



Treasury Board of Canada, Secretariat

Performance Report

For the
period ending
March 31, 1996

Improved Reporting to Parliament –
Pilot Document

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Foreword

This document was prepared as phase two of the Improved Reporting to Parliament Project which has been established within the Treasury Board Secretariat to improve the Expenditure Management information provided to Parliament, and to update the processes used to prepare this information. This is part of a broader initiative known as “Getting Government Right” to increase the results orientation and increase the transparency of information provided to Parliament.

During the period from August 1995 to June 1996, extensive consultations were held with Members of Parliament and other key stakeholders to examine options to improve the information provided to Parliament. A clear requirement was identified to provide a focus on departmental performance and actual results achieved.

In June, 1996 the House of Commons gave its concurrence to tabling, on a pilot basis, separate performance reports from sixteen departments and agencies. These pilot documents will be evaluated, and if Parliament and others endorse the approach, Parliament will be asked to formally approve the introduction of separate performance reports for all departments and agencies beginning in the fall of 1997.

These documents are also available electronically from the Treasury Board Secretariat Internet site: <http://www.tbs-sct.gc.ca/tb/key.html>

Comments or questions about this document, or the Improved Reporting to Parliament Project, can be directed to the TBS Internet site, or to:

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Treasury Board Secretariat

Performance Report

For the period to March 31, 1996

October 1996

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President's Message

The Government of Canada is committed to giving Canadians clear, meaningful and timely information on its spending plans and priorities. And, on how well we are doing in achieving the results expected.

I believe that better information will lead to more informed discussion and debate within government, in Parliament, and among the public. More informed debate will result in better decision-making, improved accountability and, ultimately, better government.

The new approach focuses on results. It requires federal departments to do three things. First, they must identify and communicate the results they expect to achieve. Second, they must measure these results. And third, they must improve the way they report to Parliament.

This year, as President of the Treasury Board, I am tabling the first performance report by the Treasury Board Secretariat and those of 15 other departments, along with my government-wide report devoted to improving the measurement of results and accountability for them.

The Secretariat's report is an attempt to give Canadians a clear sense of where the Secretariat is heading and what it has achieved.

Why should the report be of interest to you ? Because of the role the Secretariat plays in ensuring that taxpayers receive their money's worth from federal programs and services. And, because it is helping to make those programs and services more responsive to the needs and expectations of Canadians.

The Secretariat's report shows a central agency in transition, one becoming more strategic and policy-oriented and focusing on leadership and facilitation -- rather than depending solely on controls -- to help departments achieve results.

To this end, the Secretariat is focusing on five commitments to Canadians. They are to provide: effective expenditure planning and management; a professional and productive Public Service; modern comptrollership; leadership in using information technology; and support for the Canada Infrastructure Works Program.

We welcome feedback on this report to help us continue to learn and improve.

*Marcel Massé
President
Treasury Board of Canada*

Section I – Departmental Overview

Roles and responsibilities

The Treasury Board is a committee of the Queen’s Privy Council for Canada. The Board consists of the President of the Treasury Board, the Minister of Finance, and four other ministers appointed by the Governor in Council.

The Treasury Board Secretariat is the administrative arm of the Treasury Board. It is headed by a Secretary – Comptroller General, who reports to the President of the Treasury Board.

The Secretariat has a dual mandate to support the Treasury Board as a committee of ministers and to fulfil the statutory responsibilities of a central agency within government. It does this by providing programs that carry out the legislated responsibilities of the Treasury Board. These responsibilities come mostly from the broad authority of the *Financial Administration Act*, as well as from six other acts: the *Public Service Staff Relations Act*, the *Official Languages Act*, the *Access to Information Act*, the *Privacy Act*, the *Real Property Act*, and the *Public Service Employment Act*.

These management responsibilities cut across policy sectors managed by 22 operating departments and by roughly 100 other organizational entities as reported in the Main Estimates. In addition, the Treasury Board co-ordinates the government’s Canada Infrastructure Works (CIW) program.

Outcomes

As a central agency, TBS is committed to achieving five outcomes that support the President and Ministers of the Treasury Board.

TBS is committed to providing Canadians with:

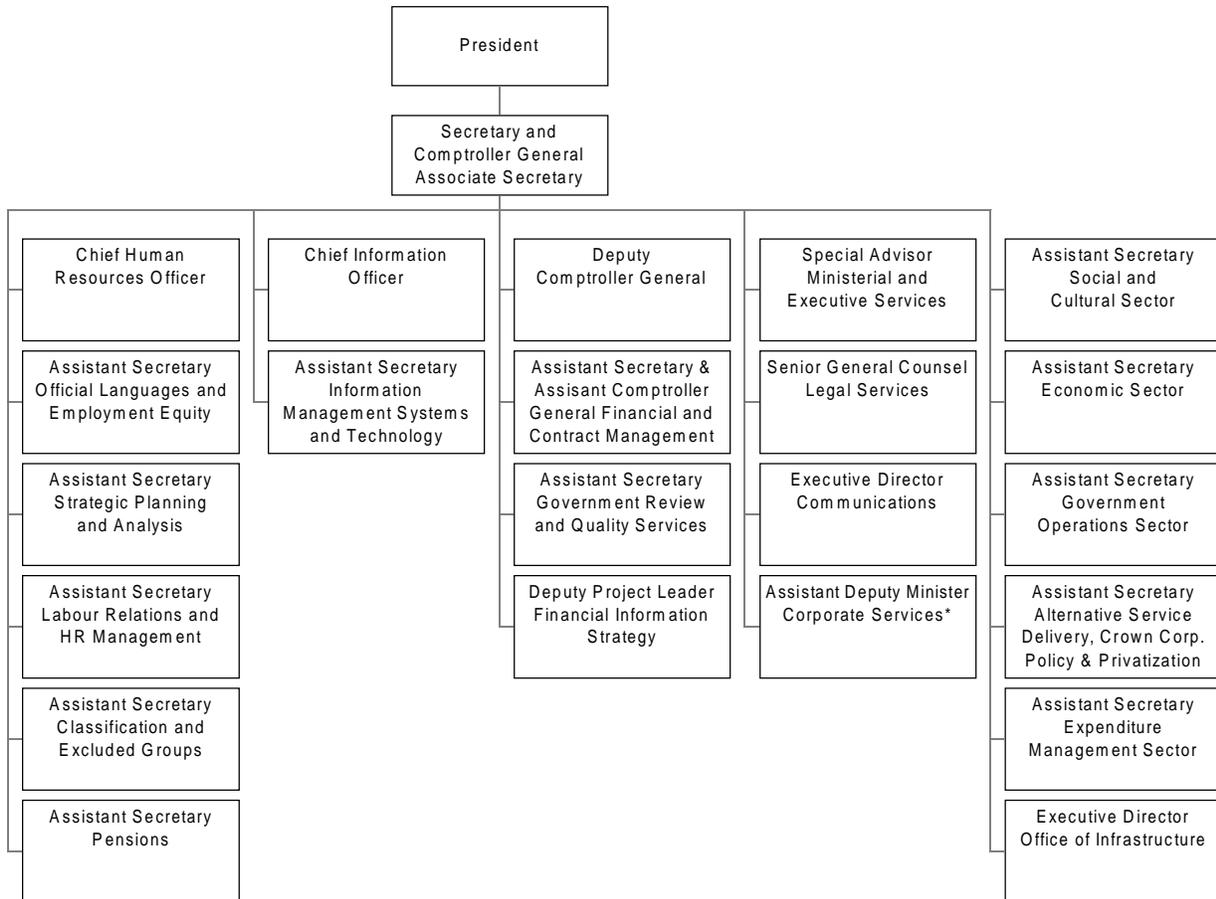
- effective government-wide expenditure planning and management;
- a professional, representative, and productive Public Service workforce;
- modern comptrollership for the management of government resources;
- leadership in the use of information technology across government; and
- support of the President in his role as Minister responsible for the Canada Infrastructure Works program.

