



Treasury Board of Canada
Secretariat

Secrétariat du Conseil du Trésor
du Canada

Toward Effective Government: Untangling the Web of Rules

Report on the Web of Rules Initiative
Results from 2008–09 and Directions for 2009–10

September, 2009



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Message from the Secretary of the Treasury Board

I am pleased to present the first report on the *Government of Canada's Web of Rules Action Plan*, which is designed to improve the way we do things in government and better enable the public service to provide first-class services and programs for Canadians.

Government is a key contributor to economic growth and social well-being, and how government is managed has important consequences for Canada's competitive advantage and prosperity. Unburdening public servants from needless duplication, unclear rules, reporting requirements, and administrative processes—what we call the “web of rules”—is critical to delivering better services for Canadians. Simply put, cutting back the web of rules will make government more efficient and effective. Achieving this objective requires the collective and ongoing commitment of all public servants.

This review describes the web of rules challenge, highlights our accomplishments over the past year in scaling back the web of rules, and sets out ambitious plans for further progress in the coming year.

Spurred by the Prime Minister's Advisory Committee on the Public Service and driven by senior-level engagement across the public service, we have achieved significant progress during 2008–09. We need to build on this momentum. Sustained results will require a solid foundation of proven solutions and a whole-of-government approach.

Throughout 2009–10, attention will be focussed on advancing efforts on trimming the web of rules even further, and promoting and learning from innovative management practices. Progress in these areas is imperative if we are to build the responsive and responsible government that Canadians expect.

It is my hope that this report will inspire ongoing leadership and further action so that the Government of Canada can better serve Canadians.



Michelle d'Auray
Secretary of the Treasury Board

Taking Stock—Web of Rules Action Plan 2008–09

Rules ensure consistency, fairness, and transparency in government and reporting is essential to inform decision makers and support government accountability. However, there has been a build-up of unnecessary and ineffective rules, processes, and reporting requirements that are expensive and inefficient and stifle responsiveness. This “web of rules” diverts resources and distracts and diminishes the capacity of public servants to effectively and efficiently provide Canadians with effective programs and services. To tackle the web of rules, an Action Plan was developed in 2008–09 outlining a series of coordinated departmental measures aimed at improving the way government does business. Those coordinated measures targeted the following key areas:

- ▶ Elimination of ineffective and unnecessary rules
- ▶ Reduction of the reporting burden
- ▶ Modernization of administrative processes and systems

The objective of the Web of Rules Action Plan is to ensure that the right rules are in place to clarify who is responsible for what, and to focus oversight on higher risk and more complex programs and projects. The current fiscal and economic situation makes progress in this area even more critical, as rapid and effective implementation of the Government of Canada’s Economic Action Plan to stimulate the economy must be balanced with sound stewardship of public funds.

While the web of rules is, in large part, driven by central agencies (such as the Treasury Board of Canada Secretariat, which supports Treasury Board in its role as management board for the Government of Canada), each organization in the federal government has its own self-imposed web of rules, adding another layer of administrative and reporting burden. Both central agency and departmental webs of rules need to be examined, in order to drive results across government. Through experimentation, challenging accepted practice and addressing common irritants, central agencies and departments can achieve widespread application of their proven simplification efforts.

What are the anticipated benefits of simplifying the “web of rules”?

It will:

- stimulate initiative and innovation, while motivating public servants
- reduce administrative delay and increase the Public Service’s capacity to meet Canadians’ expectations
- instil a risk management culture
- enhance transparency

—Third Report of the Prime Minister’s Advisory Committee on the Public Service, February 2009

A number of early wins in 2008–09, driven by senior-level leadership, demonstrated results and built momentum. Activities were focussed on a combination of short- and medium-term deliverables designed to eliminate unnecessary and ineffective rules, streamline the reporting burden, and modernize administrative processes.

The Treasury Board Secretariat has taken preliminary steps to reduce the “web of rules” . . . This remains a priority going forward.

—*Sixteenth Annual Report to the Prime Minister on the Public Service of Canada*,
March 2009

1. Elimination of ineffective and unnecessary rules

In 2008–09, efforts were focussed on strengthening the foundation of the management regime by developing clear rules that are relevant and proportional to the risks they are intended to address.

Web of Rules—A Case in Point

- The 2006 Blue Ribbon Panel on the Administration of Grants and Contributions noted that many recipients of government contributions reported administrative overhead costs of up to 30 per cent of their contributions to comply with rules and reporting requirements.
- The YMCA has had to set up a permanent office for government teams auditing the projects for which it receives government funding.

Adopting a risk-sensitive, principles-based, more flexible approach allows departments to have greater discretion, use judgment, and be innovative in testing new and better ways to serve Canadians.

