual results are above or below expected levels. The focus is on provincial results, and, in addition to the actual versus expected results, interprovincial comparisons are also made. Comparisons between school divisions, however, are not provided.

The indicators report also incorporates a set of education system goals, which include the following: relevance; equity; accessibility; and responsiveness. The relevance goal, for example, assesses to what extent the provincial curricula are actually being used in schools and measures the high-school graduation and completion rates. In total, the indicators report provides a good overview of the education system.

### **Interdepartmental Planning**

The rise of interdepartmental planning in Saskatchewan has been substantial over the past several years. It has become increasingly evident that many public-policy outcomes cannot be achieved by a single program or department, and, furthermore, planning together will make more effective use of limited resources. This has represented a major departure from the normal way of conducting day-to-day affairs between departments, which historically

has largely been limited to consultation. One of the major limitations to these approaches has been the systems within which this work takes place. The planning, budgeting and accountability systems are department-based or vertical, while interdepartmental efforts are horizontal. Adapting existing processes has proven to be a challenge. There are two examples discussed below that provide some sense of the range of these activities: the Partnership for Growth Strategy and the Action Plan for Children.

### ***Partnership for Growth Strategy***

Partnership for Growth is a long-term strategy for the Saskatchewan economy.<sup>11</sup> It was developed by the Provincial Action Committee on the Economy, which advises the minister of economic development, and included a series of public consultations called “Making Choices.” The strategy includes a vision for the economy and the identification of six key economic sectors for future growth. These include agri-value, forestry, mining/minerals, energy, tourism and cultural industries, and information technology and telecommunications. Actions to support the “strategic sectors,” along with other economic development objectives, are incorporated into a series of twenty-one objectives along with specific actions. Examples include the following:

- reduce the regulatory and administrative burden on businesses to help them become more competitive;
- introduce a long-term tax plan to promote productive investment and greater job creation; and
- maximize economic and employment opportunities for aboriginal peoples.

Two key performance targets were established: real GDP growth of 2.5 per cent annually and job growth of 4,000 annually, over the five-year period, 1996–2000. The job target has received a considerable amount of media attention, usually in the context of Statistics Canada’s latest release of job figures. Each month the newspaper will feature a debate between the government and opposition on whether the most recent statistics mean the success or failure of the government’s economic-development strategy and whether or not the job target will be met. This has created a rather negative view as to the utility of publishing such performance-based targets. However, this difficulty aside, Partnership for Growth does provide a public strategy that is supplemented by annual progress reports.

### ***Action Plan for Children***

The Action Plan for Children emerged out of the recognition that a significant number of children in the province were seen to be “at risk” of not having the necessary supports to grow up to be successful adults. The two primary initiators of the plan were the Department of Social Services and the Department of Education. For Social Services, child poverty (the rate of child poverty had doubled during the 1980s) and child abuse (the child-welfare caseload had also significantly increased) were seen as the key issues. For Education, the

increasing concern from schools and teachers was that children were experiencing hardships at home and therefore were not in a position to learn.

Initial discussions were held among Social Services, Education, Health, Justice, Municipal Affairs, Culture and Housing (which also includes recreation). The departments recognized that many of the same children and families were evident in different parts of the human-services system, but the system was highly fragmented and was generally not effectively of meeting the needs of these families. The system was largely structured for families with one-dimensional issues; responses for multiple issues needed to be coordinated by the families themselves. Understandably, this approach was not working well. The departments were subsequently joined by the Indian and Métis Affairs Secretariat and the Women's Secretariat and drafted a policy framework to serve as the basis for a joint approach on children's issues. This framework was subsequently released for public consultation and was very well received.<sup>12</sup>

The framework identified a set of goals to improve the well-being of children and families. For example, one of the goals is to make children *safe*: "Children must be protected from preventable harm, injury, trauma and death, physical and sexual abuse, neglect and exploitation. They must enjoy healthy physical environments and be protected from environmental hazards. If, as a last resort, a child is placed away from his or her family home, the alternative must be safe, secure and nurturing."<sup>13</sup> Specific targets for the goals, however, were not set. Instead the focus has been, first of all, on developing an agenda for children across government and, secondly, on working at a community level to similarly develop a children's agenda by undertaking local initiatives through local service providers and community organizations. Progress reports were issued in both 1994 and 1998.<sup>14</sup>

Linking the development of a children's agenda to the budget process has been critical. Each year, the interdepartmental steering committee prepares an integrated assessment of key issues and priorities for departments to use in budget preparations. At the same time, the committee may develop specific interdepartmental proposals. The budget review process occurs in two ways: initially items are reviewed in the context of each department's budget, and, later, a summary review of all children's initiatives is undertaken. This has resulted in the "Children's Budget Package" being presented as part of the provincial budget in each of the five years following 1994–95.

Saskatchewan's success in this initiative resulted in the premier receiving the national Champions for Children Award from the Child Welfare League of Canada, in 1996, and in Saskatchewan leading the call for a national children's agenda.

## **Planning and Accountability in the Crown Sector**

Major Crown corporations report to the Crown Investments Corporation (CIC), the government's holding company comprising a separate board of directors reporting to a designated cabinet minister. The CIC and the Crown corporations implemented a balanced scorecard model in 1997 that attempts to balance public-policy objectives with business strategies of the individual corporations. Final responsibility for approving performance measures for each corporation rests with the CIC, while the corporations themselves are responsible for

determining how best to meet these objectives and for reporting on progress. They submit business plans to the CIC for review and approval, and they provide quarterly reports.

The balanced scorecard includes four key areas: public policy; financial; innovation and growth strategies; and customer and client satisfaction. The performance measures have not been made public, and at present the balanced scorecard is serving as an internal performance-management system. Key areas for further development include creation of an overall strategic plan for the Crown sector, further refinement of performance measures (particularly for public-policy objectives), and linking results with compensation.

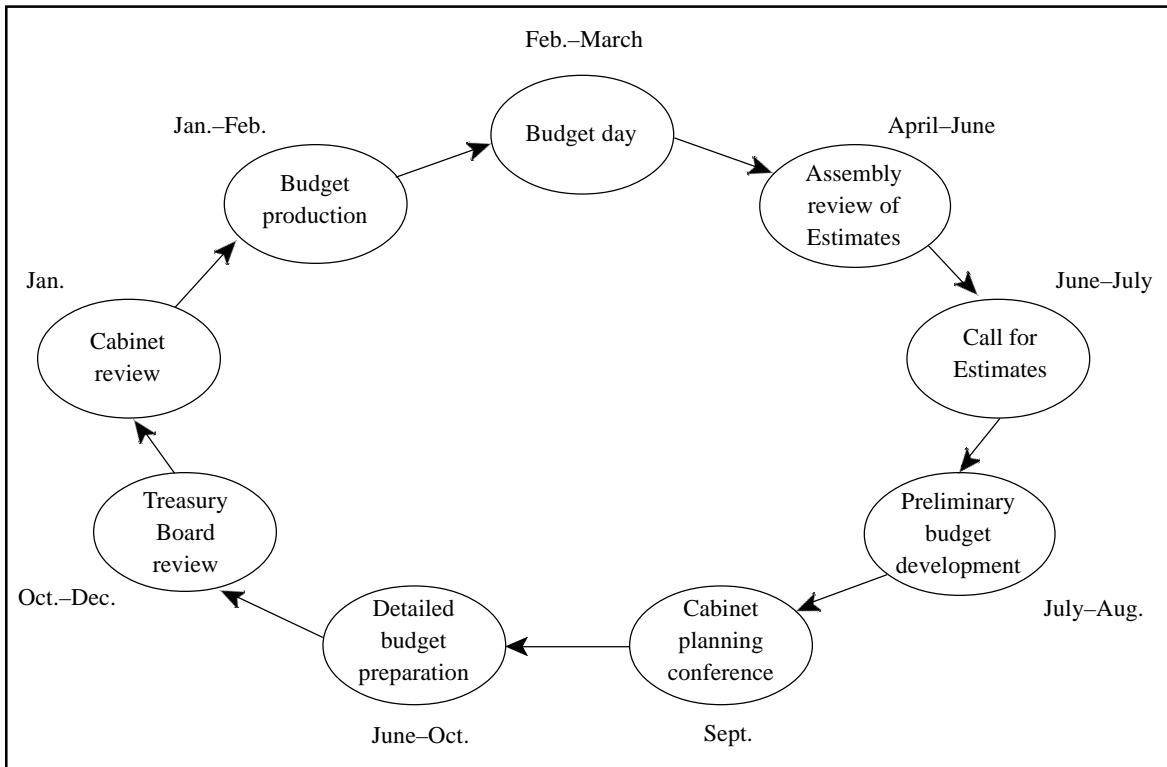
## **THE BUDGET PROCESS**

Saskatchewan operates an annual budget cycle similar to that in many other jurisdictions. This cycle today has become more or less continual, with less time available between the various stages. A visual representation of the budget cycle is outlined in Figure 1. A significant amount of budget development work must occur in the summer, both in preparation for cabinet planning in September and for the detailed budget-review process that takes place from October to December. The initial parameters for this work are provided in the Call for Estimates at the end of June. Typically this involves targeted expenditure levels and may include several different scenarios (in recent years these scenarios have all been reductions of various levels). The fall cabinet planning conference provides the direction for the Treasury Board's development of the budget in terms of the fiscal framework and key priorities for the upcoming year. Departments develop detailed budget proposals based on the parameters that the Treasury Board and cabinet have established.

The Treasury Board, which is composed of four to five ministers and chaired by the minister of finance, reviews the detailed budget submissions and makes an initial decision on each item presented. As the analysis and discussion proceeds, departments may be asked to return with further options. After this detailed review has been completed, the Treasury Board then meets for a two- to three-day period for what is called "Treasury Board finalization" so that all the initial decisions can be reviewed again. This will include reviewing all revenue and expenditure items, and it is at this point that the budget begins to approach its final shape. When the Treasury Board has completed its deliberations and is satisfied with the product, it recommends the complete budget to the full cabinet. Cabinet then spends two or three days reviewing the Treasury Board-recommended budget in detail, amending the budget if desired. Finally, the cabinet-approved budget is reviewed with the full caucus.

Once these reviews have been satisfactorily completed, the detailed work on the Estimates is undertaken, and the budget speech and other budget-related documents are prepared. The Estimates also include department mandate statements, and purpose statements for major programs. For example, "[t]he mandate of the Department of Health is to provide leadership and vision for the health system to protect and improve the health of Saskatchewan people," and the allocation for district health services, "[p]rovides funding and support to district health boards for the delivery of health services and also provides funds for related health organizations and services."<sup>15</sup> A summary listing of full-time equivalents by department is

Figure 1. *The Budget Process Cycle*



also provided. In short, the Estimates are a broad revenue-and-expenditure plan. They do not provide specific program goals or targets. The budget is usually presented to the legislative assembly in March. Budget debate continues through the spring, with the budget usually being passed in June, at which point planning is often under way for the next fiscal year, and the cycle continues.

## ACCOUNTABILITY AND REPORTING

### Government-Wide Accountability and Reporting

Government-wide accountability begins with the Speech from the Throne, budget address and tabling of the Estimates in the assembly. The throne speech and budget address outline the priorities of the government and, together with the Estimates, present the revenue and expenditure plan. The throne speech and budget speech debates provide an opportunity for questioning the government on its priorities and plans in a general way. The review of the Estimates allows for detailed discussion of these plans. Saskatchewan is one of the few jurisdictions that still reviews all department budgets in the full legislature. The legislature convenes as the committee of finance and reviews the various votes and subvotes in

whatever level of detail the members desire, until the appropriations are “voted off.” Department officials are present in the house to assist the minister and are often called back several times. The debate is all recorded in Hansard and is open to the media and the public, although interest tends to be rather limited. Typically this process lasts two months or more, beginning in April and ending in June, at which time the assembly closes, usually until the following February or March, with a new Speech from the Throne and budget. Compared to many other provinces, the legislative season is relatively short.

In the fall, the Public Accounts are presented for the previous fiscal year, in two volumes. Volume 1 deals with the government’s main financial statements, including summary financial statements that incorporate the activities of the Crown corporations and activities outside of the General Revenue Fund. Volume 2 provides a very detailed accounting of revenue and expenditures for each department. Detailed discussion of the Public Accounts occurs through the public accounts committee of the legislature, which is assisted by the provincial auditor, and again departments may be called to appear before the committee. The auditor reports directly to the assembly and submits reports in the spring and fall.

Also in the fall, the minister of finance issues a mid-year financial report. This report updates the economic and fiscal forecasts presented in the spring budget. Thus, a comparison is provided on the key budget assumptions, with data from the first six months of the year (or the most recent data available), along with an overall assessment of economic conditions. An update is also presented for the General Revenue Fund, including revenue, expenditures by department, borrowing and debt.