To support the achievement of each of these outcomes, the Secretariat was recently reorganized to more effectively deliver its central agency role and provide its services through five business lines:

- resource planning and expenditure management;
- human resources management;
- comptrollership;
- information technology; and
- the Canada Infrastructure Works program.

Figure 1 reflects the current TBS organization chart. Section III of this report presents key results achieved through these business lines toward each of the Secretariat’s expected outcomes.

**Figure 1
TBS Organization Chart**



*Joint Services with Department of Finance

Resource Plans and Actual Expenditures in 1995-96

The following table presents an overview of how, in 1995-96, TBS spent the funds allocated to the department by Parliament, as reflected in the 1995-96 Main Estimates.

Table 1
Authorities for 1995-96 – Part II of the Main Estimates

Financial Requirements by Authority

Vote		Main Estimates 1995-96	Actuals 1995-96
		(thousands of dollars)	
	Central Administration of the Public Service Program		
1	Program Expenditure	75,190	81,451
(S)	President of the Treasury Board – Salary and motor car allowance	49	49
(S)	Contributions to Employee Benefit Plans	6,679	7,013
	Total Program	81,918	88,513
	Government Contingencies and Centrally Financed Programs		
5	Government Contingencies	450,000	
10	Reprography	1,369	
	Total Programs	451,369	
	Employer Contributions to Insurance Plans Program		
15	Public Service Insurance	738,007	640,008
(S)	<i>Public Service Pension Adjustment Act</i>	122	101
(S)	Unallocated employer contributions made under the <i>Public Service Superannuation Act</i> and other retirement Acts and the <i>Unemployment Insurance Act</i>		(4,813)
(S)	<i>Special Retirement Arrangements Act</i>		507,008
	Total Program	738,129	1,142,304
	Total Budgetary (Department)	1,271,416	1,230,817

Central Administration of the Public Service Program

This program consists of five business lines which provide advice and develop policies in the areas of expenditure, human resources, financial and information management, and infrastructure works, in addition to providing for departmental administration. The level of expenditure authority provided by the Main Estimates for the Central Administration Program was augmented during the year by transfers from other TBS programs. The funds estimated for Vote 10 – Reprography were increased to \$2.4 million, and transferred to the Central Administration Vote to cover royalty payments for the reproduction of copyrighted material. A transfer in the amount of \$3.9 million was also made from Vote 5 – Government Contingencies to cover costs associated to severance pay, maternity, and the Early Departure Incentive within TBS. Furthermore, a statutory adjustment under Contributions to Employee Benefit Plans was made for \$0.3 million.

Government Contingencies and Centrally Financed Programs

This program provides funds to supplement other appropriations for payroll and other requirements and for miscellaneous minor and unforeseen expenses not otherwise provided for. An increase of \$1 million to Vote 10 – Reprography was approved through 1995-96 Supplementary Estimates to provide for a new reprography agreement with the publishing industry bringing the total Reprography authority to \$2.4 million. Because of the nature of the Vote authority, no actual spending appears in the Government Contingencies and Centrally Financed Programs since those funds are allocated to, and then reported by, individual departments.

Employer Contributions to Insurance Plans

This program provides funds for contributions by the government, as employer, with respect to employee insurance and benefit plans. Because of a smaller workforce, less was spent on the Public Service Insurance Plan than was originally estimated.

The *Public Service Pension Adjustment Act* provides pension indexing for Public Service employees who retired before 1952. The *Special Retirement Arrangements Act* provides for retirement compensation arrangements that fund the Early Retirement Incentive program. This is explained in more detail later in this report. These expenditures are governed by statutory authority and were identified in the Supplementary Estimates for 1995-96.

Net Cost of the Central Administration of the Public Service Program

The following table provides a further comparison by business line for the Central Administration Program, between the Estimates made in 1995-96 and what was actually spent. A further explanation of any variances in spending versus estimates relating to each business line is provided in Section III – Departmental Performance.

Table 2
Net Cost of the Central Administration of the Public Service Program

Business Line / Activity	1995-96 Comparison of Main Estimates to Actuals									
	Human Resources (Full Time Equivalent)		Operating		Grants and Contributions		Statutory Payments		Total	
	Main		Main		Main		Main		Main	
	Estimates	Actuals	Estimates	Actuals	Estimates	Actuals	Estimates	Actuals	Estimates	Actuals
						(millions of dollars)				
Resource Planning and Expenditure Management	165	166	14.2	15.7			1.4	1.6	15.6	17.3
Human Resources Management	256	253	20.2	21.6			1.9	2.1	22.1	23.7
Comptrollership	100	112	7.6	9.9			0.8	0.9	8.4	10.8
Information and Technology	96	117	10.7	13.4		0.2	0.8	0.9	11.5	14.5
Infrastructure Works	7	14	0.8	1.2			0.1	0.1	0.9	1.3
TBS Corporate Administration	262	235	21.6	19.4	0.1	0.1	1.7	1.4	23.4	20.9
Net Cost of the Program	886	897	75.1	81.2	0.1	0.3	6.7	7.0	81.9	88.5

Section II – Departmental Performance

Overview

TBS serves Canadians by helping the government, departments and agencies manage their programs or services efficiently and effectively.

- TBS, in its budget office role, advises the Treasury Board on the allocation of resources to departmental budgets. The Treasury Board is responsible for the form and content of the Estimates which are tabled by the President of the Treasury Board and give Parliament the information necessary to support its role in approving funds for departments (Supply). Within the government’s Expenditure Management System, the Treasury Board also advises Cabinet on the efficiency and effectiveness of resource utilization, and the potential for reallocation and other adjustments to planned expenditures. TBS establishes the framework for departments and agencies to keep good financial records and also helps them develop information and reports that improve accountability.
- TBS is also the government’s central human resources and information technology agency. This means that we support the Treasury Board as the employer in the federal Public Service. TBS provides policy frameworks and strategies that support the direction of government and the business of departments in their use of human resources and information technology.