This approach helps strengthen and renew the public service. Rather than overly dictating standard procedures, it encourages employees to develop the aptitude and skills required to better respond to emerging challenges, which consequently positions government to be more adaptable and prepared to act in a rapidly changing and complex environment. Such an approach ensures that public administration becomes a true enabler of efficient and effective government rather than an obstacle or diversion, because resources are focussed on and dedicated to obtaining results.

For example, key departments responsible for delivering grants and contributions funding have been piloting reforms in program delivery design and administration that reduce administrative burden and maximize results for Canadians. The focus on risk-based oversight (monitoring and reporting), simplified processes and supporting tools, and client engagement has stimulated a range of initiatives that have consolidated, clarified, and harmonized departmental efforts.

Achievements in Departments

- A risk-based approach to audit helped Human Resources and Skills Development Canada save 2,800 audit days and reduce the number of audits for selected programs by 30 to 50 per cent.
- The Economic Development Agency of Canada for the Regions of Quebec reduced payment wait times by 30 per cent, and Western Economic Diversification Canada reduced the time to process claims for low-risk projects by an estimated 50 to 65 per cent.
- Treasury Board pre-approval of low-risk, low-value Building Canada Fund projects was eliminated; collaboration between Infrastructure Canada, Transport Canada, and the Treasury Board of Canada Secretariat helped speed service to recipients and reduce submissions by up to 80 per cent.

The continued renewal and streamlining of the Treasury Board policy suite in 2008–09 has provided an enabling and supportive environment for departments to further test new approaches in reducing the web of rules and establishing more balanced oversight, including a new, risk-based approach to investment planning and the management of projects. Under these new rules, departments that have demonstrated a high capacity for managing risky and complex projects are subject to a lower degree of central oversight for lower risk projects. This gives departments and agencies more decision-making control, eliminates unnecessary approvals, and reduces administrative burden, which together result in a more efficient allocation of time and resources dedicated to serving Canadians.

Action at the Centre

- Under the new Treasury Board policies on Investment Planning and over the Management of Projects, the Treasury Board of Canada Secretariat anticipates an up to 90-per-cent reduction in the number of project-related Treasury Board submissions from the RCMP, a more than 55-per-cent reduction from Environment Canada, and as much as a 50-per-cent reduction from National Defence over the 5 year planning horizon (to 2013).
- Number of Treasury Board submissions reduced by 10 per cent (or 80 per year) as a result of the new *Policy on Transfer Payments*, thereby allowing Treasury Board ministers to focus their time and energy more strategically.
- Reduction of over 30 financial management policies, bringing the total number of rules rescinded by Treasury Board to 93.

A new, faster, and flexible approach was introduced to implement Budget 2009 measures, which increased authorities of departments with strong risk management capacity and streamlined and accelerated allocations of parliamentary funding to make payments. The internal processes that enable departments to spend funds were reduced from a time-consuming eight months to a mere two months. Increased spending authorities gave departments greater decision-making control on how to best achieve results. As a consequence, getting money flowing quickly into the Canadian economy to maximize the effectiveness of the Economic Action Plan was balanced with due regard for oversight and transparency to safeguard public funds.

Economic Action Plan

Spending authorities have been significantly increased in the following key areas:

- Human Resources and Skills Development's Youth Employment program
- Industry Canada's Knowledge Infrastructure program
- Natural Resources Canada's Clean Energy program
- Canadian Air Transport Security Authority's operations
- Health Canada's Critical Community Services Infrastructure
- Infrastructure Canada's Infrastructure Stimulus Fund

2. Reduction of the reporting burden

Reporting is essential to help decision makers make sound policy choices and demonstrate value for money to Canadian taxpayers. However, an over-accumulation of rules and inefficient administrative processes can combine to create a heavy reporting burden.

Web of Rules—A Case in Point

The Auditor General noted that 600 First Nations funding recipients submit over 60,000 reports annually to Indian and Northern Affairs Canada.

Reducing the reporting burden, while improving the quality and timeliness of public information, was a primary focus of activity 2008–09. These efforts sought to ease both the reporting requirements imposed on external clients and stakeholders and the internal compliance demands placed on departments. To ensure that more time and resources are aimed directly at serving Canadians, the reporting burden imposed on recipients of grants and contributions, businesses, and citizens were reduced dramatically.

Achievements in Departments

- Indian and Northern Affairs Canada achieved its targeted 50-per-cent reduction in the number of reports required from First Nations recipients.
- Service Canada's e-solutions, including the electronic record of employment and the Newborn Registration Service, have benefited millions of Canadians by reducing the time required to post reports to government.

It is a real pleasure to witness a really well designed joint solution that is actually solving a lot of business problems at once that have been haunting the government and payroll industry for years.

