

Public Sector Innovations and Public Interest Issues

Jim Armstrong

President and Founder of: The Governance Network

Robin Ford

Was a Deputy Minister, in Government of Alberta and held various portfolios

Public Sector Innovations and Public Interest Issues

Jim Armstrong and Robin Ford

Introduction

When considering the future of the public service, it is necessary to have a comprehensive view of what is happening today in terms of innovations, be they initiated by the public service or imposed on it. It is also helpful to have a sense of the emerging patterns of innovations and of their impact on the public interest.

This paper is an overview of recent public sector innovations in Canada and other countries. These fall into nine categories (see box opposite). Together, these innovations represent the emergence of four patterns: citizen-centred services, partnerships, private sector practices and openness to experimentation. Also, these nine categories of innovation give rise to six public interest issues that demand attention: incompatibility of values, limits on innovation, cultural receptivity, higher-order tasks, fairness equity and access, and accountability.

Creative Service Delivery Alternatives

The magnitude, speed and scope of recent public sector reform and innovations around the world, and at all levels of government, have been staggering. Despite the large body of information on these reforms, there is, regrettably, very little knowledge about them. In collecting data for this paper, we spoke with many practitioners, experts and officials all over the world, across Canada, and in many of our cities. We were impressed by the commitment of so many creative people to whom we owe, for a large part, the explosion in public sector reform that has occurred in our time. Many of the people behind these creative alternatives were driven by the best principles of the public service to relentlessly seek for new and better ways of serving the public. Although many of these initiatives started before dealing with fiscal crises became popular, there is no doubt that fiscal pressures did prompt much innovation and did bring others to light.

For the purposes of this paper, public sector innovations have been summarized into nine categories, as shown in the box below.

Categories of Innovation

- Agencies
- Partnerships
- Horizontal Integration
- Good Fiscal Management
- Public Service Revitalization
- Devolution and Decentralization
- Service Improvement
- Systems and Process Improvements
- Regulatory Change

Agencies

Almost everyone is familiar with the more dramatic and much studied government agencies that have replaced many departments and departmental functions in the U.K. and New Zealand. What is less well known is the huge variety of agency forms – from the legislated "agency theory" of principals and agents in New Zealand, to the non-legislated free standing executive agencies in the U.K., and to Agencies in Canada designed to serve cross-sectoral and inter-governmental functions, such as the Canadian Food Inspection Agency. Agencies also include business enterprises in Australia, and even some of the privatized business opportunities in Canada like NAV Canada that manages the country's air navigation system.

Canada, in fact, has made a distinction between the two kinds of Agencies supported by the federal government. The federal Treasury Board Secretariat differentiates between Special Operating Agencies (SOAs) and Service Agencies but describes the two manifestations as two types of Alternative Service Delivery. They define SOAs as "operational organizations within existing departmental structures which deliver services, as distinct as providing policy advice to ministers". SOAs were first created federally in 1989, and there are now 19 of them. They report through a Deputy Minister to a Minister. Each operates under a departmentally approved business plan and a defined framework document laying out target commitments for service levels and financial performance. Each SOA negotiates its own unique administrative flexibility, which generally needs approval from Treasury Board. After almost ten years, with only 6,000 employees (3% of the public service), these 19 SOAs remain relatively peripheral to the mainstream public service.

Service Agencies represent a more significant development in terms of public sector reform. They are described as mission-driven, client-oriented organizations established under agency-specific legislation to manage the delivery of services within the federal government. The legislation sets out the mandate, the tailored authorities of the Agency, the accountability regime, and the governance system. They are intended to provide more responsive and streamlined operations and to partner with other jurisdictions such as provincial governments. Three agencies have been implemented: the Canadian Food Inspection Agency, the Canadian Parks Agency, and the Canada Customs and Revenue Agency. These new agencies are testing innovative governance structures and wide-ranging flexibility that would allow them to carry out their mandate. They also challenge central agencies to develop appropriate approaches to monitoring and system oversight, and controls that are strategic rather than transactional. All these Agencies move significant government operations – sometimes a whole department – into a totally new structure.