The five outcomes TBS has committed to achieve reflect two priorities important to Canadians. First, the Secretariat is helping to ensure that Canadians as citizens, clients, and taxpayers get maximum value from programs and services. Second, TBS is also helping to “get government right” by modernizing federal programs and services to meet the needs of Canadians, today and in the future.

The Secretariat has also made significant changes to its organizational structure and activities, both to support the current mandate of the President of the Treasury Board to implement the government’s Program Review and Public Service reform priorities, and to achieve its own departmental program review reductions.

As our most recent Outlook document states, “Our vision is a Secretariat which is strategic and policy-oriented in approach, focusing on leadership and facilitation, rather than depending on controls, in helping departments achieve desired results. We will provide, as much as possible, a single-window service to our departmental clients as a more integrated organization in which both individuals and units work across branch boundaries.”

The results presented in this section emphasize the key characteristics of this evolving role:

- helping define the future challenges and opportunities facing the Public Service;
- leading the process of transformation needed to respond to them; and
- providing an enabling environment to help departments and agencies better manage their own resources.

Key TBS accomplishments representative of the Secretariat's progress towards these outcomes include:

- TBS led the implementation of significant changes to the government's Expenditure Management System. These changes promote fiscally responsible decisions by focusing more attention on results, by requiring that new initiatives be financed through reallocation, and by encouraging the ongoing review of government programs;
- TBS has helped government realize significant savings and keep on track in implementing Program Review and other expenditure reduction exercises. TBS has also helped make major supporting adjustments in human resources management requirements and alternative service delivery;
- TBS has introduced major changes to the Public Service human resources management framework in such areas as labour relations and the job evaluation system. This will make the framework simpler, more efficient and affordable;
- TBS has helped improve accountability and reporting. The second annual report, *Getting Government Right: Improved Results Measurement and Accountability*, provides, for the first time, summaries of important results and commitments for most government programs. It also provides the most complete information yet on the review and performance measurement priorities of government;
- TBS has established a new management framework for the management of large information technology (IT) projects through closer co-operation with the vendor community; and
- A major evaluation of the Canada Infrastructure Works program (CIW) has found that it met its objectives. The program appreciably improved municipal infrastructure and created jobs for the unemployed.

This is TBS's first performance report using these business lines and indicators. We believe it provides a good sense of our direction and accomplishments. TBS will learn from experience and from the comments of parliamentarians and others so that we can improve our reporting. We encourage feedback on the material presented and, in particular, on the suggestions at the end of each section about possible future results indicators.

Business Line 1: Resource Planning and Expenditure Management

TBS is committed to providing Canadians with effective government-wide expenditure planning and management.

The government uses the Expenditure Management System (EMS) to establish its spending priorities. The Secretariat supports the Treasury Board by making recommendations on allocating approximately \$50 billion in Direct Program Expenditures, encompassing three areas:

- the operating and capital budgets of government departments and agencies;
- payments to dependent Crown corporations; and
- a broad range of transfer payments to organizations, individuals and corporations.

Existing legislation provides ongoing spending authority for the remaining government expenditures, for example, major transfer programs such as Employment Insurance, elderly benefits and provincial equalization payments, the Canada Health and Social Transfer, and as well, public debt charges.

To be effective, resource planning and expenditure management must also provide a framework that includes the processes, documents and advice necessary for Parliament, the government and individual departments or agencies to understand and communicate these plans and priorities. The Secretariat's performance can then be assessed against both the systems and the individual initiatives that support the EMS.

Funding for this business line

The Main Estimates for Resource Planning and Expenditure Management were \$15.6 million. Actual expenditures amounted to \$17.3 million. The difference is due to transfers from other authorities that provide for employee departure programs and employee benefit adjustments.

Performance measures and results

Allocating resources in accordance with government priorities

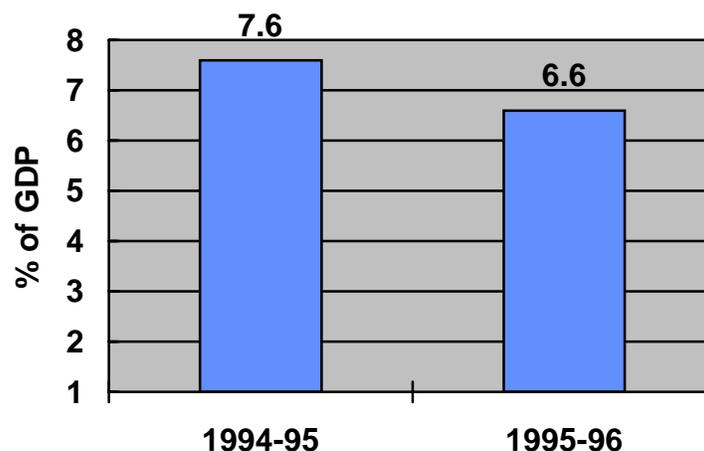
The Expenditure Management System is based on the principle that new initiatives can no longer be funded from central policy reserves. Consequently, high priority items must be funded by moving money from lower priorities. The Secretariat provides financial advice on the implications of these new initiatives and reallocations. One can measure the success of EMS by seeing how closely the government has stayed within its annual expenditure targets.

The government's ability to control spending through its approach to Program Review and deficit targets has led to greater planning stability. 1995-96 was the first year in over a decade during which the government did not have to cut current-year spending to meet its fiscal target.

Under the EMS, departments can be more certain of long-term funding. Firm long-term planning is essential for departments and agencies to make the sort of transition required by Program Review.

Direct program spending as a percentage of the Gross Domestic Product has also dropped, as shown in the following chart.

Figure 2
Percentage of Direct Program Expenditures to GDP



Implementing Program Review decisions

TBS helps the government ensure that its limited resources are directed to the highest priorities and to the areas where the government is best placed to deliver services. TBS helps departments adjust to cuts, program changes and new government-wide expenditure management priorities.

From 1994-95 to 1998-99, the government will reduce direct program spending by \$11 billion or 22 per cent. To date the government is on track with respect to achieving the expected savings targets.

Strengthening business planning

TBS is using a new departmental business planning process as the major focus for the Treasury Board to review and discuss the general direction for each ministry and to reassess the framework of TB policies and delegated authorities within which ministers and their departments operate. By reviewing such delegated authorities as project approval authority limits, the Treasury Board can ensure that they are appropriate to the department's situation. An evaluation of the first business planning cycle (1995) came to the following conclusions:

- In general, departmental plans presented credible strategies for achieving Program Review targets. These strategies were consistent with government-wide priorities. Moreover, the process has fostered a more strategic mindset in departments;
- The business planning process is reinforcing a results-based management culture across government. The best plans include firm commitments to fiscal targets, restructuring, and service improvements. They also present the basis for measuring and reporting performance;

- The presentation of key departmental plans to the Treasury Board by departmental ministers and their deputy ministers fostered better appreciation of departmental and interdepartmental priorities, pressures, and issues by all involved; and
- TBS used a “team approach” for dealing with business plans. This led to a better division of labour and a better application of “corporate knowledge.” It also generated a more strategic mindset across the Secretariat.