In summary, government-wide accountability and reporting is largely financial and is focused on government departments through the General Revenue Fund. The publication of the summary financial statements, which record the range of government-related activities in the Crown sector, and the introduction of the mid-year report, have been important advancements in recent years.

## **Department Accountability and Reporting**

Department financial accountability and reporting is based in the Estimates and Public Accounts, both of which are subject to legislative, public and media scrutiny. Program and other activity reporting is provided through department annual reports. These reports must be tabled in the legislature by 30 June each year. However, since the legislature is usually not in session at this time, annual reports are generally not tabled until the legislature reconvenes in February or March. This then results in nearly a full year elapsing between the end of the reporting period and the availability of the report. The annual reports are not “performance reports,” nor is a standard approach used. However, annual reports generally include an overview of the department’s role, organizational structure, and key activities undertaken during the year. Some departments also publish more detailed statistical reports on a specific program (e.g., physician payments) or, as noted earlier, a sector report (e.g., K–12 education indicators report).

## THE PROVINCIAL AUDITOR

The provincial auditor has been promoting the development of a comprehensive approach to government-wide financial and business planning, initially recommending such an approach in 1994.<sup>16</sup> The auditor has recommended that the government

- publish a multiyear, government-wide financial and business plan;
- provide regular performance reports to show progress; and
- provide more timely and comprehensive department annual reports.

The recommendation for a government-wide approach suggests the budget be expanded to include all of the government-related activity in the summary financial statements, rather than be limited to the General Revenue Fund. The government has not supported this direction largely due to the commercial nature of the Crown corporations. However, the government has agreed to re-examine the accountability regime in place, and, at the time of writing, a one-year project was under way to determine what improvements might be made.

The public accounts committee has recommended that the tabling rules for annual reports be changed so that the legislature does not have to actually be in session for the reports to be submitted. Departments are also working to improve their annual reports, and the auditor has noted that progress is being made.

## CONCLUSION

When examined from the perspective of a performance management regime, of which business planning is an important component, a number of summary observations can be made about Saskatchewan's current planning and budgeting systems:

- There is no standard department strategic or business-planning process in place.
- The use of performance measures is limited and at the discretion of individual departments.
- Government-wide reporting is primarily financial.
- A number of key improvements have been made in financial reporting (e.g., mid-year report, summary financial statements).
- Department annual reports have limited performance information, are not timely, and have a very limited public or stakeholder audience.
- Some specialized department and sector reporting is in place.
- Interdepartmental planning is fairly advanced but does not operate within a robust accountability framework.

### Where To From Here?

Despite the reservations outlined above, there is no desire to throw the accountability baby

out with the business-language bathwater. Clearly, other jurisdictions in Canada (perhaps most notably those covered in this volume) believe they have benefited considerably from adopting these approaches and have implemented significant changes in how they do their work. As noted in the introduction to this chapter, Saskatchewan was, at the time of writing, embarked on a one-year project to reassess its accountability regime. This review included an examination of “best practices” from other jurisdictions, both in Canada and from around the world.

The review process began with an initial round of interviews with deputy ministers to obtain their views on key issues. These consultations resulted in the following observations:

- Focus should be on broader accountability and performance management issues.
- Findings from this broader review should then be applied to the budget process.
- The planning system needs to take a stronger role in directing the budget process.
- Cabinet policy committees need to be better coordinated with the Treasury Board.
- Financial accountability in the system is relatively strong, but non-financial accountability is relatively weak.
- There are many budget-process issues that need to be resolved.
- Deputy minister and senior management accountability is not systematic.
- Department annual reports are not well connected to department management systems.

Deputy ministers also agreed that any review process needs to be a collaborative one between central agencies and departments. Subsequent to these consultations, a two-phase approach has begun, with three key components. In Phase 1, the broader examination of accountability and performance management issues will be undertaken, along with a review of the government’s role in public-sector compensation. In Phase 2, a detailed review of the budget process will be completed. The findings of the entire review will be compiled in a final report, with a set of recommendations on how Saskatchewan can renew its accountability system.

## **Postscript**

Since this paper was written in mid-1999, the Accountability Project mentioned above has been completed. A new accountability framework, incorporating the key components of planning, performance measurement and reporting, has been adopted. All government departments have prepared strategic plans, and the development of performance measures is under way. In addition, legislation has been amended so that the legislature does not have to be in session for the tabling of documents, and the timelines for submissions are being shortened.

## **NOTES**

- 1 Saskatchewan, Department of Finance, *Investing in People: Building on the Momentum, Estimates for the Fiscal Year Ending March 31, 1999* (Regina: Queen’s Printer, 1998).

- 2 Saskatchewan, Department of Finance, *Public Accounts, 1997–98, Volume 1, Main Financial Statements* (Regina: Queen’s Printer, 1998).
- 3 Saskatchewan, Department of Finance, *Investing in People: Building on the Momentum. Budget Address* (Regina: Queen’s Printer, 1998).
- 4 Henry Mintzberg and Jan Jorgensen, “Emergent strategy for public policy,” *CANADIAN PUBLIC ADMINISTRATION* 30, no. 2 (Summer 1987), pp. 214–29.
- 5 See Allan Blakeney and Sandford Borins, *Political Management in Canada*, 2nd edition (Toronto: University of Toronto Press, 1998).
- 6 Saskatchewan, Department of Health, *A Saskatchewan Vision for Health: A Framework for Change* (Regina: Queen’s Printer, 1992).
- 7 Saskatchewan, Department of Health, *Health System Directions: Part II – Objectives and Strategies* (Regina: Queen’s Printer, 1998), p. 8.
- 8 Saskatchewan, Department of Health, *Health Systems Directions: Progress Report to March 31, 1999* (Regina: Queen’s Printer, 1999).
- 9 The health-status survey is being undertaken jointly with the University of Saskatchewan, the University of Regina and the health districts. The survey will have a sample size of 6,000, with representative samples for eight groups of districts with similar population characteristics, and will be based on telephone interviews. The survey is to be repeated every two years to provide longitudinal data on health status.

The health outcome-measurement exercise is being undertaken through a population-group approach, primarily using provincial data sources. These groups include mothers and infants, children and youth, adults, and seniors. Results from the indicators will be published for the thirty-two districts. As an example, the “mothers and infants” indicators are outlined below:

| <i>Mothers and infants indicators</i> | <i>Description (measure)</i>   |
|---------------------------------------|--|
| Pre-natal care                        | Access to and adequacy of pre-natal care (Kessner Index)                                       |
| Adolescent pregnancy                  | Number of pregnancies per 1,000 females aged 10 to 19  |
| Infant mortality                      | Deaths under 1 year of age (number of deaths per 1,000 live births)                            |
| At-risk birth weight                  | Birth weights less than 2,500 grams or more than 4,000 grams (% of live births)                |
| Duration of breastfeeding             | % of infants breastfed at 4 and 6 months   |
| Postpartum contacts                   | % of mothers having contact with a community health nurse within 2 weeks of hospital discharge |
| Infant morbidity                      | Avoidable hospitalizations (rates for specific conditions)                                     |

The indicators were developed through a task-team process composed of department, health district and other health experts. Indicators are intended for use in needs-assessment, program planning, program effectiveness and to enable comparisons between districts.

- 10 *Saskatchewan Education Indicators: Kindergarten to Grade 12, 1997 and 1998* are available at the Department of Education’s website: [www.sasked.gov.sk.ca/k/p\\_e/eval/](http://www.sasked.gov.sk.ca/k/p_e/eval/).
- 11 Saskatchewan, Department of Economic Development, *Partnership for Growth: Building on the Renewal of the Saskatchewan Economy* (Regina: Queen’s Printer, 1996).
- 12 Saskatchewan, n.a., *Children First: An Invitation to Work Together* (Regina: Queen’s Printer, 1993).
- 13 *Ibid.*, p. 6.
- 14 Saskatchewan, n.a., *Progress Report: Saskatchewan’s Action Plan for Children – One Year Later and Our Children, Our Future: Saskatchewan’s Action Plan for Children – Four Years Later* (Regina: Queen’s Printer, 1994 and 1998, respectively).

- 15 Saskatchewan, Department of Finance, *Investing in People: Building on the Momentum, Saskatchewan Estimates, 1998–99* (Regina: Queen's Printer, 1998) pp. 65–6.
- 16 See Saskatchewan, Office of the Provincial Auditor, *1998 Fall Report, Volume 2* (Regina: Queen's Printer, 1998).

## Planification et budgets en Saskatchewan

*Sommaire* : La Saskatchewan n'a pas adopté le modèle des plans d'affaires avec la ferveur qui a caractérisé l'effort de sa province voisine, l'Alberta. Une tradition politique différente, l'expérience des années 1970, une population de seulement un million d'habitants et un budget total d'un peu plus de 5 milliards \$ expliquent que les besoins sont moindres dans ce domaine. En fait, contrairement aux autres administrations publiques étudiées dans ce volume, la Saskatchewan peut conserver un modèle de coordination plus traditionnel et surtout plus informel.

La Saskatchewan continue à planifier les opérations de l'ensemble de l'appareil gouvernemental, y compris son réseau d'entreprises publiques, autour de la conférence annuelle de planification du Conseil des ministres. De cette rencontre, émergent les décisions qui permettent au ministre des Finances et au Président du Conseil du Trésor de préparer le budget. À cette rencontre, s'ajoutent les discussions du Premier ministre avec les sous-ministres et des discussions au sein des comités du Conseil des ministres: Économie, Développement social, Secteur public et Législation. Cette approche différente n'a pas empêché cette province de réussir l'objectif initial de la méthode des autres provinces, c'est-à-dire de réduire et d'éliminer le déficit budgétaire. D'ailleurs, la planification stratégique et l'exercice budgétaire sont fortement intégrés en Saskatchewan. Ces efforts sont suivis avec intérêt et approuvés par le Vérificateur général de la province.

Chaque ministère a ensuite la prérogative de développer son propre plan d'activités, les objectifs à atteindre, les orientations stratégiques et opérationnelles, etc. Les ministères de la Santé et de l'Éducation ont, par exemple, mené des programmes dans leurs champs de juridiction qui illustrent comment cette méthode peut fonctionner. Dans ces deux cas, le développement d'une vision, des objectifs à atteindre, de la mesure des résultats, l'amélioration des services à la population démontrent que la Saskatchewan applique la logique des plans d'affaires – sans utiliser cette expression, dans une province où la fibre social-démocrate s'accommode mal du terme.

La planification interministérielle en Saskatchewan est en progression. Comme dans les autres juridictions au Canada, la nécessité de répondre à des problèmes qui correspondent aux activités de divers ministères augmente. Les politiques « Partenariat pour la croissance » et le Plan d'action pour les enfants sont des exemples d'efforts faits pour coordonner l'activité gouvernementale. Cette coopération interministérielle est facilitée par l'habitude de déplacer les hauts fonctionnaires d'un ministère à l'autre et par une vision commune de ce que doit être l'État dans une organisation gouvernementale de taille relativement petite. Pour l'avenir, il faudra voir comment cette approche s'intègre à un régime d'imputabilité amélioré.

# Chapter 5

## The Alberta Perspective

*Rich Goodkey*

Prior to 1992, the Alberta government operated like many governments of the day – simply responding to problems as they arose. With minimal consensus on the overall priorities or direction, new programs were added on top of old ones as new issues and crises arose. The prevailing notion seemed to be that if enough money was thrown at an issue, good results would follow. Unfortunately, there was no way for taxpayers to judge what they were getting for their money. There were no yardsticks against which to assess government performance, except for the previous year's financial results. Much effort was expended on exercising control over procedures and policies; little was expended critically examining what program results were being achieved.

By 1992, things looked bad on many fronts in Alberta. The province's natural resource revenues had fallen by half in 1986 and had not yet recovered. Investment in oil and gas had declined twenty-five per cent. The government had experienced several multimillion-dollar losses on economic development initiatives. The reality of a \$3-billion-plus deficit in 1992–93, the eighth consecutive deficit, and a net debt of over \$12 billion, including unfunded pension liabilities of \$4.7 billion, demanded action.

Early in 1993, premier Ralph Klein and provincial treasurer Jim Dinning arrived on the scene. One of their first acts was to appoint the Financial Review Commission, a panel of nine key Alberta business executives and financial experts. The commission's mandate was to review the government's financial position and identify what actions were needed to improve management reporting systems so that they would more clearly communicate to citizens the province's financial situation.

In its report, the commission made many recommendations to the provincial government. Key among them was the development and adoption of a workable fiscal plan. As well, it recommended the development of a management control structure for all departments and government-owned, -funded and -controlled corporations, agencies, boards and funds. The commission also recommended that financial statements and budgets be prepared on a consolidated basis and called for the development of a financial management reporting system that at an early stage could compare actual results with budget to provide critical and timely information to Albertans.