Agencies are typically seen as a method of separating policy from operations, and of making operations more flexible, cost effective, responsible and responsive. One has to turn to the provincial and municipal scene to see further creativity around these concepts. The City of Edmonton, for example, has introduced "enterprise modeling" – which involves making certain municipal activities operate as self-sustaining businesses. This approach is applied to sports facilities, arts and culture complexes, as well as specific economic and social programs, such as daycare or housing programs. In New Brunswick, semi-autonomous commissions that fit the criteria of agencies provide services – such as emergency services, water supply or assessment – to a group of municipalities that could not afford these services on their own.

An interesting variation of the Agency model is the French concept of Sociétés d'Économie Mixte (SEMs), which has appeared in Quebec. This model is also very dependent on the use of Partnerships – a major category of innovation which is discussed in the next section of this paper. The SEM is, however, a form of Agency. In Haut Richelieu, for example, which was the first municipality to introduce the SEM concept in Quebec, the focus is waste management, but the SEM includes a research component linked to universities and research centres. There is also a private sector partner, a major European industrial group, Groupe Tractebel. However, the Municipality of Haut Richelieu has 60% of the voting shares, the majority of the administration and the Board, and has the right to appoint the President.

One of the best kept creative secrets is the use of Delegated Administrative Organizations (DAOs) in Alberta. These are allowed for by a simple provision in the omnibus Government Organization Act, which permits a Minister to delegate, by agreement previous government functions to a delegated agency. The agreement process includes the approval of the Lieutenant Governor in Council to a "scheme", and an agreement between the Minister and the Agency. Examples include the delegation of most public safety functions, including safety inspections. An interesting perspective is that these agreements also limit the Minister's ability to make unilateral changes to provincial safety codes. A delegated agency – the Safety Codes Council – has an extensive membership that prepares these codes, and, in return for their effort, the Minister agrees to consult with the Council on all code changes. Ultimately, the Minister and Cabinet can do what they want, but there is a link between policy and operations. In recent years, recognition of the value of making a link between policy and operations has modified the use of independent agencies in the U.K., New Zealand and Australia.

Agency Examples

- Executive Agencies in the U.K.
- State Owned Enterprises in New Zealand
- Business Enterprises in Australia
- Special Operating Agencies in Canada's federal government, provinces, and cities
- Delegated Administrative Organizations in Alberta
- Sociétés d'Économie Mixte in Québec
- Service Agencies such as the Canada Food Inspection Agency, Canada Customs and Revenue Agency
- Enterprise Modeling in Edmonton
- Semi-autonomous commissions providing services to municipalities in New Brunswick

Partnerships

One of the most fascinating areas of innovation involves partnerships. Unfortunately, the term has been much abused, even in its relatively short history in the public sector. True partnerships have three basic elements: the sharing of power, joint action and mutual benefits. In reviewing public sector partnerships, three different types were encountered: traditional client-contractor partnerships; inter-governmental partnerships; and broader collaborative partnerships.

Traditional client-contractor partnerships are not new. They have been used for a very long time – particularly in the area of social services. They can involve some shared risk and gain, but rarely any sharing of power – which is turning out to be the real test of partnerships.

Inter-governmental partnerships usually involve some form of cost sharing and agreement on a program's broad outlines, as with Medicare. They involve some shared decision-making, and the issue again is usually the sharing of power – how much and when.

Collaborative partnerships involve more working together, sharing of power and decision-making. An example is Canada's Labour Market Development Agreements which have redefined a major policy area of government by developing agreements with provinces to co-manage and/or devolve a full array of employment development programs. In many cases, the provinces are, in turn, involving local community groups to deliver these services. This is more than simple devolution to lower levels since the federal government retains overall responsibility, through the agreements, to ensure that the programs get delivered to satisfactory standards.