An evaluation of the 1996 business planning process is under way. It is focusing on the value added by the Treasury Board and its Secretariat in reviewing departmental Business Plans including suggested improvements to the process.

Effectively communicating government priorities to departments and agencies

Within the expenditure planning and management process, TBS is also responsible for establishing and communicating a framework of policies and guidelines to assist departments and agencies. During the reporting period, guidance on most of the major results areas within resource planning and expenditure management was provided through such documents as *The Government’s Expenditure Management System*, the *Framework for Alternative Service Delivery*, the *Guidelines for the Preparation of Pilot Departmental Performance Reports to Parliament* and *Departmental Business Plans – 1996*.

Further guidance relating to other specific processes has been developed to help with overall resource management:

- TBS has helped departments develop strategies that implement changes emanating from Program Review. It has also revised its own policy frameworks (including, as an example, the federal real property policy regime) making it easier for departments to change the scope and delivery of their programs and services; and
- The government is updating its policy on cost recovery. It is consulting major external stakeholders, as well as departments and agencies. The results will be available for next year’s performance report.

Similar results relating to effectively communicating and providing guidance and other tools to departments is provided under the other Secretariat business lines.

Eliminating impediments to efficient government

TBS has taken a leadership role in promoting and supporting the use of more effective and efficient ways to deliver government programs and services, in collaboration with departments, the provinces and non-governmental agencies.

In 1995, the Treasury Board Secretariat issued “*A Framework for Alternative Program Delivery*” as an important part of the government’s strategy for getting government right. It provides departments with the principles, criteria and strategies to promote the innovative use of program delivery instruments and arrangements to provide client-oriented and affordable government services.

The Treasury Board also approved the Employee Takeover Policy. This policy makes it easier to move a service or function from public to private-sector delivery by giving employees the opportunity to create a business to deliver the service or perform the function in question.

The 1996 Budget announced three major new service agencies. Each agency will have greater autonomy for providing more responsive and cost-effective services to Canadians. TBS plays a key role on the implementation teams of each agency in developing more flexible policies and approaches. For example:

- The *Budget Implementation Act* amended section 37 of the *Financial Administration Act* so that Parliament can consider the advantages of permitting more stable multi-year funding.
- The *Financial Administration Act* was also amended so that people outside the Public Service may exercise and perform any of the powers and functions of the Treasury Board in relation to personnel management in the Public Service. This change encourages partnering and other arrangements involving more than one federal department.

TBS also helped the government commercialize government services to improve efficiency while protecting the public interest, and to privatize programs and services that no longer serve a public policy purpose. We helped:

- Finance Canada sell 123.9 million shares in Petro-Canada for net proceeds of over \$1.7 billion;
- Transport Canada sell 80 million shares in CN, which raised just under \$2.1 billion, after sale expenses;
- Transport Canada transfer the Air Navigation System to the private sector;
- Public Works and Government Services Canada privatize the Canada Communication Group; and
- the National Capital Commission privatize its management and maintenance operations.

Better expenditure management information for Parliament

It is essential that Parliament has results-oriented, comprehensive, understandable and timely information, so that Canadians can see how they benefit from effective government-wide expenditure planning and management. TBS is developing recommendations for improving the Estimates and public accounting process so that this information is more useful to parliamentarians and provides for greater accountability and efficiency in departmental presentations, and in the reporting process.

Working with several other departments, TBS piloted an approach that will improve both the results-orientation and efficiency of expenditure information. Six departments and agencies presented their 1996-97 Part III of the Main Estimates documents on this basis in March of this year, and for the first time, 16 departments are presenting performance reports this fall.

TBS is also helping develop pilot reports that will better inform Parliament about short-term changes to expenditure priorities and plans within the approved control framework.

This initiative is also an important element within the Comptrollership business line.

Next steps

In future performance reports, TBS plans to add performance measures and results to show how it provides effective government-wide expenditure planning and management, including:

- ✓ how TBS is helping to achieve government, fiscal, expenditure reduction and re-engineering targets;
- ✓ Reporting on feedback from its clients (Cabinet, parliamentarians, the Auditor General and departments) on how the system of expenditure planning and management has served their needs and what further changes might be considered;
- ✓ the progress that has been made in introducing alternative service delivery (ASD) options; and
- ✓ measuring the effectiveness of steps taken to strengthen the business planning process when it evaluates results from the current (second) round of Business Plans.

Business Line 2: Human Resources Management

TBS is committed to providing Canadians with a professional, representative, and productive Public Service workforce that can deliver government programs and services.

TBS is responsible for major components of the human resources management framework for the Public Service and for ensuring that this framework is consistent with, and supportive of, the government's business directions and priorities. TBS:

- provides human resources related support and advice to the President and to the Treasury Board Ministers in their capacity as general manager and employer for the Public Service;
- has core responsibilities in the areas of collective bargaining and labour relations;
- manages the pension program, employee benefit and insurance programs, executive group classification and compensation, pay equity, employment equity, official languages, and general human resources management policies; and
- provides departments and agencies with human resources management policy direction, interpretations, and advice.

Effective human resources management requires the involvement of many partners. The Secretariat must work with other central agencies; with the deputy heads and departmental managers, who are responsible for the day-to-day operation and delivery of human resources policies and programs; and with the Public Service unions.

During the reporting period, TBS responded to two key challenges. First, it ensured that the government could meet the human resources management requirements needed for supporting major government priorities such as Program Review and alternative service delivery. Second, it ensured that Public Service human resource systems, policies, and processes were modernized, made simpler, more efficient, and affordable.

At the same time, TBS has continued managing and administering the programs and services for which it is responsible, and supporting departments and agencies that deliver human resource activities.

A constant theme in human resources management is the need to make sure that a strong, committed and productive workforce is available to deliver programs and services to Canadians. Attention must be paid to the needs of existing Public Service employee, the need to attract and retain new talent, as well as to leadership, motivation, professional and career development, career opportunities, labour-management relations, employment equity and diversity. Another important element is the level of satisfaction of Public Service employees with their jobs and the environments in which they work.

Funding for this business line

Actual spending on the Human Resources Management business line in 1995-96 was \$23.7 million, a small increase in the planned expenditure of \$22 million. The difference results primarily from an investment in information technology.

Performance measures and results

To achieve this outcome, TBS has identified a number of key human resources management result areas.

Implementing the human resources management requirements supporting Program Review and alternative service delivery

The size of the Public Service declined from 225,619 on March 31, 1995 to 207,977 by the end of March 1996. TBS responded to this major change with innovative human resource approaches, as well as significant advice and support to departments and agencies.