On the subject of business planning, the commission noted the following:

One of the Commission's most significant concerns is the provincial government's apparent lack of an overall plan. Such plans may exist in part, but need to be drawn together in total. By establishing long term goals and relevant program objectives, and then developing the required budgets and reporting systems, performance can be measured against the plan.<sup>1</sup>

The government's response to the commission's groundbreaking report involved establishing a process to critically review all of its businesses as well as the development of a fiscal plan that would balance the provincial budget in three years. Perhaps the commission's most significant recommendation, however, had to do with the recognition that the way in which the government did its business needed major rethinking.

## **NEW ACCOUNTABILITY FRAMEWORK**

The commission recommended the establishment of a new accountability framework that focused on changing management policies and practices. The government's response to this recommendation was the development of a framework based on a corporate conglomerate model. The Alberta government is responsible to its shareholders (the public) through a board of directors (the government, as represented by the cabinet). Each minister assumes responsibility for specific government functions as assigned under the Government Organization Act. In financial reporting terms, Treasury is the corporate head office, with ministries being corporate subsidiaries.

The business-planning process that has evolved in Alberta was, and is, one of the cornerstones of this new accountability framework. The chief components of the accountability framework are set out in the Government Accountability Act 1995. The act requires that all ministries, and the government in total, create three-year business and fiscal plans. The government is required to issue quarterly financial reports that compare actual performance against the plan. At the end of each fiscal year, ministries and the government must publish annual reports on both financial and non-financial performance. All budgets, business plans and financial statements must be prepared on a consolidated basis. These reporting requirements also extend to "accountable organizations" such as school boards and regional health authorities. The significance of the Government Accountability Act is that the new accountability framework is codified in legislation and not simply issued through a Treasury Board directive or other form of central policy statement. Setting it out in legislation confirmed that this new way of doing business had the highest possible level of political commitment from the government.

## **GOVERNMENT BUSINESS PLAN**

Historically, the "government business plan" in Alberta was the sum of the various positions enunciated in throne speeches, budget speeches, state-of-the-union addresses, periodic press releases and ministerial statements. The passage of the Government Accountability Act in 1995 was intended to change all that. Of course, simply passing a law did not guarantee that such fundamental change would happen. It may have been the strongest of signals but it was not sufficient. A great deal of work was needed to successfully bring about such a sweeping reform.

Much of this work occurred first at the ministry level. When plans were put in place to reduce the budget by twenty per cent overall over three years, it was evident that some ministries and programs were going to take bigger cuts than others. That is why in the 1994

budget cycle, ministries were required to develop two sets of three-year business plans: one with a twenty-per-cent reduction scenario and one at forty per cent. Each of these business plans outlined the program and service areas that would need to be dropped or scaled back to meet the target, along with the ministry's view of the consequences.

After a series of reviews, Treasury Board issued reduction targets for each ministry that ranged from twelve per cent to forty-seven per cent. And by and large, that is where budgets ended up at the end of the process. In making these determinations, numerous dialogues with ministers and between ministries and their stakeholders about the consequences of living with those targets were key in helping the administration sort out its priorities at the ministry level. Once the painful process of identifying the key business lines of ministries was accomplished, their key goals and strategies were sorted into the government's stated three major overall business lines of *People*, *Prosperity* and *Preservation* and formed the basis of the overall government business plan.

At the overall government level, therefore, the first attempts at a consolidated business plan more or less amounted to a summing of the parts from the various ministry plans. It consisted of the key goals and strategies of the ministries, supplemented with an overall vision statement and statements about the way in which the government was intending to do business in the future.

From this early 1995 version, the Alberta government business plan has evolved into a much more strategic document. It is now to the point where, in addition to its vision statement and mission statement, the focus is on nineteen specific goal statements based on preferred outcomes for Albertans and organized into the above-noted three priority areas. The plan details the key strategies being pursued by ministries to achieve each of the nineteen goals and notes which ministries are the lead delivery agents.

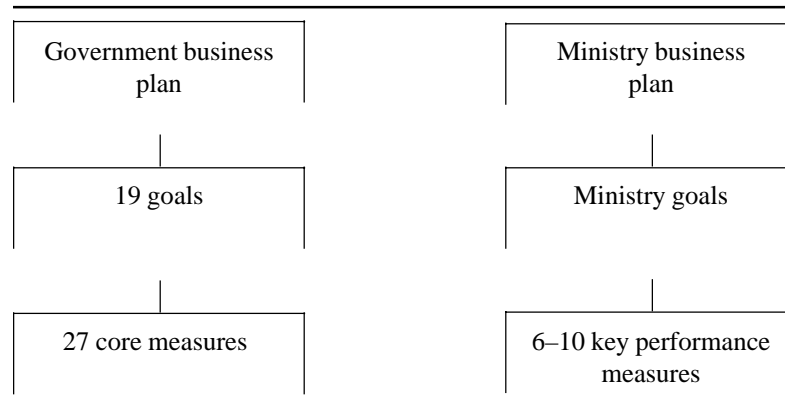
Over the past six years there has been a lot of effort spent improving the alignment between ministries' business plans and the government business plan. Ministries feel very strongly that their core businesses and key strategies be visible in the government's business plan. This has created a number of challenges, given the number of ministries and the much larger number of strategies in place at any particular time, and the need to keep the government's business plan focused and of a reasonable length.

Two significant recent developments are now influencing Alberta's business-planning process. The first is the number of new cross-ministry initiatives that have been developed to address specific issues or populations. For example, business plans for seniors and children have been developed that encourage ministries to work better together to meet the needs of these groups. These initiatives need to be better reflected in the ministries' business plans and the government's business plan so that citizens get a clearer picture of how the numerous players involved are addressing these key societal issues. The second development is the introduction in 1998 of the Management Rewards Strategy, which is discussed later in this report.

## **PERFORMANCE MEASUREMENT AND BENCHMARKING**

At its core, Alberta's business-planning model seeks to answer three questions: Are we doing the right thing? Are we doing it well? How do we know?

Figure 1. *Alberta Business-Planning model*



In the early years, the focus of business-plan reviews was on addressing the first question. Cutting twenty per cent on average from ministry budgets and sorting out the businesses in which each one was going to be three years later preoccupied management’s time. At the same time, as the demands of implementing this new approach were being felt, there were fewer staff available to do the work required as the size of the Alberta public service during that period dropped from about thirty thousand to just over eighteen thousand people. This reduced the capacity to develop performance measures at the ministry level that would answer the model’s third question: How do we know how we’re doing?

There was, however, substantial effort being spent developing measures at the overall government level. A number of subcommittees of Treasury Board, two deputy-minister working committees and others laboured to develop a suite of suitable high-level government-wide measures. The public was surveyed, and through ministries feedback from 1,800 stakeholders was received on what a set of societal or macro-level performance measures for the government should look like. Eventually a performance measurement system structured in a tiered format was developed. Figure 1 shows Alberta’s business planning model.

Each tier of measures reports different levels of detail that in turn is of primary interest to a different audience. The first and broadest tier of goals and related measures can be viewed as an agreement between the government and its electorate. It consists of twenty-seven core government outcome measures linked to nineteen goals and represents macro-level results information on outcomes that are priorities for Albertans. These core measures track performance in the government’s core business areas of *People, Prosperity* and *Preservation* and are reported each June in “Measuring Up,” part of the government’s annual performance report. (See Table 1 for a summary of the goals, performance measures and targets.)

The second tier of more detailed outcome/output measures can be viewed as a contract between each ministry and its stakeholders. It comprises six to ten key measures within each ministry – about 150 in total across all ministries. For example, the key performance measures for the Environmental Protection ministry are air-quality index, reduction of municipal solid-waste to landfills, surface water quality, timber sustainability, pulp production vs. biochemical oxygen, demand discharged, species at risk, areas of parks and natural,

**Table 1. GOVERNMENT BUSINESS PLAN 2001–04  
Goals, Performance Measures, and Targets**

| <b>People</b>   |   |   |
|---|---|---|
| <b>Goals</b>  | <b>Measures</b>   | <b>Targets</b>  |
| 1. Albertans will be healthy.   | <ul style="list-style-type: none"> <li>Life Expectancy at Birth</li> <li>Health Status</li> </ul>   | <ul style="list-style-type: none"> <li>Maintain or improve current life expectancy at birth and be among the top 10 countries in the world.</li> <li>By 2003, 70% of Albertans aged 18-64 rate their health as 'very good' or 'excellent', and 80% of Albertans aged 65 and over rate their health as 'good' or better.</li> </ul>  |
| 2. Our children will be well cared for, safe, successful at learning and healthy.                           | <ul style="list-style-type: none"> <li>Well Being of Children</li> </ul>  | <ul style="list-style-type: none"> <li>To be determined once baseline is established.</li> </ul>  |
| 3. Alberta students will excel.   | <ul style="list-style-type: none"> <li>Educational Attainment</li> <li>Literacy and Numeracy Levels</li> </ul>  | <ul style="list-style-type: none"> <li>By 2003, 90% of Albertans aged 25-34 will have completed high school, and 60% will have completed post-secondary education. Maintain or improve inter-provincial ranking.</li> <li>85% of Grade 9 students meet acceptable standards on provincial achievement tests in math and language arts.</li> </ul>   |
| 4. Albertans will be independent.   | <ul style="list-style-type: none"> <li>Economic Status of Albertans</li> </ul>  | <ul style="list-style-type: none"> <li>To be determined once baseline is established.</li> </ul>  |
| 5. Albertans unable to provide for their basic needs will receive help.                                     | <ul style="list-style-type: none"> <li>Economic Status of Albertans</li> </ul>  | <ul style="list-style-type: none"> <li>To be determined once baseline is established.</li> </ul>  |
| 6. The well-being and self-reliance of Aboriginal people will be comparable to that of other Albertans.     | <ul style="list-style-type: none"> <li>Aboriginal Well-Being</li> </ul>   | <ul style="list-style-type: none"> <li>By 2010: the difference in life expectancy of Registered Indians in Alberta and all Albertans will be reduced by one year; the percentage of Aboriginal learners 15 years of age or older with high school completion will be 60% and 30% with post-secondary completion; the difference in employment rates of Aboriginal Albertans and other Albertans will be less than 10%.</li> </ul> |
| <b>Prosperity</b>   |   |   |
| <b>Goals</b>  | <b>Measures</b>   | <b>Targets</b>  |
| 7. Alberta will have a prosperous economy.  | <ul style="list-style-type: none"> <li>Gross Domestic Product</li> <li>Job Growth</li> </ul>  | <ul style="list-style-type: none"> <li>3 year annual average GDP growth rate of 4 to 6%.</li> <li>295,000 new jobs in the 6 years ending December 2005.</li> </ul>  |
| 8. Our workforce will be skilled and productive.  | <ul style="list-style-type: none"> <li>Skill Development</li> </ul>   | <ul style="list-style-type: none"> <li>90% of employers satisfied with recent post-secondary graduates' skills.</li> </ul>  |
| 9. Alberta businesses will be increasingly innovative.  | <ul style="list-style-type: none"> <li>Business Innovation</li> </ul>   | <ul style="list-style-type: none"> <li>Alberta business use of the Internet will account for an increasing percentage of economic activity.</li> </ul>  |
| 10. Alberta's value-added industries will lead economic growth.   | <ul style="list-style-type: none"> <li>Value-Added Industries</li> </ul>  | <ul style="list-style-type: none"> <li>Alberta's value-added industries will account for an increasing percentage of Provincial GDP.</li> </ul>   |
| 11. Alberta will have effective and efficient infrastructure.   | <ul style="list-style-type: none"> <li>Infrastructure Capacity</li> </ul>   | <ul style="list-style-type: none"> <li>95% of rural sections of the National Highway System at level of service B or better upon completion of the North-South Trade Corridor, export gas pipeline capacity will exceed demand, and continue to increase industry and non-profit sponsored research.</li> </ul>   |
| 12. Alberta will have a financially stable, open and accountable government.                                | <ul style="list-style-type: none"> <li>Taxation Load</li> <li>Provincial Credit Rating</li> <li>Accumulated Debt</li> <li>Cost of Government</li> </ul> | <ul style="list-style-type: none"> <li>Maintain the lowest tax load on persons and business among the provinces.</li> <li>The highest blended credit rating among the provinces.</li> <li>Reduce the March 31, 2000 accumulated debt by at least 13% by 2004-05 and eliminate it no later than 2024-25.</li> <li>Remain 5% below the average per capita government expenditure of the other nine provinces.</li> </ul>            |
| 13. Alberta will have a fair and safe work environment.   | <ul style="list-style-type: none"> <li>Workplace Climate</li> </ul>   | <ul style="list-style-type: none"> <li>The rate of person-days lost to work stoppages, and injury and disease will be among the three lowest of all the provinces.</li> </ul>   |
| 14. Alberta businesses will increase exports.   | <ul style="list-style-type: none"> <li>Export Trade</li> </ul>  | <ul style="list-style-type: none"> <li>Increase international value-added exports to \$28.5 billion by the year 2004.</li> </ul>  |
| <b>Preservation</b>   |   |   |
| <b>Goals</b>  | <b>Measures</b>   | <b>Targets</b>  |
| 15. Alberta will be a safe place to live and raise families.  | <ul style="list-style-type: none"> <li>Crime Rate</li> </ul>  | <ul style="list-style-type: none"> <li>Reduce Alberta's crime rates below the national rates by 2005.</li> </ul>  |
| 16. Alberta's renewable natural resources will be sustained.  | <ul style="list-style-type: none"> <li>Renewable Resource Sustainability</li> </ul>   | <ul style="list-style-type: none"> <li>Keep timber harvest at or below the annual allowable cut, and achieve sustainable crop yields of 0.92 tonnes per acre by 2004.</li> </ul>  |
| 17. The high quality of Alberta's environment will be maintained.   | <ul style="list-style-type: none"> <li>Air Quality</li> <li>Water Quality</li> <li>Land Quality</li> </ul>  | <ul style="list-style-type: none"> <li>Maintain air quality levels that are considered good or fair at all times.</li> <li>Bring river water quality downstream of developed areas in line with upstream conditions, while maintaining overall river water quality.</li> <li>Achieve sustainable crop yields of 0.92 tonnes per acre by the year 2004.</li> </ul>   |
| 18. Albertans will have the opportunity to enjoy the province's natural, historical and cultural resources. | <ul style="list-style-type: none"> <li>Heritage Appreciation</li> </ul>   | <ul style="list-style-type: none"> <li>1.1 million visitors per year to provincially-owned historic sites, museums, and interpretive centres and 8 million visitors per year to provincial parks and recreation areas.</li> </ul>   |
| 19. Alberta will work with other governments and maintain its strong position in Canada.                    | <ul style="list-style-type: none"> <li>Intergovernmental Relations</li> </ul>   | <ul style="list-style-type: none"> <li>Maintain the Alberta government's public approval rating in federal-provincial relations equivalent to the average approval rating of four nearest provinces.</li> </ul>   |