It was of note that the 1990 federal Canadian PS2000 Report on Service to the Public gave little consideration to the idea of providing public services with partners. Yet major issues facing society, such as health care, the environment, employment generation and competitiveness, involve many jurisdictions and sectors in the service system. Therefore, the notion of partnerships from the federal government perspective is indeed very recent.

Many public servants have learned that significant improvement can only come about through collaboration and partnering. The management and operation of very large projects like the Olympic Games, World Fairs and large arts and exhibition facilities, for example, clearly depend on partnerships. Most major research activities require partnerships between business, the academic community and government. One example of this is the Partners in Innovation program in Nova Scotia, which links its universities and the province in developing new technologies in road construction. A similar alliance helped medical research in Alberta.

Capital development programs also involve partnerships with business, whether the objective is a new highway in Ontario or New Brunswick, the operation of utilities at the municipal level in Alberta, Ontario or Nova Scotia, or the development of computer systems in Ontario or New Brunswick.

The social services side has used partnerships for decades, by working with community agencies to parallel or extend government services. What we are beginning to see are new partnerships that replace government activities in mandatory, legislated areas such as childcare or social assistance. In Ontario, new approaches to work for welfare have involved partnerships with municipalities and NGOs, and the new focus in health care on prevention and early intervention is responsible for new community-level partnerships in many parts of Canada, particularly in B.C., Saskatchewan, New Brunswick and P.E.I.

One very innovative partnership that was being developed when the research for this project was in progress is the Knowledge Economy Partnership between Industry Canada, the Province of P.E.I., educational institutions on the Island and the private sector. The purpose of this partnership is to bring together knowledge, skills, technology and economic opportunities; to improve the competitiveness of business through technological innovations; and to integrate service delivery in a common infrastructure which will facilitate access to services. In many ways it is not surprising that such an innovative project should have found a home in P.E.I.

Admittedly, the Island has the advantage of size, but the government had a strong corporate approach to management. There is a recognition that the big issues are horizontal, and seven issues – economic status, health status, public safety, environmental quality, learning, social capital and infrastructure – are the key issues for action, and they all benefit from partnership activity.

Horizontal Integration

One of the more current challenges to creative public servants is to break down the "silos" and achieve horizontal integration between government services. Indeed, it often seems easier for people within government to partner with the private sector or NGOs than with other government departments. In places like New Zealand and the U.K., the main criticism against many of the Agencies that were formed was that they made co-operation and collaboration more difficult.

The Canadian Federal Deputy Ministers Task Force on Service Delivery Models (1997) concluded that the most important issues confronting the public sector involved more than one department – and that working horizontally was very difficult. One of the most common criticisms leveled at the public service by citizens is that "one part of the government (sometimes within the same department) does not seem to know what the others are doing!" Horizontal integration is, after all, simply the development of internal partnerships.

There are examples of this alternative, but unfortunately they are not as numerous as we would like. Sometimes, we have only the promise of horizontal integration, as with the Canadian Food Inspection Agency – although one could argue that co-operation between three federal departments was a good start. The Human Services initiative in Saskatchewan is an attempt to maximize the 80% of the province's budget spent on people – and there have been concrete results, such as the Child Action Plan which integrates a number of voluntary agencies to focus on preventive programs for young people. Ontario has integrated regional service delivery from several departments in Enterprise Ontario. New Municipal Acts in Alberta, Ontario and Québec give municipalities the powers of a natural person, which facilitates horizontal service delivery. Evidence of this in Alberta is that cities like Calgary and Airdrie now contract their services in areas like planning, public safety and assessment, to other municipalities. In Vancouver, neighbourhood integrated service team's work across departments and agencies to solve community problems.