To support Program Review, TBS implemented the Early Departure and Early Retirement Incentives (ERI and EDI) and related programs announced in Budget '95. As of March 31, 1996, 19,337 Public Service employees left the Public Service through these programs and other forms of separation. These two programs allowed departments and agencies to meet their resource reduction targets, while ensuring that departing employees were treated fairly and responsibly.

- Budget '95 also established two new leave programs, Pre-Retirement Transition Leave and Leave with Income Averaging, that help departments deal more effectively with downsizing. These leave programs provide more options for managing labour.
- In consultation with departments, TBS is using a Management Accountability Framework and a Review Guide that help conduct audits on workforce reductions. These audits will show how well the departure programs worked.
- Budgets '95 and '96 introduced the Workforce Adjustment Directive and related changes that support alternative service delivery (ASD). Fourteen of the 15 unions have signed a Memorandum of Understanding that modified existing collective agreement provisions by expanding the "reasonable job offer" guarantee. This guarantee will now include offers made by outside employers when work is transferred due to ASD. These changes balance employment continuity with affordability.
- New national and regional joint adjustment committees allow unions and management to play a more strategic role in the downsizing process.
- The government amended the Public Service Superannuation Act, the Financial Administration Act, the Public Service Employment Act, the Public Service Staff Relations Act, and the Canada Labour Code. These amendments support alternative service delivery and help departments balance Program Review objectives with the fair treatment of employees.

TBS's next report will present measures and results that will show how satisfied departments are with the different tools for implementing alternative service delivery initiatives and with advice and guidance on resolving human resource issues. These tools include policies, guidelines, communication and implementation strategies, and various forums.

Simplifying human resource management

TBS is simplifying the job evaluation system so that all Public Service work will be evaluated on the same criteria, will be gender-neutral and will comply with the *Canadian Human Rights Act*. One standard will replace the current 72, allowing greater flexibility and simplified pay and staffing systems. Once it is universally applied, this system will reduce the cost, complexity, and rigidity of the current system. As TBS develops the standard, it is consulting unions, departments, the Canadian Human Rights Commission and Auditor General staff.

Building a positive labour relations environment

Budget '96 announced the return to collective bargaining. To prepare for this, TBS is working with unions and departments on redesigning the collective bargaining process so that it is simpler and more efficient. A redesigned process will allow all issues of cost to the employer and value to employees to be brought to the bargaining table.

The new process is proposed for the round of collective bargaining beginning in early 1997. TBS is also seeking to simplify the bargaining process by reducing the number of bargaining tables and negotiating government-wide issues at a 'master table'. The performance measure for collective bargaining will be the number of timely negotiated agreements that meet fiscal requirements. The results of this process will be reported next year.

Enabling departments to manage human resources effectively and efficiently

TBS provides advice, policy direction, and tools that help departments manage human resources effectively and efficiently. TBS monitors these policies so that they continue to be relevant and useful and that they effectively communicate the human resource priorities and policies of the government. TBS does this by consulting, holding learning events, sharing best practices, and analysing statistical data and trends.

- An independent study asked departments about the help that TBS provided during the downsizing period. The study found that the guidance was effective, but that it could have been more timely. The Auditor General and human resource and audit communities have clearly indicated that TBS guidance has significantly improved since the cash-out audit of 1992.
- TBS provided human resources related advice to departments on the directions, strategies, and flexibility that they need for implementing changes in departmental budgets and programs. It did this through integrated Secretariat-wide business planning teams.

Renewing and rejuvenating the management cadre of the Public Service

As part of renewing and rejuvenating the Public Service, the Management Trainee Program was established in 1990. It recruits and develops recent university graduates for future management positions. Since 1990, 515 management trainees have been recruited and 72 are expected to graduate from the Program in 1996.

The Secretariat is also examining demographic studies and surveys so that it can better understand the loss of key executives. Executives are key to Public Service renewal, so TBS is helping develop strategies that attract, retain, and train them. In 1996, for example, the government reinstated performance pay for executives. TBS will study other options and will make recommendations to the Treasury Board Ministers. The impact of these strategies will be reported in future performance reports.

Building a representative Public Service

Employment equity will achieve a Public Service that represents the population it serves. The Treasury Board's responsibilities for employment equity relate to those organizations for which it is the employer. These responsibilities are based on specific provisions of the *Financial Administration Act*, which will soon be replaced by the new provisions of the *Employment Equity Act*. Responsibilities include eliminating any employment barriers, and implementing positive policies aimed at the equitable representation and participation of designated group members. The Treasury Board also tables an annual report to Parliament on employment equity.

A new *Employment Equity Act* received royal assent in December 1995. The Treasury Board and other Public Service employers will be subject to the same legislation as other employers in the federally regulated sector.

- TBS also developed an accountability framework for managers, which includes performance indicators that are linked to the Act's requirements. The framework is currently being tested in a number of departments and will be disseminated to departments and agencies for use in the 1997-98 employment equity planning and reporting cycles.

TBS continues to work with departments in identifying and removing barriers to the participation of designated group members in the workforce and thus further closing the gaps between representation and availability. Numerical goals for hiring and promoting have been revised to cover the 1995-98 period and continue to help departments focus on pools of qualified candidates in the designated groups.

Table 3
Representation of Employment Equity Group Members
(as of March 31, 1996)

Employment Equity Group	Labour Market Availability	Public Service Representation	Executive Group Representation
Aboriginal persons	2.6%	2.3%	1.6%
Women	47.3%	48.2%	21.3%
Members of visible minorities	9.0%	4.5%	2.3%
Persons with a disability	4.8%	3.1%	2.1%

Table 4
Anglophone/Francophone Participation
(as of March 31, 1996)

Group	Public Service Representation	Executive Group Representation
Anglophone	71.0%	76.0%
Francophone	29.0%	24.0%

Serving the public in both official languages

TBS directs and co-ordinates federal policies and programs on the Official Languages Program. This program applies to federal institutions and to other organizations subject to the *Official Languages Act*. TBS helps ensure bilingual service to the public, bilingual workplaces and the participation of English-speaking and French-speaking Canadians in federal institutions.

- TBS is helping federal institutions provide quality bilingual services from their offices. A report was submitted to the Standing Joint Committee on Official Languages to address problems identified with respect to the availability of service to the public in either official language. According to analyses from federal institutions and action plans that were presented, the situation has noticeably improved.

Service in the language of the client's choice, provided in person or over the phone, is now available in 98 per cent of federal offices, compared to 85 per cent and 88 per cent respectively in 1994-95.

Next steps

TBS plans on adding these further performance measures and results:

- ✓ the level of client satisfaction with human resources management system components;
- ✓ the size, skill composition, and other demographic features of the Public Service;
- ✓ organizational health indicators based on sick leave, grievances, complaints, and information from employee survey results;
- ✓ the degree to which retention issues are addressed; and
- ✓ achievement of employment equity goals.