Source: Alberta Finance, 2001

reserves, and parks visitation. Ministry-level measures such as these provide Albertans with information about how well ministries are performing in their core business areas.

At the overall government level, summary financial statements and other financial information, along with the “Measuring Up” report, comprise the government’s annual published performance report released in June. In September of each year, ministries’ non-financial performance results and detailed financial public accounts information are published in their annual reports.

There is, of course, a third level of even more detailed measures focused on inputs, process, outputs or shorter-term outcomes that are not reported publicly. These are the measures and indicators that program managers track in order to manage their programs on a daily basis, or to monitor the performance of contracted third parties delivering funded programs.

### **LINKING FUNDING AND POLICY**

At the outset, it was apparent that linking funding and policy was going to be the toughest area in which to gain ground. The performance measurement group of Alberta Treasury had consulted with a number of other jurisdictions, mostly counterparts in Oregon, Florida and Minnesota, and was told over and over that their task would be difficult. They were right.

Alberta’s budget process has undergone a significant transformation over the past twenty-five years. The traditional line-item budget reviews, complete with inflation factors and population-growth allowances, gave way to the program budgeting approach in the 1970s. But even program budgeting (Program Planning and Budgeting System) in Alberta tended to be focused on input-side analysis. Both of those approaches were also quite adversarial, with the key dynamic being the ministries versus Treasury, with Treasury Board arbitrating. Also through the 1970s and 1980s, the fiscal plan was often simply the sum of the decisions at the end of a gruelling five-month budget battle.

In “the modern budgeting era” (post-1993), the budget process has changed dramatically both in terms of focus and process. It now follows quite a different sequence. Things get under way in mid-summer when the Treasury Board establishes the broad parameters of the fiscal plan for the next year. Ministries then draft their annual performance results reports for the previous year and construct their new three-year business plans consistent with Treasury Board’s preliminary direction. At this point, standing policy committees, the policy review subcommittees of cabinet, get involved. The fall budget and business-planning reviews begin with ministries appearing before standing policy committees to discuss their previous year results before annual reports are publicly released. Once the annual report reviews are completed, ministries return to the committees with their new three-year business plans.

The focus of the standing policy committee reviews of ministry business plans is twofold. First, the committees look for congruency with the government’s overall business plan. Secondly, they look at the components of the business plan itself: the ministry’s mission, business lines, programs, strategies, and performance measures. The discussions with the minister and his staff are increasingly focused on results, not on inputs.

During the fall, the Treasury Board also provides direction to ministries on their specific three-year budget targets. With policy and program direction received from the standing policy committees, and budget instructions from Treasury Board, ministries rework their budget- and business-plans as necessary. The ministry budget and business-plan packages are then submitted to the business-planning groups in the Treasury ministry, which in turn review them and provide highlight commentary to the treasurer and Treasury Board. Finally, ministries appear at Treasury Board, as required, to receive decisions on any outstanding issues and final sign-off on their budget.

Business plans and performance reporting have had an influence on the nature of budget debates in the legislature. The focus of debate is increasingly on results. One indicator of the extent of this shift in focus was found in a review of the committee of supply budget debates recorded in Hansard. A word search was done looking for the number of times the terms *performance measures* or *performance indicators* were used in past budget debates. In each of the past three years, they were mentioned over 400 times on average during the course of the budget debate. This evidence clearly shows that politicians in Alberta are now focusing on results, rather than on spending levels, much more frequently when debating budgets.

To this point, the focus in developing Alberta's performance reporting system has been to concentrate on outcome measures dealing with such things as educational performance, job growth and crime rates rather than on questions of economy and efficiency of operations. As such, not much effort has been expended thus far on developing activity-based or strategy-based costing systems. The development of measurement systems for efficiency is a natural step in the evolution of Alberta's accountability framework.

## MINISTRY PERSPECTIVES

As noted earlier, a key feature of Alberta's accountability framework is that each minister assumes responsibility for the specific government functions assigned to his or her ministry under the Government Organization Act. Each minister is responsible for the preparation of their ministry's annual three-year business plan and year-end performance report, including financial statements.

At the front of each ministry's business plan is an accountability statement, a statement of ownership signed by the responsible minister, which reads as follows:

### *Accountability Statement*

This Business Plan for the three years commencing April 1, \_\_\_\_ was prepared under my direction in accordance with the Government Accountability Act and the government's accounting policies. All of the government's policy decisions as at (date) with material economic or fiscal implications of which I am aware have been considered in preparation of the Business Plan.

The Ministry's priorities outlined in the Business Plan were developed in the context of the government's business and fiscal plans. I am committed to achieving the planned results laid out in this Business Plan.

(minister's signature)

It is significant that right from the beginning, it has been clear to everyone involved in the process that the business-planning initiative was driven by cabinet ministers and owned by ministries. This exercise has not been a centrally imposed one. In fact, other than for some limits placed on length of business plans, there has been a great deal of latitude granted to ministries in terms of how they approached this task.

To get some ministry perspectives on the impact the business-planning process is having on their organizations, a number of deputy ministers and senior financial officers were interviewed in the fall of 1998. Members of both groups felt strongly that there had been a noticeable change in the culture of their ministries, particularly at the management and executive committee level. Staff members were taking a longer view of things and generally thinking more strategically. Respondents said there was more focus on the ministry's main business lines and planned results and a shift in thinking away from the more traditional focus on organizational structure and process. Most of the deputies and about half of the senior financial officers said the challenge ahead was to see that this cultural shift extend to include the front lines in their organizations.

Both deputies and financial officers felt the business-planning process had improved accountability within the ministry. Deputy ministers felt somewhat more strongly about this point than did senior financial officers. They cited such evidence as management staff at budget-planning sessions being much better prepared to answer questions such as "what are we getting for what we're spending?" and "If you had to, what would you stop doing?" As well, it was noted that staff were generally more alert to the need to measure and report performance results. Both groups were asked whether they agreed with the following statement:

Alberta's new accountability framework has transferred responsibility to ministries for all revenue and expenditure matters, and for reporting on financial and non-financial performance at year end. This transfer of responsibility has been accompanied by increased authority for decision making. These actions have improved ministries' ability to achieve strategic objectives by removing some of the detailed, centrally imposed operational controls that ministries felt were impeding them in the past.

The responses were very consistent. All respondents thought big strides had been made in this area, but most added that Alberta "wasn't there yet." Deputies felt they had gained a lot of managerial flexibility but were still tethered to the centre in many areas (for example, in their inability to use dedicated revenue). Many commented on the notion that certain central controls were obviously necessary but felt that their efforts at being creative were still sometimes met with a centralist view, more reminiscent of times past.

A related challenge facing Alberta's ministries is getting the performance incentives right. In 1998, the government took steps in that direction through implementation of the Management Rewards Strategy. Under this program, managers in the Alberta public service are eligible for performance-related bonuses based on four main criteria. One of these criteria is their ministry's achievement of its business-plan goals. Another is the managers' contribution to these goals in terms of achievement of personal performance contract objectives. This tying of bonus pay to performance has fostered a new and perhaps a more personal interest among managers in the business-planning process.

## **DISCUSSION: STRENGTHS AND WEAKNESSES OF ALBERTA'S APPROACH**

### **Longer-Term Focus**

One of the main reasons Alberta was successful in changing in the early years was the ability to focus on the third year of the three-year plan. While it is true that the fiscal imperative drove the process, getting to that lower expenditure level forced a fundamental re-examination of government's core businesses. The three-year planning horizon allowed time to institute major changes rather than quick fixes. Four years later, some difficulty was experienced in staying focused on that third-year planning horizon. On the first three-year plan, the business-plan and budget-review process of the second and third year were relatively straightforward; only some fine-tuning was required. Once the deficit had been significantly reduced, however, the process has tended to revert to the historical annual incremental approach.

### **Political Commitment**

Another key to early gains was the high level of political commitment to this new business-planning approach. This has been demonstrated in deed as well as in legislation, as evidenced by passage of the Deficit Elimination Act, the Balanced Budget and Debt Retirement Act, and the Government Accountability Act. Ministry business-plan development has been driven by ministers, with minimal central agency involvement other than the setting of some broad standards.

More recently, perhaps because of this lack of central agency involvement, the Office of the Auditor General has commented on the lack of consistency in the plans' appearance and content. To date, the government's response has been twofold. First, while all plans are required to include all the same basic components, one size does not fit all. For example, there are very real differences between the ministries of Health and Environmental Protection in terms of the scope that needs to be covered in their business plans. Secondly, ownership and commitment are seen as more important than strict conformity with a set of presentation standards.<sup>2</sup>

### **Accountability Focus**

The overall focus on accountability has helped get Alberta's public service thinking externally about how what they do helps the customer or client and away from focusing internally on bureaucratic rules and regulations.

One of the challenges occasionally encountered is that monitoring and reporting results is viewed as something one does to satisfy the needs of others, such as central agencies or Treasury Board. Accountability is important, but so is improving program outcomes for clients. This is probably the primary benefit of monitoring performance for line managers.

## **Open and Transparent**

All related business-planning documents have been published from the outset, both in hard copy and on the Internet. The motivation was the transparency called for in the Financial Review Commission recommendations. Such public exposure of business-planning documents tends to boost motivation to create good products. Some American states also cited this experience.

On the negative side, some early ministry business-plan drafts and the first government business plan itself were very much works in progress. They have come a long way in just a few years.

## **Outcome Focus**

There was a focus on outcomes from the start. Efforts were concentrated on ensuring that what was being done was making a difference rather than on measuring how busy government was. The eternal question was “Is what we’re doing making a difference, and how do we know?” This approach was helpful in separating the “must do” from the “should do” from the “would be nice to do” from the “can’t possibly justify continuing to do” activities.

Focusing on outcomes instead of outputs or activities, however, leads to many challenges. People are still having trouble with the attribution issue – trying to disentangle the influence they have on a problem from the many other factors that also play a role. Many do not want to be held accountable for achievement of outcomes over which they have only partial, or perhaps minimal, control. Senior management and executive committees buy into the concept of focusing on outcomes, but it is often more difficult for front-line staff to see how their program-level operating plans dovetail with the ministry’s business plan and the high-level goals of the ministry or the government. Lastly, it is very difficult, and sometimes simply impossible, to relate budgets and expenditures to progress on achievement of outcomes.

## **Leadership**

In the early days, the provincial treasurer was the political champion and critical driving force encouraging cabinet ministers and senior bureaucrats to try a different approach. Discussions with other jurisdictions had underscored the importance of the role of a political champion. Upon his retirement to private life, however, the “results-based” movement had sufficient momentum and broad political support at its foundation that survival seems assured. The perception that the pace of progress may have slowed now is probably owing to the significant rate of gains in the early years. As the government business plan is viewed by certain key players in the planning process as perhaps the most important document the government produces, it is likely that momentum will pick up.