Horizontal Integration Examples

- Canadian Food Inspection Agency integrating food inspection services formerly provided by three federal departments, provinces, and municipalities
- Neighbourhood integrated service teams working across departments and agencies to solve community problems in Vancouver
- Integration of regional service delivery in Ontario with civil servants working for Enterprise Ontario rather than for individual departments
- Saskatchewan's Human Services Initiative
- New municipal acts in Alberta, Ontario (proposed, and its community Economic Development Act), and Québec (Sociétés d'Économie Mixte) that give municipalities the powers of a natural person and facilitates horizontal delivery of service

Good Fiscal Management

Public sector innovation does not always have to capture the latest buzzword of new public sector management. A large number of innovations and creative alternatives employed by the public sector can simply be categorized as good fiscal management. Most governments have been forced to cut costs, downsize, re-engineer, de-layer, consolidate, eliminate programs, contract out, or privatize.

Much of the process began in the U.K. with the Efficiency Scrutinies and Financial Management Initiative, out of which emerged the movement to reduce the size of government by reducing its business, and in turn led to the establishment of executive agencies. Australia was close behind with its 1984 Fiscal Management Improvement Program, which was designed to make managers responsible for managing their resources rather than simply complying with a set of centrally imposed rules. Then came the 1984-89 legislated provisions out of New Zealand, culminating in the 1989 Public Finance Act, which provided a whole new structure to support the agency model, the extensive use of contracting out, financial reporting and monitoring. The use of business plans was also associated with the Australian and New Zealand reforms of the late 1980's. Interestingly enough, the idea first appeared around the same time in Canada, in Alberta.

One country which is unfortunately overlooked in much of the available writing on public sector reform is Portugal. Portugal is an interesting study of a country that abandoned highly centralized systems in favour of more responsive systems. Much of this action was based on a new code of Administrative Procedure that streamlines government operations, removes layers of financial regulations and yet improves accountability.

Good Fiscal Management Examples

- The 1989 Public Finance Act in New Zealand which provided a structure for the extensive use of contracting arrangements, financial reporting, and monitoring processes
- Australia's 1984 Fiscal Management Improvement Program designed to change the operating culture from one centered on compliance with externally imposed rules to one which encouraged managers to do their best with the resources at hand. Accrual accounting, user choice, competition, and corporate business planning were later introduced
- The Efficiency Scrutinies and Financial Management Initiative in the U.K. that set the stage for the movement toward executive agencies and then market testing
- Portugal's new Code of Administrative Procedure designed to streamline operations and improve accountability
- Business Planning process started in Alberta and adopted nationally

Public Service Revitalization

It was difficult, at the time when this review was undertaken, to find much that could really be called serious public sector revitalization. It is important to stress that this was not the fault of a reluctant or recalcitrant public service, but rather the result of outdated systems and technologies.

The disappointing aspect of a lack of public sector revitalization is that, given the changes required in the public sector, there cannot be much change without the involvement and commitment of the public service. There was ample evidence in this review that individuals and large groups were dedicated, committed and involved – but there were not enough leaders equally committed to using this capacity. In fact, some of the most noteworthy public sector failures have been caused by the cutting out or dismissal of existing bureaucratic expertise. The two most noteworthy examples are

the reforms attempted in the early 1970's by the Reagan administration in the U.S. and by the Conservatives in the U.K.

In terms of positive efforts, once again, Portugal's have been among the most dramatic. That country has devoted significant resources to the modernization of the public sector and to the improvement of its capacity to meet the demands of a decentralized community-based system. Australia has made systematic attempts to improve management systems and public sector capabilities and, more importantly, to develop a culture of continuous learning. Although less comprehensive, Canada's *La Relève* has been an attempt to revitalize at least the senior management of the public service. The U.S. has also shown a renewed commitment to the public service, to a more progressive approach to HR management, and to organizational development.

In many ways it is surprising that any revitalization at all ever happened. The political rhetoric, in particular, has been inflammatory about the public service, as though the public service alone was responsible for declining levels of trust in the political system. Reagan announced during his inaugural address that he had to come to Washington "to drain the swamp". Mulroney boasted that he would "hand out pink slips and running shoes to public servants". The public service in both the U.K. (by Thatcher) and in Japan have been cast as villains preventing reform. Not surprisingly, these critical comments have been followed by massive downsizing, wage freezes and roll-backs, public sector bashing, sagging morale and a lack of self-confidence. Numerous jurisdictions across Canada politicized their senior civil service, leading some to comment that we no longer have a public service, but rather a political administration.