Business Line 3: Comptrollership

TBS is committed to providing Canadians with modern comptrollership to manage government resources.

Modern comptrollership implies vigorous stewardship of public resources, a high standard of ethics, and provision for appropriate parliamentary oversight. But if managers are to deliver affordable and high quality services to Canadians, they must have flexibility, incentives, and information. The focus of modern comptrollership, therefore, is on results, accountability, and managing risk.

These core features of the modern comptrollership framework are already in place:

- a single consolidated revenue fund;
- a disciplined Estimates and supply process consistent with parliamentary rules;
- a solid body of financial administration policy;
- a highly professional financial staff and review staff;
- efficient and effective management practices within departments; and
- effective financial performance reporting practices.

Based on reviews of departmental performance, including audits by the Auditor General and documentation reviewed by parliamentary committees, we believe these features are all functioning effectively. Nevertheless, these features need updating and improving so that the government can serve Canadians and respond to modern technology and other changes. The government is also implementing up-to-date control and accountability practices that are consistent with current government priorities. This can be shown in terms of four additional indicators of performance, each discussed separately below.

Funding for this business line

The Main Estimates for comptrollership were \$8.3 million. Actual expenditures totalled \$10.8 million for a difference of \$2.5 million. The difference is due to a transfer from within TBS's overall budget which provided more funding for the quality services initiative (\$0.4 million), the Financial Information Strategy (\$0.5 million), and the Review Workplan (\$0.6 million). The remaining variance consists of ERI payments and employee benefit adjustments covering branch employees.

Performance measures and results

To achieve this outcome, the Secretariat has identified a number of key comptrollership performance measures and result areas.

Focusing accountability and performance reporting on results

Balanced reporting requires that we see and measure both the results we achieve and the resources we apply. This transparency helps establish more balanced incentives for public

managers. It also helps ensure that relevant information is available for management decisions. To make reporting more transparent, we must improve the reporting of results, the accounting structures that focus on results, and the measurement of costs.

The government has improved its reporting by tabling in the House an annual report on results and performance. This year's *Getting Government Right: Improved Results Measurement and Accountability* is the second annual report.

For the first time, it provides summaries of important results commitments for most government programs, as well as the most complete information yet on review and performance measurement priorities. It also describes initiatives that strengthen both departmental and government-wide measurement and reporting.

The government has also improved electronic access to findings of reviews. Many of these reviews are on the TBS Internet site, and on most departmental Internet sites.

The government has also started redeveloping the financial accounting framework of government. This framework is based on key commitments consistent with the decisions of Program Review, as well as with budget and policy decisions. This framework will ensure access to reliable and consistent information that is linked to results and to the full costs of delivering those results.

Implementing full accrual accounting

The government proposes to move to accrual accounting as part of the Financial Information Strategy (FIS). FIS will update government accounting. It will also help improve management accounting and accountability, both in individual departments and throughout the government.

FIS should be fully implemented by 2001. In the meantime, the government is providing timely, credible, and high-quality financial information. It is helping departmental managers understand and use the true costs of the programs they manage. For the last five years, the Auditor General has issued an opinion on the audited financial statements of the government without reservation.

The government is making significant progress. It has published a draft Control Framework, finished User Requirements, completed a Risk Assessment and developed draft accrual accounting policies.

Integrating quality service into departmental operations

Management excellence is at the heart of the government's quality service initiative. By pursuing client-focused quality service, we believe that Canadians will be more satisfied with the delivery of federal services that are affordable, accessible, and responsive.

As a baseline, in the spring of 1995, Statistics Canada surveyed federal government employees to see how much they use practices that support quality service delivery. The results showed that these practices have been introduced to an extent comparable to the private sector.

To broadly communicate the government's commitment to delivering quality services, the following message, signed by the President of the Treasury Board, was inserted into 5 million government cheques to Canadians, including federal public servants:



The Government of Canada is committed to delivering quality services to Canadians that:

- are prompt, dependable and accurate;
- respect dignity, individual rights, privacy and safety;
- comply with the *Official Languages Act*;
- are good value for money, and consolidated for improved access and convenience;
- communicate applicable rules, decisions and regulations;
- are regularly reviewed and measured against published service standards;
- are improved wherever possible, based on client suggestions, concerns and expectations.

Canada

Developing policies and tools that deliver services effectively

Rather than focus exclusively on policies and standards, TBS continues developing tools that help managers maintain modern control and accountability in their increasingly diverse management situations. This work is best illustrated by the following recent examples.

- In 1992, the Auditor General was concerned about the way that departments were applying the payment-in-lieu (cash out) provision of the Workforce Adjustment Directive. To reduce the future risk of improper understanding and to clarify responsibilities and accountabilities, TBS provided all departments with a management and accountability framework and with an audit guide. This policy now seems better managed and the Auditor General has reacted positively to the changes.

- A streamlined TB submissions process has been implemented. This process eliminates the need for TB review and approval of a variety of routine proposals. For example, there are now 20 per cent fewer contract submissions. Departments must still ensure that the proper management controls are in place.

Next steps

In future performance reports, TBS plans on adding further performance measures and results that show how it provides modern comptrollership to manage government resources, including the following:

- ✓ government-wide measures of client satisfaction and the level of integration of quality services into departmental operations;
- ✓ results achieved toward, and the impact of, implementing accrual accounting; and
- ✓ improved accountability and performance reporting (such as the next President's Review report).

Business Line 4: Information and Technology

TBS is committed to providing Canadians with leadership in using information technology (IT) to support the government's renewal agenda.

Information technology is one of the key strategic tools for Public Service reform and for improving service delivery. To realize these results, however, key information technology and management issues must be dealt with horizontally both within and across governments. The Chief Information Officer (CIO) Branch was recently created to provide a long term strategic orientation and leadership to IT issues across government.

Funding for this business line

The Main Estimates for Information and Technology were \$11.5 million, compared with actual expenditures of \$14.5 million. The difference was primarily the result of a new reprography agreement (\$2.4 million) with the publishing industry to cover royalty payments for the reproduction of copyrighted material. The remaining additional expenditures were due to ERI/EDI, adjustments to employee benefits and funding for IT activities that were provided from within the overall TBS budget.

Performance measures and results

Through its focus on the key performance areas presented below, the CIO Branch will be accountable for its strategic leadership in creating a practical vision of how government can use new information technology. It will also develop strategic methodologies that show when and how to integrate government information technology investments to help managers move government operations to cost-effective, shared and common information technology platforms.

Investing strategically in information technology

The Auditor General has reported that the government is making good progress in using information technology for renewing government services. TBS is developing a strategic investment plan for information technology that focuses on strategic oversight and facilitation to help departments maximize benefits and contain costs in implementing IT.

The Information Management Sub-Committee (TIMS) of the Treasury Board Secretariat Advisory Committee (TBSAC) is helping government develop methods for a client-focused approach to service delivery and identify opportunities for streamlining service delivery by integrating services across federal departments and with provinces.