## Support from the Auditor General

A big positive influence in the Alberta system is that we have an Auditor General's Office that is very supportive and interested in nurturing this new approach. The auditor general has worked with us from the beginning and has even sat in on some of the early brainstorming subcommittees of Treasury Board.

A recent significant observation by the auditor general is the lack of visibility of cross-ministry initiatives in ministries' business plans, despite the fact that the administration has cited such initiatives as being its highest priorities. The government has made highlighting such horizontal initiatives a major focus, beginning with the 1999–2002 government business plan and associated ministry business plans.

## CONCLUSION

Alberta ventured into the business-planning arena for two main reasons. First, the previous fiscal course was not sustainable. Secondly, Alberta needed to fundamentally review the role of government and change the focus from what was being *spent* to what was being *accomplished*.

A comprehensive accountability framework and the adoption of the business-planning process has been critical to accomplishing Alberta's significant cultural shift from the days of line-item budgeting and central expenditure control. While a great deal of headway has been made towards a focus on results, and the new approach is beginning to pay off, it is still a work in progress.<sup>3</sup>

## NOTES

- 1 Alberta, Financial Review Commission, *Report to Albertans: Highlights* (Edmonton: Queen's Printer, 1993), p. 7.
- 2 That said, steps are now being taken with ministers to improve the content and format consistency of business plans.
- 3 Alberta's performance measurement home page can be found at [www.treas.gov.ab.ca/measuring/index.html](http://www.treas.gov.ab.ca/measuring/index.html). This web page links all business-planning documents at the ministry and government level: from budgets and business plans to ministry annual reports to *Measuring Up*, the government's annual non-financial performance report.

## L'expérience de l'Alberta

*Sommaire:* Le processus des plans d'affaires en Alberta date de 1993, lorsque le nouveau Premier ministre, M. Ralph Klein, et le ministre des Finances, M. Jim Dinning, décidèrent de remanier les systèmes de gestion afin de rétablir un équilibre dans les finances de l'État. Une commission fut mise sur pied pour examiner le processus de planification et ses recommandations furent vite été adoptées.

La commission proposa un nouveau système d'imputabilité à l'échelle du gouvernement

et le système de plans d'affaires fut choisi comme pierre d'achoppement pour la nouvelle approche. Le *Accountability Act* de 1995 codifiait le nouveau système. Désormais, tous les ministères, et le gouvernement dans sa totalité, étaient tenus de créer un plan d'affaires et un plan fiscal sur trois ans. Le gouvernement était engagé à publier un rapport fiscal trimestriel devant aussi évaluer la performance du gouvernement vis-à-vis de son plan. À la fin de chaque exercice fiscal, chaque ministère et le gouvernement doivent publier un rapport annuel sur leur performance financière et non financière. Tous les budgets, les plans d'affaires et les énoncés financiers doivent être préparés sur une base consolidée. De plus, les commissions scolaires et les organismes de santé régionaux sont tenus d'en faire de même.

Le processus fut entamé par les ministères. Ils durent soumettre des plans de réduction des dépenses sur deux scénarios, un de 20% et un de 40%. Ces plans ont suscité un dialogue parfois difficile entre les ministères, entre les ministères et les organismes centraux et entre le gouvernement et les électeurs. En fin de compte, le gouvernement s'identifia à trois questions qui définirent le plan d'affaires du gouvernement en 1995 : le peuple, la prospérité et la préservation (« People, Prosperity, Preservation »).

Au fond, le modèle de plan d'affaires du gouvernement de l'Alberta vise à répondre à trois questions : Fait-il du bon travail? Le fait-il bien? Comment le prouver?

Depuis, le système de rédaction des plans d'affaires a beaucoup évolué et est devenu de plus en plus stratégique. Il présente maintenant – en plus d'un énoncé de mission et de vision – quelque 20 objectifs autour des trois champs cités ci-dessus. Deuxièmement, le gouvernement albertain tente d'installer ce système de planning sur des politiques « horizontales » comme les dossiers sur l'Enfance et sur les personnes âgées. Enfin, le gouvernement a mis en place en 1998 une stratégie de récompense pour les gestionnaires («Management Rewards Strategy»). Selon ce programme, les gestionnaires du gouvernement de l'Alberta sont éligibles à recevoir des primes salariales s'ils satisfont à des critères précis : la réussite du plan d'affaires, la contribution du manager à la définition du plan d'affaires et enfin, sa contribution personnelle à l'atteinte des objectifs. Le fait de créer un lien tangible entre performance et rémunération a sans doute accru l'intérêt envers le processus de planification.

Le système de plans d'affaires a réussi en Alberta pour plusieurs raisons. Premièrement, parce qu'il a été incontestablement assimilé par l'appareil politique, tant au Parlement qu'au Conseil des ministres. Il est intéressant de noter dans ce contexte que les organismes centraux ont été quelque peu marginalisés dans ce processus mené surtout par les ministres. (Il est bon de noter, cependant, que le Vérificateur général a récemment mentionné le fait que les plans d'affaires ont peu de constance d'un ministère à l'autre – signe peut-être que les organismes centraux devraient être plus impliqués).

Deuxièmement, le système a bien fonctionné en raison de l'importance qu'il accorde à l'imputabilité. Il est clair que cette stratégie a engendré une nouvelle découverte du citoyen en tant que consommateur des services gouvernementaux et détourné un peu l'obsession bureaucratique des règles et des précédents.

Enfin, le plan d'affaires réussit en Alberta parce qu'il est clair et vise des résultats mesurables.

## Conclusion

### Les plans d'affaires dans le secteur public : Bilan et perspectives

*Luc Bernier*  
*Evan Potter*

Dans son roman *Le nom de la rose*, Umberto Eco fait dire à son personnage principal : « Si j'avais toutes les réponses, j'enseignerais la théologie à Paris. » Nous accepterions volontiers d'enseigner à Paris mais, suite à cette recherche, nous n'avons pas toutes les réponses. Les plans d'affaires ne sont pas une panacée universelle et trop de doutes nous habitent encore pour en faire un dogme. Toutefois, ces plans sont un pas dans la bonne direction pour les gouvernements. Depuis le début des années quatre-vingt, aux prises avec la globalisation, les difficultés budgétaires, les changements technologiques et l'aliénation des populations vis-à-vis de leur gestion, les gouvernements occidentaux ont cherché de nouvelles façons d'améliorer le fonctionnement des organisations publiques. Une des solutions mises de l'avant a été l'utilisation d'outils stratégiques. Celle-ci peut être définie comme un « processus systématique grâce auquel l'organisation examine les opportunités et les menaces de l'environnement, analyse ses forces et ses faiblesses, révisé ou définit sa mission, élabore ses priorités, fixe ses objectifs et détermine les moyens pour les atteindre ». <sup>1</sup> Cette façon de procéder a des avantages difficiles à mesurer, comme en témoignent les pages qui suivent et les chapitres qui précèdent. Cependant, nous sommes d'avis qu'il faut poursuivre l'expérience.

Nous avons étudié cinq gouvernements canadiens aux traditions politiques très différentes qui utilisent des outils de planification stratégique sous des vocables tout aussi variés que leurs traditions. L'utilisation de « plan d'affaires » n'est pas limitée à ces cinq gouvernements. La Colombie-Britannique publie aussi des plans semblables. Le Manitoba a instauré un système de mesure des résultats. Les « plans d'affaires » chers à l'Ontario et l'Alberta sont des termes honnis au Québec et en Saskatchewan. Au Québec, on parle de « plans stratégiques » alors qu'en Saskatchewan, on utilise la méthode sans la nommer. Si l'Ontario reconnaît facilement que le gouvernement d'Alberta – qui voulait être plus semblable au secteur privé – lui a montré la voie, les deux autres provinces invoquent d'autres nécessités. Quant au gouvernement fédéral, noblesse oblige, il ne peut guère admettre suivre d'exemple provincial. <sup>2</sup> Les tables rondes qui ont servi à rendre compte de ces expériences ne sont pas sans risque pour les participants. Ils doivent répondre à des séries de questions posées par des gens qui sont dérangés dans leurs habitudes par les réformes. Et, compte tenu de tout ce qui ne peut être contrôlé, il est souvent difficile de tirer des conclusions positives. Pourtant, au-delà des questions de vocabulaire, les cinq gouvernements choisis estiment retirer des bénéfices de l'expérience. Nous concluons qu'ils ont raison.

Voilà la grande leçon à retenir : ces gouvernements ont amélioré leur gestion en faisant des plans d'affaires. C'est vrai en Alberta, où l'idée d'importer une méthode du privé fut reçue très positivement. C'est aussi vrai en Saskatchewan où, au contraire, sous un gouvernement néo-démocrate, les méthodes du privé sont suspectes. Le cas de la Saskatchewan est révélateur à plus d'un égard. Des cinq gouvernements étudiés, la Saskatchewan a le plus petit appareil administratif. Ainsi, un système de coordination plus informel y est possible sans l'appareillage que nécessitent les plans d'affaires des autres gouvernements. En Saskatchewan, chaque automne, le cabinet planifie en fonction d'un horizon de deux à trois ans. Le Premier ministre réunit les sous-ministres qui sont liés à lui par contrat. De plus, la moitié d'entre eux ont travaillé au ministère des finances au cours de leur carrière. Cette méthode informelle ne peut convenir au gouvernement du Canada. Au gouvernement fédéral, la coordination d'ensemble demeure très difficile comme ce fut souvent discuté au cours des tables rondes.<sup>3</sup> Comme les travaux de Charih le confirment, des stratégies très diverses sont développées par les ministères fédéraux. La variable « taille » n'est pas à négliger non plus au sein d'autres gouvernements. En Ontario, où certains ministères ont des budgets annuels plus gros que celui de tout le gouvernement de la Saskatchewan, c'est au ministère de la Santé, un des plus grands ministères, que l'expérience fut la moins concluante.

## DU PRIVÉ AU PUBLIC : LA STRATÉGIE EN ÉVOLUTION

La planification stratégique fut adoptée dès les années cinquante par les grandes entreprises privées. Mais, trop souvent, elle était confiée à des spécialistes entichés de processus formels en marge des structures opérationnelles. Dans le passé, les résultats relatifs de la planification stratégique s'expliquent par le fait qu'on a trop souvent utilisé un modèle trop lourd qui rebutait les utilisateurs potentiels. Lorsque trop d'énergie est consacrée à interpréter et comprendre une méthode formelle, cela ne laisse guère de temps ou le goût de discuter du contenu du plan. Les efforts plus récents ont cherché à intégrer les gestionnaires pour qu'ils participent à une réflexion plus systématique des orientations de leur organisation. On parle désormais de stratégie. Les gouvernements qui désirent donner une orientation de style entreprise privée à leur gestion ont poussé la phraséologie jusqu'à l'expression « plans d'affaires ».

La planification stratégique fut populaire dans le secteur privé avant d'être transplantée dans le secteur public. Les gouvernements se sont mis à faire de la planification stratégique comme ils ont adopté la qualité totale, le *benchmarking*, la réingénierie et autres modes venues du privé. Le passage des méthodes du secteur privé vers le secteur public est d'autant plus facile à faire qu'il est poussé par ce paradigme présentement dominant dans les pays de tradition parlementaire britannique ainsi qu'aux États-Unis, à savoir le Nouveau management public.<sup>4</sup>

Formuler une stratégie implique faire des choix quant à la nature de l'organisation et à la contribution qu'elle peut faire. Une des grandes clés de la stratégie est de proposer une vision de ce que l'organisation peut être. Deuxièmement, elle est essentielle alors que les gouvernements se tournent vers la gestion par résultats. C'est la stratégie qui définit les résultats à atteindre. La troisième base de la stratégie est, d'une part, d'être capable de lire l'environne-

ment pour ce qui est des risques et des opportunités et, d'autre part, d'être capable d'analyser les forces et les faiblesses de son organisation. On a développé, pour ce faire, des réseaux de veille pour mieux suivre l'évolution des divers environnements.

Dans le passé, les succès de la planification stratégique dans le secteur public ont été jugés relatifs par certains parce que l'environnement y est trop turbulent.<sup>5</sup> Certaines organisations gouvernementales établissent des plans stratégiques après de longs processus rigoureux sans toutefois utiliser les plans produits. On pourrait expliquer cela premièrement par le fait que la logique politique des gouvernements démocratiques est souvent réactive aux événements imprévisibles et teintée autant par les cycles électoraux que par l'idéologie du parti au pouvoir. Des efforts considérables de stratégie peuvent être remis en question par un changement de ministre ou des difficultés budgétaires imprévues. Denis, Langley et Lozeau concluaient qu'il n'est donc pas étonnant que la planification dans le secteur public engendre des objectifs vagues, des orientations irréalistes, des plans stratégiques incohérents et difficiles à mettre en œuvre.