—Senior representative, payroll service provider

The consolidation of centrally imposed reporting requirements and the adoption of a smarter approach to reporting—focussing on what matters most to decision makers and the Canadian

public—has helped reduce the burden on government departments and will improve the clarity and quality of the information reported.

Action at the Centre

- A 25-per-cent reduction in reporting stemming from Treasury Board policies.
- An 85-per-cent reduction in reporting on people management across government owing to the online human resources reporting portal.
- Documentation submitted to the Treasury Board of Canada Secretariat for the annual Management Accountability Framework (MAF) assessment is down by 50 per cent.

3. Modernization of administrative processes and systems

Administrative processes and systems have a direct effect on the performance of public servants, yet many of the processes and systems the government relies on are antiquated, perform poorly, or are not conducive to building high-performing organizations.

Web of Rules—A Case in Point

A front-line manager undertaking recruitment can face an average waiting time of almost 23 weeks for a selection process for an indeterminate position.

In 2008–09, a significant amount of effort was aimed at re-engineering administrative processes to ensure that resources are being optimally and effectively deployed, to cut waste, to shorten delays, and to deliver greater value to Canadians.

Significant effort and innovation have benefited the area of people management, a cornerstone of public service renewal and effective government. Human resources systems and structures, which support the people needed to deliver on government priorities, have been simplified and modernized. Particular emphasis has been placed on reducing the complexity of human resources governance and simplifying its organizational structure to reduce overlap and duplication and provide deputy heads with the primary responsibility for people management in their own departments and agencies. Attention was also paid to the promotion and adoption of tools to speed staffing and enhance mobility.

Achievements in People Management

- The Employee Passport will allow up to 75 per cent of the core public administration to quickly, efficiently, and safely transfer electronic files between departments.
- An electronic Pay Card that eliminates the need for multiple data entries into human resources and pay systems is being adopted by the Canadian Food Inspection Agency, Agriculture and Agri-Food Canada, and National Defence.
- National Defence saw a 20-per-cent reduction in staffing time through the use of electronic tools and strategic intake planning.

The delivery and administration of grants and contributions were streamlined and became more focussed on service delivery, making it easier for recipients to do business with the Government of Canada. For example, some departments are piloting multi-year funding agreements as a means of reducing the level of uncertainty and burden associated with multiple single-year funding agreements.

Achievements in Departments

- Health Canada is providing stable, multi-year funding to recipients in 634 First Nations and Inuit communities.
- As a result of the re-engineering of project approval and management processes at the Canadian International Development Agency, the average time to obtain initial project development funding was reduced from 26 weeks to 1 week and the average time for project implementation went from 43 months to 12 months (a 70 per cent reduction.)

4. Conclusion

The 2008–09 Web of Rules Action Plan helped generate awareness and government-wide ownership of a significant and systemic problem, while cementing broad-based commitment and initiative in addressing it. Senior-level engagement and support increased its profile and gave it momentum, and departments and central agencies took concrete actions in reducing needless administrative burden. The focus was on strengthening the management regime and creating an environment that is less cluttered by rules, is more tolerant of risk, and encourages flexibility and creative thinking to better serve Canadians.

Initial actions have helped establish a platform for management reform, but further commitment is required to build on accomplishments and to sustain what is ultimately a broader cultural shift. Success in moving forward will rely on the capacity and willingness to exploit the greater flexibility and autonomy afforded by a diminished web of rules and to experiment and innovate in ways that test and improve government's ability to respond to emerging challenges and to capitalize on opportunities.

Moving Forward—Web of Rules Action Plan 2009–10

Building on our actions in 2008–2009, our plan for the current year focusses attention on the following three areas:

- ▶ **Removing barriers to performance**—letting leaders lead and realize their innovative potential
- ▶ **Fostering a risk-smart culture**—providing supports and tools that promote risk management, flexibility and experimentation
- ▶ **Departments taking initiative**—profiling and learning from innovative management practices

1. Removing barriers to performance

Deputy heads are best placed to understand the challenges of delivering better results for Canadians in their specific areas of operation; however, the current operating frameworks and rules can inhibit their ability to fully explore the potential for developing the creative solutions required to drive better performance. These barriers come from many sources, though some are self-imposed.

The Government of Canada has been building management capacity within departments to ensure that deputy heads are positioned to meet their organizational management responsibilities. As a result, central agencies can move away from stringent controls and a one-size-fits-all approach to oversight. A risk-based approach to oversight will remove constraints to the ability and willingness of public servants to innovate, and consequently result in the more efficient use of knowledge, skills, and resources found at the front line and all levels of our organizations.

Commitment: Remove more rules at the centre so departments focus on results and innovation.