This Deputy Minister-level committee has a mandate to improve service delivery to the public and increase productivity through the strategic use of IT and related technological change. Three working groups ('enterprises') with representatives from 16 departments have been established. The Information Services Enterprise (ISE), facilitated by Industry Canada, is addressing delivery of information services to Canadians and Canadian businesses. The Human Services Enterprise (HSE), facilitated by Human Resources Development Canada, and the Business Services Enterprise (BSE), with Revenue Canada, are addressing delivery of services to Canadian citizens and Canadian businesses. Funding of \$1.45 million was recently provided to advance work on

specific client-focused pilot projects proposed by ISE and HSE. The ISE is facilitating development of two electronic information toolkits: the Export Readiness Toolkit and the Job Information Toolkit. The HSE is pursuing specific opportunities to streamline transactions with Canadians and is working with selected provinces as well as with Citizenship & Immigration Canada.

- The Canadian government has become the first national government to invest in a Public Key Infrastructure (PKI). A PKI provides public key encryption and digital signature services to designated information and electronic commerce transactions. This allows the government to seamlessly knit systems and technologies together, thus meeting both its business activity and security requirements.
- TBS led the development of a range of IT standards, in collaboration with departments. These standards make sharing software and data across government easier and reduce the up-front time and costs usually spent developing new systems projects. In future, the TBS focus will be on the application of IT standards rather than their development.
- The Information Technology Security Committee has identified a number of common requirements and common IT security solutions that support the business activities of the Government of Canada. As a result, the government has invested in the component parts of the IT Security Framework, including Advanced Card Technology, Electronic Authorization and Authentication, Confidentiality and Privacy, and Firewalls and Gateways. This has led to a number of opportunities for government/private sector partnering.

Using enabling technology that supports program delivery

The government is committed to being a model user of information and communications technologies to improve service to Canadians and save money. TBS is supporting this commitment in several ways.

TBS has indicated that electronic processes will become, by 1998, the preferred means for the government to conduct its business. This will help provide more affordable, accessible, and responsive services to Canadians. More than 150 electronic commerce projects have been identified, ranging from filing taxes to receiving and settling credit cards. An inventory of electronic commerce projects is available on the Internet at <http://www.intergov.gc.ca>.

- Provinces, Territories, municipal government representatives, and federal departments are working to explore joint electronic delivery of government information and services to Canadians. TBS is managing the Canadian Governments On-line (CGOL) project, on behalf of participating governments and federal departments. An interactive electronic catalogue of on-line services and information delivered by federal, provincial, territorial, and municipal governments across Canada has been created and made accessible through an intergovernmental Internet site. Joint planning sessions have been held with participants and specific projects selected for further action for 1996-97.

TBS led the implementation of an Internet strategy that enables departments to better deliver government programs and information electronically. The Government of Canada Internet site, at <http://canada.gov.ca>, provides a single convenient access point to government information on the Internet, and presents a strong image of Canada, its people, and governments to the world. More than 4,000,000 users visited this site during its first nine months.

Greater co-operation among departments on information technology issues

Through the Shared Systems Initiative, TBS has fostered greater co-operation between departments in developing common IT solutions to common problems. Money is also being saved by reducing the large number of independent financial, materiel, and administrative systems in government. If a shared system already exists, departments must now get TBS agreement before it buys or develops a non-shared system. Results achieved in common shared systems and decision-making among departments include:

TBS in cooperation with departments selected a new Integrated Financial-materiel Management System (IFMS). Departments that adopt the IFMS are expected to achieve savings: as an indication, three departments currently participating expect savings of approximately \$1.6 million compared to the cost of conducting similar exercises individually.

- Seventeen departments are adopting the PeopleSoft Human Resource Management System. The use of a government-wide license will save substantial amounts over the life of the contract, and these departments are also sharing many of the implementation and other costs of adapting the software to the public service environment. In 1995-96, the departments spent approximately \$500,000 on these activities, avoiding a potential \$8.5 million in costs had the solutions been pursued separately.
- The Council for Administrative Renewal (CAR), representing departmental, central and common services agencies, serves as a model of interdepartmental cooperation committed to reducing the cost of government administration through tangible projects. CAR members, with the support of TBS, actively promoted the development of several streamlined processes and systems crossing traditional boundaries of financial, personnel, materiel and other administrative management areas.
- In consultation with stakeholder communities, TBS published a *Guide for Re-engineering Procurement and Payment* and a *Guide for Re-engineering Pay and Benefits* to help departments redesign these processes and provide managers with a practical tool they can use to plan and conduct re-engineering initiatives. The Guides suggest technology-based solutions to improve service to employees and managers, enhance the working environment of these processes, and reduce costs.
- The Locally Shared Support Services initiative has yielded savings and efficiencies across the country where departments have pooled their administrative services. In 1995, the best initiatives were documented and the President of the Treasury Board shared them with his parliamentary colleagues.

Improving relationships between government and the IT vendor community

TBS is making the improvement of governments' partnerships with the vendor community a priority in supporting the strategic and effective use of technology. The approach builds on the strengths of both government and industry to deliver innovative IT solutions, for example, by making maximum use of existing commercial software products and services of the IT vendor community. The CIO Branch will involve the private sector in a joint forum for developing IT service delivery models, and a government-industry working group has also been created for examining federal IT procurement. Current results from this improving relationship include:

- TBS has established a new management framework to address identified issues in government management of large IT projects through closer co-operation between vendors and departments.

Through a Joint Forum co-chaired by TBS and the Vice President of the Canadian Federation of Independent Business, fifty per cent of the almost 100 paper burden irritants identified by business in their dealings with major federal departments have been eliminated. A baseline study for measuring future progress has been undertaken.

Breaking down the barriers

The government must identify and where possible remove information barriers to effective service so that Canadians can interact more easily with their government.

- TBS has developed a new Information Management Policy Framework to reduce impediments to more efficient delivery of government information-based programs and services and improve public access.
- TBS supports the President in fulfilling his responsibilities under the *Access to Information Act* and the *Privacy Act*, primarily through advice and guidance to departments and agencies on their duties to inform Canadians and to safeguard their privacy. TBS publishes *Info Source*, a series of publications and databases containing information about the organization of the Government of Canada, its programs, services and information holdings. To further help the public exercise its rights, a new *Info Source* product, the *Directory of Federal Government Databases*, responds to public requests for a listing of federal information holdings in electronic formats.

Renewing the IT community

An integral part of TBS's leadership is to ensure that the government's IT professionals have the necessary combination of core competencies, skills and training for the future.

- Based on insights from a major TBS survey of federal government IT/IM professionals into several key demographic, job skill, and training issues facing the community, TBS is planning a further review and forecasting of trends in the knowledge, skills, and abilities that these professionals will need and develop models, including requirements for their hiring, training, classification, compensation, and retention.