La deuxième grande difficulté d'implantation des méthodes du privé dans le secteur public réside dans la complexité de ce dernier. Les secteurs d'intervention ne sont pas choisis, ils sont plus nombreux; la relation avec les clients est plus complexe car ils sont à la fois consommateurs, citoyens et obéissent à des règlements. L'environnement étatique est un ensemble mouvant, aux priorités mal établies et parfois conflictuelles. Une organisation publique doit s'assurer que sa légitimité n'est pas remise en cause par son environnement.<sup>6</sup> Cette grande complexité rend la stratégie et la coordination encore plus essentielles. Le processus stratégique peut aussi servir à développer des consensus qui sont nécessaires à la coordination.

La troisième grande difficulté provient du fait que les administrations publiques sont conditionnées par les réformes antérieures.<sup>7</sup> Par exemple, en Saskatchewan, les fonctionnaires se souviennent des efforts systémiques des années 1970, lorsque le *Bureau of Management Improvement* avait poussé le « Program-based Management Information System ». Ce bureau avait alors 36 employés tandis que le Conseil du Trésor actuel n'en a que 31. C'était une organisation très imposante pour la Saskatchewan. Cette expérience demeurée dans la mémoire collective rend difficile l'adhésion à de nouveaux systèmes pour les fonctionnaires de la Saskatchewan. C'est aussi vrai en Ontario, où de nombreuses approches systémiques ont été tentées dans le passé.

Des organisations publiques autant que privées ont publié des plans stratégiques sophistiqués dont l'usage, pour employer un euphémisme, est fort limité. Néanmoins, dans leur cas, la stratégie a été un succès parce qu'elle a servi, d'un côté, à améliorer la légitimité de ces organisations dans leur environnement étatique ou, de l'autre, à cimenter leur culture organisationnelle.<sup>8</sup> Un processus formel de planification stratégique peut aussi être utile pour des rôles périphériques de relations publiques, d'information, de thérapie de groupe ou de direction et contrôle. La planification stratégique n'est pas un outil nouveau mais son processus allié aux leçons du passé permettent aujourd'hui d'en faire une utilisation plus fine. Les résultats récents obtenus au Canada, par divers gouvernements, tels que présentés dans les chapitres précédents, sont prometteurs. Ces résultats indiquent qu'il est important d'adapter le processus pour que cette approche offre des résultats intéressants. L'utilité de la planification stratégique est souvent moins dans le résultat que dans le déroulement du

processus requis et dans le fait qu'elle fournit un cadre de référence dans des organisations où la définition de la mission est souvent un compromis entre différents intérêts. Mintzberg peut être rassuré,<sup>9</sup> les gouvernements ont appris à mieux faire de la stratégie. Ce sont les gestionnaires *line* qui font de la stratégie au moyen de processus formalisés mais souples. Les plans servent autant à contrôler qu'à communiquer.

## LES AVANTAGES DES PLANS D'AFFAIRES

Accepter de participer à un processus imposé par un organisme central peut permettre d'établir des relations plus harmonieuses avec les organismes de tutelle. L'effort actuel de modernisation de l'administration publique québécoise, par exemple, doit en principe mener à une plus grande marge de manœuvre des gestionnaires. C'est ce que propose dans la foulée de l'Alberta et de l'Ontario, la *Loi 82* du gouvernement du Québec qui prévoit une place centrale à la planification stratégique dans son effort de modernisation.

Pour que le processus en soi offre une plus-value, il faut qu'il soit adapté à la réalité du ministère. Plus un ministère a une histoire administrative formalisée, une mission clairement définie, moins il aura besoin d'un lourd processus de planification stratégique. Au contraire, un ministère récent ou dont la mission a subi des changements au gré des remaniements ministériels devra suivre un processus lourd qui permettra aux membres de l'organisation de développer une vision commune. Dans ces organisations où il faut négocier ou discuter la mission, c'est le processus de planification qui permet de dégager une vision et une marge de manœuvre.

En vertu de leur taille différente, les gouvernements de la Saskatchewan et celui d'Ottawa ont développé des processus fort différents. Mais, en plus de la taille des administrations publiques, la complexité des tâches est également à prendre en compte. Certains ministères ont des missions relativement bien définies qui n'exigent que peu de coordination avec d'autres ministères. Par contre, d'autres à vocation horizontale ne peuvent définir leur mission qu'après de longues consultations et négociations avec d'autres ministères. Une autre dimension à ne pas négliger est l'histoire administrative d'un ministère. Dans certains cas, la mission n'a guère changé depuis longtemps. Dans d'autres cas, les projets de loi se sont succédés pour changer la raison d'être d'un ministère.

La perception de plus-value de la planification stratégique réside dans ce qu'elle apporte pour définir la mission de l'organisme public versus le temps et l'effort qui lui sont consacrés. Un petit ministère ne peut affecter les mêmes ressources à ce processus qu'un ministère plus grand. En Ontario, certains ministères se sont plaints de la lourdeur des demandes des plans. Il en est de même au Québec. Dans une perspective plus générale, en Ontario, les plans d'affaires ont remis en cause des programmes qui ne pouvaient être présentés comme faisant partie de la mission des ministères. Au Québec, les remises en question se font ailleurs. Toutefois, dans la foulée de la politique de modernisation, certains sous-ministres commencent à dire et à écrire qu'il faut s'interroger non seulement sur le « comment » mais aussi sur le « quoi ». Les plans permettent d'allonger à trois ans la période de référence. Ils poussent aussi à considérer l'environnement et à être moins introspectif.

L'expérience des cinq gouvernements présentée dans ce volume illustre que les plans

d'affaires ont des implications pour les politiques et les programmes mais aussi pour la façon dont les ministères et leurs employés sont gérés. Il s'agit à la fois d'un système de gestion et d'une culture organisationnelle à développer. L'objectif est d'améliorer l'imputabilité et l'efficacité des gouvernements en demandant aux gestionnaires de clarifier les buts de leur organisation, de développer des indicateurs de performance et de divulguer les résultats obtenus. La viabilité de l'expérience dépend de la capacité technique des gestionnaires et de leur détermination à appliquer cette méthode. Pour ce faire, ils doivent aussi avoir l'appui des autorités supérieures. Le cas de l'Alberta illustre qu'il vaut mieux avoir un champion en charge du dossier. De toute évidence, l'appui du Vérificateur général est aussi important pour « forcer » les gouvernements à agir dans ce domaine. Dans toutes les juridictions, les vérificateurs généraux ont été parmi les plus grands défenseurs des plans d'affaires. On peut présumer qu'une gestion par résultats découlant de cette approche convient à la réalisation de leur mandat.

## LES LEÇONS À TIRER DES ÉTUDES DE CAS

Comme nous le disions en introduction, nous avons au départ une série de questions: le pourquoi; les avantages et inconvénients de publier un plan; le lien entre ces plans et l'allocation des ressources; l'impact sur la culture organisationnelle; les mesures de performance; le lien politico-administratif; et les acteurs concernés.

Les déficits ont rendu les plans envisageables en tant que solution pour déterminer les objectifs prioritaires. Cependant en Alberta, au départ, il y avait aussi la foi en l'idée. Cette idée était de changer le focus de ce qui est dépensé à ce qui doit être fait. La réduction des déficits a conditionné l'agenda des gouvernements beaucoup plus que les vœux des politiciens élus. Cette réduction des déficits vise à dégager des marges de manœuvre pour que les décisions politiques puissent à nouveau primer. Ces efforts de réduction des déficits ont aussi mené à des réductions d'effectifs considérables en Ontario, au Québec et au gouvernement fédéral. Comme d'autres travaux l'ont documenté, la capacité de développer des politiques et les services du personnel ont été écharpés. Lorsque les surplus budgétaires gonfleront, il faudra faire des choix stratégiques. En Alberta, les plans d'affaires ont fait partie d'une stratégie plus globale pour relever la popularité du gouvernement qui était alors très basse.

Une des raisons d'utilisation des plans d'affaires dans le secteur public est de faire que les budgets soient organisés en fonction des priorités, que les politiques décident des budgets et non – comme ce fut trop souvent le cas au cours des années 1990 – que les considérations budgétaires constituent l'unique rationalité des choix faits par les gouvernements. Ceci dit, un des grands défis de la formule des plans d'affaires demeure de lier les dépenses aux priorités établies. En Saskatchewan, les priorités ont été intégrées au processus budgétaire en 1997. Au fédéral, l'allocation des ressources n'était pas encore liée aux plans d'affaires au moment de notre étude. C'est aussi le cas au Québec où les plans d'affaires ne mettent pas l'accent sur le budgétaire.

Le lien avec le processus budgétaire est un des grands paradoxes – ou bénéfices – de l'approche. Celle-ci fut choisie pour des raisons budgétaires mais avait pour but d'organiser

une gestion qui permettrait d'agir autrement. Cet outil, devenu populaire alors que les déficits paraissaient insolubles, est tout aussi important alors que des surplus prennent de l'ampleur dans la foulée d'une forte croissance économique. Les plans d'affaires permettent de définir les domaines prioritaires où engager les sommes additionnelles qui deviennent disponibles. Parmi les promesses des plans d'affaires, il y a l'effort d'allonger la période visée d'un à trois ans. Le cycle budgétaire étant d'une année, il a toujours été difficile d'organiser les activités à plus long terme.

Il y a aussi un meilleur arrimage entre la volonté des élus et la gestion de l'administration publique. En Alberta, en Ontario et au Québec, le plan d'affaires permet d'organiser l'action gouvernementale. Le cas du Québec est intéressant : L'exercice dit de « planification stratégique » tel qu'il existe actuellement permet de recentrer auprès du comité des priorités du gouvernement, ce qui traditionnellement était fait au Conseil du Trésor, responsable du contrôle budgétaire. En Ontario, comme au Québec, les plans d'affaires visent à ce que les priorités des élus se retrouvent dans les plans d'opérations des ministères. Comme en Alberta, les plans servent à améliorer la vision d'ensemble. La valeur ajoutée de la planification tient aussi à une meilleure coordination des politiques en fonction des désirs des élus.

Au gouvernement du Québec, les plans stratégiques sont à la base de la nouvelle *Loi sur l'administration publique* (articles 8 à 11). La loi propose que la gestion se fasse par résultats qui sont décidés en fonction des priorités et des ressources disponibles, comme en Alberta. Il est difficile de ne pas voir dans cette loi et dans l'utilisation des plans un renforcement des contrôles centraux. Un analyste a compté 46 mentions du terme « Conseil du Trésor » dans l'avant-projet de loi.<sup>10</sup> Dans une présentation faite aux responsables chargés de développer ces plans à l'automne 2000, un sous-ministre adjoint expliquait qu'outre la mission, les enjeux, les résultats visés, etc., ces plans pouvaient aussi contenir tout autre élément déterminé par le Conseil du Trésor (article 9 de la loi). Le processus de validation est prévu par le secrétariat du Conseil du Trésor et le secrétariat du Comité des priorités.

Cependant, pour que l'approche des plans d'affaires soit un succès, il faut que les gestionnaires des ministères aient le sentiment qu'il ne s'agit pas d'un contrôle supplémentaire des organismes centraux. Ils doivent être convaincus que cette approche va mener à un gouvernement plus efficace et à une autonomie managérielle accrue – non pas à plus d'interférence et d'examen du centre. Un fonctionnaire du Conseil du Trésor disait lors d'une table ronde qu'un ministère bien géré n'a pas à se préoccuper de ce que veut le Conseil dans le plan. Un plan d'affaires doit être un document pour les besoins de gestion du ministère. Les compétences des gestionnaires sur le terrain ont été étudiées et amplement prouvées.<sup>11</sup> À l'époque où les gouvernements se demandent comment attirer et retenir des gestionnaires de pointe, il est important que les gouvernements « walk their talk » et laissent les gestionnaires gérer, ce que la Commission Glassco suggérait il y a déjà quelques décennies...

La transparence du processus est aussi importante mais n'est pas sans risque politique. Comme c'est le cas pour l'imputabilité ou la dérèglementation, il faut que les gouvernements apprennent à gérer à moindre coût avec quelques risques. En Alberta, l'absence d'une opposition forte, capable de renverser le gouvernement, rend la transparence moins risquée que dans d'autres provinces ou au fédéral. La Saskatchewan avait un objectif de création d'emplois qui n'a pas été atteint et qui fut remis sur le tapis à répétition. Comme disait un

témoin en Saskatchewan, « politics is a blood sport », ce qui n'incite guère à la transparence. En Ontario, les documents sont facilement accessibles mais on craint aussi de fournir des munitions à l'opposition.