- Further governance clarity and the accountability regime with an estimated 10-15 Treasury Board policy instruments ready to be rescinded in support of deputy head responsibilities for people management.
- Promote a risk-based approach to Treasury Board oversight by bringing up to 17 departments under the policies on the Management of Projects and Investment Planning.
- Expand earned delegation for departments with demonstrated management capacity, which will reduce the number of Treasury Board submissions significantly.
- Reform the administration of grants and contributions within 13 additional departments through development and implementation of action plans to reduce reporting and administrative burden for their recipients by at least 10 per cent.
- Streamline MAF to focus on core management areas and areas for improvement.
- Further reduce the MAF reporting burden by 30 per cent through a risk-based approach, bringing the total reduction since 2008–09 to 65 per cent.

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- Deploy smart reporting principles to prevent reporting creep and improve clarity and relevance of reporting requirements.
 - Launch an initiative to examine options to facilitate and support the provision of interdepartmental internal services.

2. Fostering a risk-smart culture

[T]he rewards for successful innovations in the public sector are meagre... the consequences of unsuccessful innovation are grave.

—*Sandford Borins The Challenge of Innovating in Government, 2006*

Governments around the world have been seeking to build risk-smart organizations capable of delivering better results through innovation. Better performance requires an intelligent enterprise-wide approach to risk management. The Government of Canada is continuing to provide tools and support for deputy heads and departments to embed better risk management in their organizations and capitalize on the very best ideas for improving programs and services for Canadians. Efforts reflect and respond to the recommendations of the Prime Minister's Advisory Committee on the Public Service, specifically the development of government-wide risk management principles to support departments and the renewal of supporting systems and technology.

Commitment: Develop, institutionalize, and embed tools and incentives to support the generation, implementation, and dissemination of risk-smart, innovative management practices.

- Recognize, reward, and replicate innovative public sector management practices through a new award, building on the Public Service Award of Excellence.
- Develop a government-wide risk management policy framework and tools to support departments in embracing a risk-tolerant operating environment.
- Launch the Financial Information Stewardship Initiative with a view to increasing the interoperability of the government's financial systems and facilitating the timely provision of comprehensive financial information.
- Establish a government-wide approach for the provision of internal services, while promoting innovation.
- Develop and communicate innovative practices and provide a forum for innovators through such platforms as GCPedia and Canada@150 Ideas fair and workshops on risk, MAF, and web of rules.

3. Departments taking initiative

As barriers to organizational performance are being eliminated and supports and tools for more intelligent risk management are being developed and implemented, deputy heads and departments are undertaking a host of innovative management approaches to address their particular challenges and deliver better results for Canadians. Promoting and learning from these pioneering efforts is key to continual systemic improvement.

Commitment: *Promote and learn from risk-smart and innovative management practices across government, demonstrating the capacity and achievements of a dynamic public service.*

Most departments and agencies have developed Web of Rules initiatives. Highlights include the following:

- Indian and Northern Affairs Canada—Launch of the “Ideas Campaign” to engage and reward front-line workers in the identification and implementation of creative and innovative solutions to improve program and service implementation.
- Public Works and Government Services Canada—Modernization of the federal government pay system, processes, and services through implementation of a competitively procured, commercial off-the-shelf pay solution.
- Agriculture and Agri-Food Canada—Implementation of the \$1.8-billion Growing Forward program with streamlined, risk-based reporting and auditing by provincial, territorial, and industry recipients based on comprehensive client and stakeholder consultations.
- Canadian Food Inspection Agency—Pilot of the Human Resources Process Lab, a virtual laboratory designed to enable experimentation, invention, and innovation in human resources management.
- Public Works and Government Services Canada—Simplification and modernization of departmental human resources management rules, reducing the number of policies from 24 to 12.
- Atlantic Canada Opportunities Agency—Advancing the use of collaborative, web-based technologies to provide staff with additional tools to improve the efficiency of program delivery, which builds on its success in developing client- and risk-based approaches to the management and oversight of projects.

4. Conclusion

Progress has been made in scaling back the web of rules during 2008–09 and further progress is expected in 2009–10 and beyond. Achieving results will require the concerted effort of all government departments and agencies. Deputy heads, middle managers, and front line service providers will all need to identify the issues and offer solutions that will have an impact on the way we serve Canadians.

[T]here are three distinct areas where the Public Service needs to advance:

- the current risk management approach, which tends to nullify rather than manage risk;
- the “web of rules,” which results from excessive rules, procedures and reporting; and
- the poor performing information systems.

—*Third Report of the Prime Minister’s Advisory Committee on the Public Service*,
February 2009

Progress will be incremental as a culture of risk management (rather than risk aversion) is developed and nurtured. Ultimately, the innovative decisions and actions of public servants throughout government—the modest ideas and the revolutionary initiatives—all contribute to ensuring government continues to serve Canadians efficiently and effectively.