Next Steps

More complete performance measures and reporting against the new CIO mandate will be included in the next TBS performance report.

Business Line 5: Canada Infrastructure Works program

TBS is committed to supporting the President in his role as Minister responsible for the Canada Infrastructure Works (CIW) program.

The Canada Infrastructure Works program was created, in 1994, to improve Canada's municipal infrastructure and to create jobs. Federal funding of \$2 billion was matched by contributions from provincial and municipal governments.

When the program was established, a special Cabinet responsibility was created and the Secretariat was asked to provide an administrative home for the Office of Infrastructure, and to help provide its budget and staff requirements.

Funding for this business line

In 1995-96, the actual costs exceeded those shown in the Main Estimates by \$445,000. These Estimates were underestimated because, at the start of the first full year of operations, it was still unclear what the expenses would be.

Performance measures and results

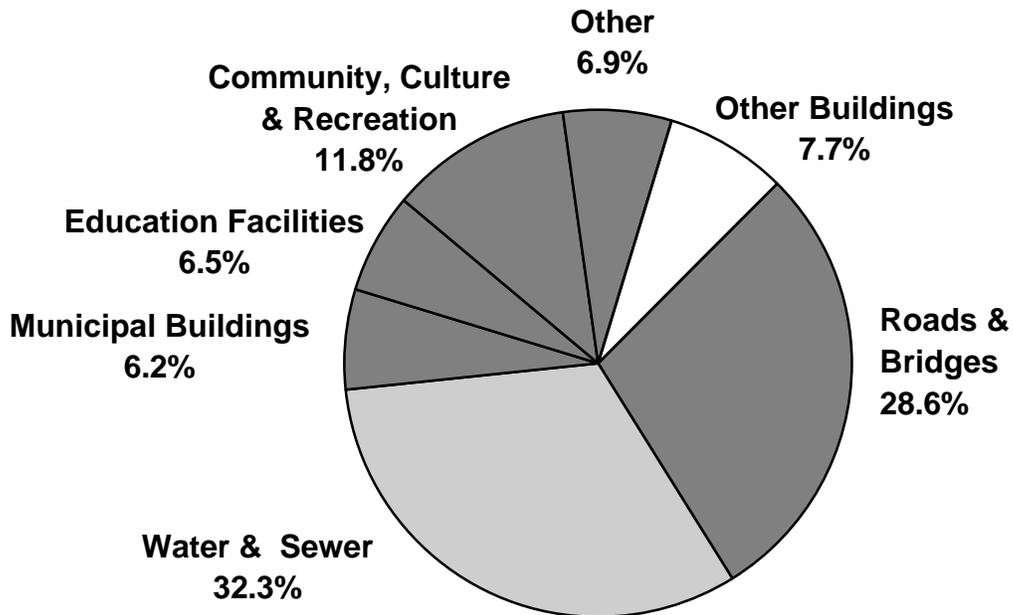
Improving Canada's physical infrastructure

This program has improved the physical infrastructure of communities. Here are some examples of what it has achieved.

By August 1, 1996, the program had committed about 98 per cent of the federal government's \$2 billion allocation. Roughly 12,300 projects rehabilitated existing infrastructure and built new facilities in local communities. These projects had a total value of more than \$6.5 billion. Sixty per cent of Canadians surveyed indicated that they were aware that the program helped renew the infrastructure in their community.

Program funds were allocated to the different types of infrastructure as illustrated in the graph below.

Figure 3
Funding Allocations by Type of Infrastructure Project



An evaluation report of the CIW found that program funds were, in the main, spent wisely and that “the condition of municipal infrastructure was appreciably improved.”

Creating jobs

The program also created jobs. The \$6.5 billion in spending on capital facilities resulted in more than 100,000 construction-related jobs both on- and off-site. Applicants estimated that about 9,500 permanent jobs will be created in community-owned facilities such as seniors homes, day-care facilities, convention centres, and other cultural and recreational facilities built with financial support from CIW.

The evaluation report said that “jobs were created for persons who were largely unemployed.” This report and related econometric studies also confirmed the job estimates that were developed by the Office of Infrastructure, based on the Statistics Canada input-output model.

Section III – Appendix

Further Financial Information

Revenues credited to the Consolidated Revenue Fund

Total revenues credited to the Consolidated Revenue Fund in 1994-95 and 1995-96 were \$9.1 million and \$8.9 million respectively. Revenues consisted primarily of parking fees paid through automatic deductions, goods and services taxes (related to those parking fees) and other miscellaneous revenue.

Contingent Liabilities

As of March 31, 1996, contingent liabilities estimated at \$6.7 million were outstanding against TBS. These contingent liabilities refer to pending litigation related to the Professional Institute of the Public Service of Canada for individual grievances and the application of collective agreements.

Other Statutory and Departmental Reports Produced

- *1996-97 Estimates*
- *Supplementary Estimates (B), 1995-96*
- *Departmental Outlook Document 1996-97*
- *Crown Corporations and Other Corporate Interests of Canada - 1994 Annual Report*
- *Guidelines on Corporate Governance in Crown Corporations and other Public Enterprises*
- *Employment Equity in the Public Service: Annual Report 1994-95*
- *Official Languages in Federal Institutions: Annual Report 1995-96*
- *Annual Report on the Administration of the Public Service Superannuation Act, 1995*
- *Annual Report on the Administration of the Members of Parliament Retiring Allowances Act For the Fiscal Year Ended March 31, 1995*
- *Report on the Administration of the Supplementary Retirement Benefits Act for the Fiscal Year Ended March 31, 1995*
- *Strengthening Government Review: Annual Report to Parliament by the President of the Treasury Board – 1995*

Statutes Administered by TBS

Access to Information Act – R.S., 1985, c. A-1

Appropriation Acts

Auditor General Act – R.S., 1985, c. A-17

Crown Corporations Dissolution Authorization Act – 1985, c. 41

Employment Equity Act (with Minister of Human Resource Development)

Federal Real Property Act – 1991, c. 50

Financial Administration Act (jointly with the Minister of Finance)

Lieutenant Governors Superannuation Act – R.S., 1985, c. L-8

Members of Parliament Retiring Allowances Act – R.S., 1985, c. M-5

Official Languages Act (Parts IV, V & VI and Article 91)

Pension Benefits Division Act – 1992, c. 46 (Schedule II)

Privacy Act - R.S., 1985, c. P-21

Public Pensions Reporting Act - R.S., 1985, c. 13 (2nd Supp.)

Public Sector Compensation Act – 1991, c. 30

Public Sector Employment Act – R.S., 1985, c. P-33

Public Service Pension Adjustment Act – R.S.C., 1970, c. P-33

Public Service Staff Relations Act (jointly with President of the Privy Council)

Public Service Superannuation Act – R.S., 1985, c. P-36

Special Retirement Arrangements Act – 1992, c. 46 (Schedule I)

Supplementary Retirement Benefits Act – R.S., 1985, c. S-24

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