Une autre retombée intéressante pour les années à venir tient à ce que la gouvernance a changé. Les modes alternatifs de prestation de services impliquent des partenariats. Qui dit partenariat dit contrat qui devrait être explicite! Les plans d'affaires – si on présume qu'ils sont relativement transparents – offrent une base pour formuler ces contrats. Le débat sur la transparence n'est pas clos : alors que dans certains cas, on propose que tout doit être public, dans d'autres, on s'inquiète que trop de transparence fasse échouer des projets. Par exemple, un sous-ministre expliquait lors d'une période de discussion qu'il serait inopportun d'annoncer combien d'ententes il espère signer avec des bandes indiennes: une telle annonce ne pourrait que faire monter les demandes de ses interlocuteurs.

Au risque de nous répéter, la transparence est une question qui demeure délicate; c'est la dimension *publique* des plans. Dans certains gouvernements, on a tendance à publier tellement de documents qu'il est difficile de comprendre le plan d'ensemble, si plan il y a. Au gouvernement fédéral, il faut considérer le Discours du Trône, le Discours du Budget et les documents du Budget des dépenses. En Ontario, les plans sont écrits en « silos » par les ministères. La transparence souffre également d'une tendance récente des parlements provinciaux à ne siéger que quelques mois par année. Certains organismes gouvernementaux qui désirent échapper à la critique ont appris à remettre leurs rapports annuels assez tard pour que les sessions parlementaires soient terminées. C'est le cas en Saskatchewan, où les plans stratégiques arrivent souvent tard (et ils ne sont guère ni stratégiques ni très bons, selon un de leurs hauts fonctionnaires). Au fédéral, les plans ont été jugés comme étant trop souvent plus opérationnels que stratégiques. Mais des progrès sont faits dans ce domaine au fil du temps.

Le changement culturel nécessaire sera facilité par une circulation plus fluide de l'information. Les réseaux technologiques modernes ont rendu l'information plus disponible en dehors des hiérarchies. Il faut que des standards communs, des indicateurs communs, des méthodes, des modèles et les pratiques les plus réussies soient connus de tous. Le réseautage doit permettre de développer une communauté d'idées et d'entraide pour tous ceux que les plans d'affaires intéressent. Les forces et les faiblesses de cette approche doivent être discutées. Ce livre aura rempli son objectif s'il contribue modestement à cet échange d'idées et d'opinions.

Si les plans d'affaires poussent à l'amélioration de la gestion, il faut développer leur dimension technique pour que cette amélioration devienne réalité. Les résultats visés doivent être décrits en termes suffisamment précis pour que les mesures de performance soient possibles. Ces objectifs sont à des niveaux superposés et interreliés. Les plans d'affaires sont soumis aux objectifs des programmes qui, eux, découlent des grandes politiques gouvernementales. La formulation des objectifs des plans doit permettre de résoudre les problèmes de coordination gouvernementale en permettant d'établir des priorités.

Dans l'autre sens, les résultats visés doivent mener à considérer des indicateurs réalistes. Un fonctionnaire fédéral mentionnait par exemple la difficulté de comparer résultats quantitatifs et qualitatifs. On peut viser à augmenter le nombre de compagnies canadiennes qui exportent mais il faut faire attention qu'en atteignant un tel objectif, on ne nuise pas à la viabilité financière des petites et moyennes entreprises qui doivent parfois s'endetter pour

entrer dans des marchés aussi lointains qu'aléatoires. Au fédéral, on espère pouvoir n'utiliser qu'un nombre relativement petit d'indicateurs, domaine dans lequel énormément de travail reste à faire.

## LES LEÇONS EN PERSPECTIVE

Comment juger l'effet des plans d'affaires? Au fédéral, les plans sont venus dans la foulée de la révision de programmes, en même temps que la phase 1 de l'amélioration des rapports au Parlement, le système renouvelé de gestion des dépenses, les changements de gestion de la Fonction publique, la Relève, etc. À Québec, ils sont venus dans la foulée des sommets socio-économiques où on espérait dégager de larges consensus dans la société. Partout, ils ont aidé à régler des déficits importants. Une des grandes leçons à retenir de l'expérience ontarienne est qu'il faut éviter de créer des attentes trop grandes vis-à-vis de mesures telles que les plans d'affaires. Il faut avoir des attentes réalistes sur les résultats.

L'étude de la stratégie est un domaine qui a connu un rapide développement au cours des quinze dernières années.<sup>12</sup> Elle se fait en recourant aux divers courants existant en épistémologie. Diverses approches méthodologiques sont aussi utilisées en parallèle. Mintzberg, Ahlstrand et Lampel ont regroupé les écrits en dix écoles qui ne recourent pas tout à fait celles considérées par les auteurs étudiés par Laroche et Nioche.<sup>13</sup> On étudie autant les processus, les communications entourant des changements stratégiques que leurs finalités. Alors que certains s'interrogent sur les fondements épistémologiques du management stratégique, d'autres soutiennent que les études en stratégie doivent être immédiatement utilisables par les gestionnaires. On s'inquiète aussi de la possibilité et de la capacité d'intégrer les analyses faites en recherche dans des schémas plus généraux utilisables en enseignement. Bref, la gestion stratégique est un champ de recherche en effervescence où on s'interroge sur ce qui doit être fait et sur les liens à faire avec d'autres disciplines.

L'étude de la stratégie dans le secteur public est faite autour d'un corpus plus limité mais plus unifié. Au Canada en particulier, elle s'est faite beaucoup en utilisant les travaux de Bryson ou de Nutt et Backoff. Dans une perspective inspirée de Bryson ainsi que de Charih et Paquin, la planification stratégique est vue comme étant axée sur la détermination des enjeux et la recherche de solutions ainsi que l'analyse de l'environnement. La planification stratégique présume que ceux qui la font sont rationnels.<sup>14</sup> Nutt et Backoff défendent dans cette perspective une approche qu'ils disent avoir développée à travers leur consultation.<sup>15</sup> Dans la même foulée, le processus en dix étapes proposé par Bryson présume une rationalité rarement atteignable dans le secteur public au Canada. Ces tentatives d'application de modèles développés pour le secteur privé sous-estiment le degré de complexité de certains secteurs d'activités des administrations publiques. Les conditions nécessaires pour que la planification stratégique soit un succès sont rarement réunies : les ministres ne s'y intéressent guère, le taux de rotation des sous-ministres est élevé, les choix budgétaires sont faits ailleurs, etc.<sup>16</sup> Les gouvernements ayant plus de problèmes à solutionner que de temps ou de ressources pour les résoudre, la réactivité prime souvent sur la planification.

Il existe de nombreuses organisations gouvernementales où la rationalité laisse à désirer. Ces organisations pourraient être décrites par le modèle des « anarchies organisées ».<sup>17</sup> On

peut pourtant conclure dans leur cas que la stratégie est néanmoins un succès parce qu'elle sert, d'un côté, à améliorer la légitimité de ces organisations dans leur environnement étatique, ou de l'autre, à cimenter leur culture organisationnelle. Au fédéral, les plans d'affaires sont perçus dans un effort pour passer d'un mode de réflexion gradualiste à un mode plus prospectif. Il ne faut toutefois pas y voir autant un système qu'une opportunité pour démarrer de nouvelles initiatives.

Les critiques de l'approche rationaliste ne sont pas nouvelles. Lindblom proposait son modèle gradualiste au début des années 1960. Sur le plan mondial, des organisations connaissent les mêmes problèmes de rationalité que les organisations dont il a ici été question. Voir par exemple les études sur Air France pour ce qui est des entreprises publiques,<sup>18</sup> sur le fonctionnement du ministère des Affaires extérieures canadien par des hauts fonctionnaires qui y travaillent,<sup>19</sup> et sur le *Foreign Office*.<sup>20</sup> Les ministères de l'Industrie et du Commerce en Ontario ou des Relations internationales au Québec peuvent aussi être vus comme des anarchies organisées. Ce qui n'empêche pas ces organisations de réussir ce qu'elles font.<sup>21</sup> Ce n'est pas parce que les administrations publiques sont des organisations très complexes que les plans d'affaires ne doivent pas être envisagés.

Le travail sera considérable au cours des prochaines années pour développer les bons indicateurs et pour considérer les niveaux de ces objectifs. Les modèles formels comme celui de Bryson suggèrent de distinguer mandats, missions, enjeux, stratégies et objectifs. Si un tel degré de formalisme est nécessaire, on n'a pas fini de discuter nuances. Est-ce que dans l'ensemble, le degré de sophistication dans les gouvernements canadiens sur ces notions est assez grand pour mettre en œuvre les plans d'affaires, ou est-ce qu'il n'existe que dans certains ministères ? En 1999, le nombre de soumissions au prix d'excellence de l'IAPC qui portaient alors sur les mesures de performance est tombé à environ une cinquantaine de projets alors qu'avant et depuis, il dépasse la centaine. Il est plausible d'interpréter ces résultats comme une indication que la mesure de la performance, qui était le thème du concours, était plus difficile et plus rare que les autres années.<sup>22</sup> C'est le message principal de ce livre. Il faut essayer et essayer encore. Parce que l'État est essentiel dans notre société, il faut améliorer sa gestion. Et pour ce faire, les plans d'affaires sont un pas dans la bonne direction.

## CONCLUSION

Ce que ce livre veut faire ressortir, c'est qu'en dépit de la complexité, les efforts de rationalisation des organisations publiques par des démarches telles que la stratégie, ne sont pas faits en vain. Au contraire, la stratégie peut permettre de donner un sens de la mission à une organisation. Dans les organisations du secteur public, ce n'est pas toujours le plan rédigé pour répondre aux besoins de transparence qui importe mais la version évolutive non écrite partagée par les membres de l'organisation. Nous croyons profondément qu'organiser les activités gouvernementales dans une perspective stratégique est une excellente idée.

Le projet du gouvernement de l'Alberta décrit ici a été finaliste pour le prix d'excellence pour gestion innovatrice de l'IAPC en 1999. Il a remporté la palme d'argent de la compétition. Au fil des rencontres avec les représentants des cinq gouvernements, nous n'avons toutefois

pu résister à la tentation de nous faire les avocats du diable. Est-ce que la gestion gouvernementale a été améliorée? La réponse semble être oui. Il faut toutefois admettre que les gouvernements qui ont participé à cette recherche ont profité d'une vague de prospérité exceptionnelle. Comme le ministre du développement économique de l'Ontario le soulignait dans la lettre d'introduction du plan de son ministère en 1998, l'Ontario se destinait à mener le Canada et le G-7 vers la croissance économique en 1999. Il n'est pas évident que tout cet appareillage intellectuel soit nécessaire pour plusieurs ministères, ni même utile. Mais il est important qu'après des années de morosité entourant le travail des fonctionnaires – morosité souvent entretenue par les politiciens – on puisse définir une vision qui motive les employés. Encore une fois, l'exemple du ministère du Développement économique de l'Ontario est intéressant : on y propose de dépasser les provinces ou les États américains avec qui l'Ontario est en concurrence pour attirer des investissements. Combien de ministères au Canada ont un tel sens de l'émulation?

### CE QU'IL RESTE À FAIRE

Le plan d'affaires en milieu gouvernemental présume que la gestion budgétaire lui soit liée. Les plans d'affaires gouvernementales devraient avoir priorité sur les nécessités budgétaires, mais il est difficile, après les années financières terribles que les gouvernements canadiens viennent de subir, d'espérer que ce soit le cas. Il y a encore énormément de travail à faire en ce sens. Les mesures de performance sont un domaine en pleine évolution. Il s'agit de développer les tableaux de bord qui permettront de suivre l'atteinte des résultats. Les plans d'affaires présumant également que des mécanismes de veille soient développés pour mieux lire l'environnement.

Combien d'années seront nécessaires pour que ces réformes changent la culture organisationnelle? Il faut espérer que des changements culturels seront possibles, comme l'intégration plan/ressources qui semble sur la bonne voie, selon le dire d'un représentant ontarien. Le plan d'affaires vient après une série de changements ou de tentatives de changements qui ont laissé plus d'un fonctionnaire désabusé ou cynique. Mentionnons en rappel les modes successives de la qualité totale, de la réingénierie, etc. Une des difficultés qui guette le plan d'affaire est l'idée que ce n'est qu'une mode passagère et qu'il suffit d'attendre pour qu'il ne soit pas nécessaire d'en tenir compte. Un enjeu de taille est la mise en œuvre des plans d'affaires développés.<sup>23</sup> Les échecs de mise en œuvre du passé expliquent que la planification stratégique de jadis soit maintenant fortement critiquée. Pour que les plans d'affaires ne connaissent pas le même sort, il faut s'assurer de ne pas refaire les mêmes erreurs. Les gouvernements sont généralement meilleurs pour formuler de nouvelles idées que pour accomplir leurs promesses.

Franklin Delano Roosevelt disait au plus profond de la dépression des années 1930 qu'il ne fallait craindre que la peur elle-même. L'État moderne est trop complexe pour que ses activités n'aboutissent pas à un certain nombre d'échecs. Certains échecs ne doivent pas entraver les efforts d'amélioration. Il est beaucoup plus facile de faire des commentaires sur les cinq gouvernements qui ont participé à cette étude que de développer les plans d'affaires comme ils l'ont fait. C'est la pratique qui déterminera le succès futur. Même dans des

organisations complexes, il est possible de dégager une vision collective de ce qui doit être fait. Ne serait-ce que si la contribution des plans d'affaires se limite à dégager cette vision, c'est déjà beaucoup. Aucun des présentateurs n'a dit que son gouvernement avait complété sa démarche. Les gouvernements sont encore dans une phase d'expérimentation où tout est commencé et tout reste à faire. Les plans d'affaires, outil trouvé en pleine récession, sont aussi porteurs de sagesse pour les périodes de prospérité.

## NOTES

- 1 Voir Mohamed Charih, « Le management stratégique dans le secteur public », *Optimum* 24 (1993), p. 5. C'est très proche de la définition de stratégie que donne le même auteur : « un processus permettant d'établir les orientations générales de l'organisation en définissant sa mission, ses objectifs, ses valeurs et sa philosophie de gestion, les produits et services qu'elle entend offrir et les moyens qu'elle compte utiliser pour atteindre ses objectifs. » Tiré de Mohamed Charih et Michel Paquin, *La planification stratégique dans l'administration gouvernementale : une comparaison Ottawa – Québec* (Ottawa: Centre canadien de gestion, 1993), p. iii.
- 2 « Le gouvernement fédéral a été plus introspectif sur ce sujet et n'a pas regardé ailleurs », fut la phrase utilisée par le représentant du fédéral. L'Alberta cite en exemple quelques États américains et Hydro-Québec. En Alberta, on a profité des sites sur l'Internet pour étudier comment la Nouvelle-Zélande et certains États américains ont travaillé dans ce domaine. On a constaté que l'échec relatif de cette méthode en Floride tient à l'absence de liens tissés avec la volonté des élus.
- 3 Donald Savoie et B. Guy Peters (dir.), *Taking Stock: Assessing Public Sector Reforms* (Montréal et Kingston: McGill-Queen's University Press pour le Centre canadien de gestion, 1998); Voir aussi Mohamed Charih, « Governmental Departmental Strategies: A Taxonomy of Strategic Behaviour », *Management International* 5 (2000), pp. 1–9.
- 4 David Osborne et Ted Gaebler, *Reinventing Government* (Reading, Mass.: Addison-Wesley, 1992); Voir aussi Mohamed Charih et Art Daniels (dirs.), *Nouveau management public et administration publique au Canada* (Toronto: Institut d'administration publique du Canada, 1997).
- 5 Voir Jean-Louis Denis, Ann Langley et Daniel Lozeau, « Les paradoxes de la planification stratégique dans le secteur public », *Optimum* 24 (1993), pp. 33–45; Melissa Middleton Stone et Candida Greer Brush, « Planning in Ambiguous Contexts: The Dilemma of Meeting Needs for Commitment and Demands for Legitimacy », *Strategic Management Journal* 17 (1996), p. 633.
- 6 Voir R. Richard Ritti et Jonathan H. Silver, « Early Processes of Institutionalization: The Dramaturgy of Exchange in Interorganizational Relations », *Administrative Science Quarterly* 31 (1986), pp. 25 – 42.
- 7 Voir Kenneth Kernaghan, Brian Marson et Sandford Borins, *The New Public Organization* (Toronto: IPAC, 2000).
- 8 Luc Bernier, *De Paris à Washington : la politique internationale du Québec* (Sainte-Foy: Presses de l'Université du Québec, 1996).
- 9 Henry Mintzberg, « The Fall and Rise of Strategic Planning », *Harvard Business Review* (January–February 1994), pp. 107–14; Henry Mintzberg, « Les nouveaux rôles de la planification, des plans et des planificateurs », *Gestion* (mai 1994), pp. 6–14.
- 10 Voir le texte de la conférence de Roland Arpin devant les membres de l'Institut de gestion financière de Québec, 2000.
- 11 Barbara Wake Carroll et David Siegel, *Service in the Field: The World of Front-Line Public Servants* (Montréal et Kingston: McGill-Queen's University Press, 1999).
- 12 Nous ne pouvons, faute d'espace, citer tous les textes pertinents à l'étude de la planification stratégique en milieu gouvernemental. Le lecteur pourra se référer à Mohamed Charih et Michel Paquin, « Les stratégies ministérielles. Une taxonomie », dans Mohamed Charih et Réjean Landry (dirs.), *L'administration publique sous le microscope* (Sainte-Foy: Presses de l'Université du Québec, 1997), pp. 89–106; et à

- John M. Bryson, *Strategic Planning for Public and Nonprofit Organizations* (San Francisco: Jossey-Bass, 1995); Sur la stratégie dans le secteur privé, voir Taïeb Hafsi, Francine Séguin et Jean-Marie Toulouse, *La stratégie des organisations : une synthèse* (deuxième édition) (Montréal: Éditions Transcontinental, 2000); Voir aussi les actes de la VI<sup>ième</sup> conférence de l'Association internationale de management stratégique tenue à l'École des Hautes Études Commerciales de Montréal du 25 au 27 juin 1997, ainsi que les numéros 1 et 2 du volume 2 de *Management Stratégique*.
- 13 Henry Mintzberg, Bruce Ahlstrand et Joseph Lampel, *Strategy Safari: a Guided Tour through the Wilds of Strategic Management* (New York: Free Press, 1998); Hervé Laroche et Jean-Pierre Nioche, *Repenser la stratégie : fondements et perspectives* (Paris: Vuibert, 1998).
  - 14 Bryson, *Strategic Planning for Public and Nonprofit Organizations*; Paul C. Nutt et Robert W. Backoff, *Strategic Management of Public and Third Sector Organizations: a Handbook for Leaders* (San Francisco: Jossey-Bass, 1992); Charih et Paquin, *La planification stratégique dans l'administration gouvernementale*; Charih et Paquin, « La planification stratégique dans un ministère : les motifs et les conditions de succès », *Optimum* 24 (1993), pp. 7–14; Charih et Paquin, « Plans stratégiques et politiques gouvernementales : une analyse de contenu », dans Mohamed Charih et Michel Paquin (dirs.), *Les organisations publiques à la recherche de l'efficacité* (Sainte-Foy: École nationale d'administration publique, 1994), pp. 77–89; Charih et Paquin, « Les stratégies ministérielles. Une taxonomie », dans Charih et Landry, *L'administration publique sous le microscope*; Charih, « Le management stratégique dans le secteur public », *Optimum*, p. 6.
  - 15 Nutt et Backoff, *Strategic Management of Public and Third Sector Organizations*, p. 167.
  - 16 Michel Paquin, « La planification stratégique dans les ministères québécois, » dans Gérard Éthier *et al.*, *L'administration publique : diversité de ses problèmes, complexité de sa gestion* (Sainte-Foy: Presses de l'Université du Québec, 1994).
  - 17 Michael D. Cohen, James G. March, et Johan P. Olsen, « A Garbage Can Model of Organizational Choice », *Administrative Science Quarterly* 17 (1972), pp. 1–25; John F. Padgett, « Managing Garbage Can Hierarchies », *Administrative Science Quarterly* 25 (1980), pp. 583–604.
  - 18 Taïeb Hafsi et Howard Thomas, « Managing in Ambiguous and Uncertain Conditions: The Case of State-Controlled Firms in France », dans Taïeb Hafsi (dir.), *Strategic Issues in State-Controlled Enterprises* (Greenwich, Conn.: JAI Press, 1988); Mansour Javidan et Ali Dastmalchian, « Why Planning in State Enterprises Doesn't Work », *Long Range Planning* 21 (1988), pp. 98–104.
  - 19 Allan Gotlieb, *I'll be with you in a minute, Mr. Ambassador: The Education of a Canadian Diplomat in Washington* (Toronto: University of Toronto Press, 1991).
  - 20 James Cable, « Foreign policy-making: planning or reflex? » dans Christopher Hill et Pamela Beshoff (dirs.), *Two Worlds of International Relations: Academics, Practitioners and the Trade of Ideas* (Londres: Routledge, 1994), pp. 93–117.
  - 21 Bernier, *De Paris à Washington*; Mintzberg, « The Fall and Rise of Strategic Planning », *Harvard Business Review*; Mintzberg, « Les nouveaux rôles de la planification, des plans et des planificateurs », *Gestion*; Stone et Brush, « Planning in Ambiguous Contexts: The Dilemma of Meeting Needs for Commitment and Demands for Legitimacy », *Strategic Management Journal*, p. 644.
  - 22 Voir Jean-Louis Malouin, « Mesurer ... la performance », *Management et Secteur Public* 10, n° 2, p. 11.
  - 23 David McKeivitt et Alan Lawton, « The Managers, the Citizen and Performance Measures », *Public Money and Management* (1996), pp. 49–54; Michel Paquin, « Innovation in Public Sector Management », dans Peters et Savoie, *Taking Stock*, p. 225.

### **Business Plans in the Public Sector: Conclusions and the Road Ahead**

In *The Name of the Rose*, Umberto Eco's protagonist responded to a perplexing question by saying that "If I had all the answers, I'd be teaching theology in Paris." We'll gladly go to Paris, but clearly we don't pretend to have all the answers. Business plans are not a panacea to what ails government, and too many doubts stand as obstacles to make business planning

a dogma of public administration. Nevertheless, it is clear that business planning is an important step forward and a significant improvement in managing the affairs of the state.

We examined five governments with noticeably different political traditions that use strategic planning mechanisms under a variety of names. The use of “business plans” is not limited to these governments. British Columbia has similar plans. Manitoba has installed a system of performance measures.

If there is a lesson to be learned, it is that these governments have improved their management through their distinct use of business plans. Saskatchewan, the smallest administration in this inquiry, has been able to adopt a more informal system of coordination in its planning. Each fall, cabinet establishes priorities for the next two or three years. The premier also establishes priorities with deputy ministers (half of whom have worked in finance and thus are keenly aware of the ins-and-outs of fiscal planning) according to performance agreements. It is difficult to imagine the federal government succeeding with this model. Size matters. In Ontario, where some ministries have budgets greater than the entire Saskatchewan government, the implementation of business planning has proven most difficult in the larger departments.

Business planning, as a private-sector activity, has limitations as a public-sector initiative. There is no denying that the system is vulnerable to political vicissitudes. The environment in the public sector is vastly more complex: more stakeholders, more unforeseen circumstances, a greater need for consensus.

A third factor is the deep-seeded cynicism created by past managerial reforms. Certainly, business-planning initiatives have been greeted with a “now what?” attitude that has been created by unfocused and half-hearted attempts to implement strategic thinking in government in the past.

Nevertheless, business-planning practices in government have been successful in establishing the legitimacy of agencies within the state apparatus and to consolidate internal cultures. It could be argued that the process of business planning is far more important than the actual result in that it offers a tangible opportunity for an organization to define itself in relation to the state and its stakeholders. Business plans thus communicate as much as they control.

However, the added value of a business-planning effort can be undermined if the amount of time its drafting requires is out of proportion. This certainly has been an issue in Ontario and in Quebec. A small ministry cannot dedicate as much effort to such a task as a large one.

We have also found that business planning may trigger changes in the management of employees. Clearly, new management methods and new organizational cultures must be created to facilitate and internalize business planning. For this to happen, there must be a buy-in from the highest political authorities. It is clear that in Ontario, as in Quebec, business planning has been a method of ensuring that political priorities are reflected in public administration. It has also proven to be a centralizing force.

For the cultural change to take place, the process will have to become transparent. Technological breakthroughs have allowed for a easy flow of information and there is no doubt that this capacity should be harnessed to make the insights necessary for successful business planning as widely known as possible. It almost goes without saying that the anticipated results must be clearly described and sufficiently precise so as to ensure that performance measurement is meaningful.

Business planning must remain a central activity of governments. Despite its uneven experience, despite its spotty record, business planning has proven to be a positive step. If there is a lesson to be drawn from our roundtable discussions, it is that business planning must be tried and tried again. What are the challenges ahead? Certainly, the relationship between budgeting and business planning has to be re-examined. Currently, the budget process supplants business planning. We think that this may evolve and that ultimately business planning may take priority. The task of defining performance measurement and performance indicators also needs to be refined. How long will it take for these changes to take effect? It will depend on the ability of public servants and elected officials to change the organizational culture. Only then will the suspicion that business planning is nothing more than a passing fad be erased. Much work still needs to be accomplished, but business planning seems well on the way to becoming an uncontested activity of the new public management.

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