The public service was the target of even more criticism due to the increasing complexity of public policy issues as a result of globalization and rapid change. So strong was the reaction against the public service that it was eventually recognized as being unhealthy rhetoric. New leaders, like Clinton and Chrétien, have taken a different approach, so that, surprisingly, out of the malaise came a growing realization that a healthy nation needs an effective public service. This sentiment is by no means universal, but it has led in some jurisdictions, such as Portugal, the U.S., Ontario and Saskatchewan, to the recognition that the public service needs to be revitalized.

Devolution and Decentralization

Devolution to other levels of government and decentralization of power and authority for service to the local level has been important instruments of public sector change. In Canada, at the federal level, however, concerns for program visibility have hindered attempts at decentralization and delegation. Some of this is a counter to what are seen as unrealistic demands from Québec, some is a matter of not addressing the meaning and value of devolution. In many parts of the world, a movement toward centralized institutions such as the European Union designed to deal more effectively with globalization is accompanied by a simultaneous devolution of power to regional levels. Devolution of power and responsibility from the centre to regions, and to a super-national authority at the same time is exemplified by the United Kingdom, Spain, and France. Although paradoxical at first sight, it may be a natural human response to a feeling of loss of control at the global level.

People everywhere are asking to be more involved in the design and delivery of the programs that affect local and regional communities. In this sense, Social Union talks in Canada can be seen as a response to increased globalization: provinces want more say about the important social programs

that affect them. It should be noted that, far from being unique to Canada, talks about more independence over regional programs are also occurring in Scotland, Belgium, regions of the former Soviet Union, and among organized groups of aboriginal people everywhere. Nunavut, which covers most of the Eastern Arctic in Canada, is the most recent example of a region achieving a degree of independence.

The "Who Does What?" exercise in Ontario was a great start to an important re-definition of roles and responsibilities, but the process was eventually submitted to political pressures and became "one way" devolution. Similar haste was shown in the development of charter schools in Alberta, the decentralization of child and family services in B.C., and much of the downloading to the municipal level across Canada. In Québec, devolution to municipalities, without financial support, in the areas of police, roads, public transit and social services has resulted in both resentment and resistance.

Nonetheless, there was merit in the various federal initiatives to devolve programs in forestry, employment and transportation. There have been renewed efforts to find a solution to First Nations' demands for aboriginal self-government – and both federal and provincial governments have concluded agreements with aboriginal communities giving them community management of justice, social services, education and training and economic development.

The decentralization of services in some provinces has been done with greater care. In Alberta, Saskatchewan and Newfoundland, the decentralization of child and family services is given the necessary time to succeed; the delegation of service delivery to industry sectors – such as insurance and real estate – has been done well in Ontario and Alberta; and the devolution of program delivery responsibilities by provinces to local and regional boards – such as the district health boards in Saskatchewan – has been relatively successful.

Governments have also learned to decentralize some of the traditionally centralized processes. Most OECD member countries, for example – including Canada, have delegated responsibilities to line departments for staffing, classification, training and financial management. Public sector reform in France had at its core the decentralization of most management duties to the local level, and – as was discussed earlier – Portugal went even further by going from highly centralized delivery systems to reliance on community agencies as the primary agents of delivery.

Decentralization Examples

- Various federal initiatives to devolve programs, including forestry, employment, and transportation
- Aboriginal self-government and innovations in justice
- France's public sector reform, with at its core the decentralization of most management duties to the local level
- Devolution of program delivery responsibilities to local and regional boards and municipalities by provinces such as Ontario
- Charter schools in Alberta, which devolve much responsibility for education to communities
- Decentralization of Children and Family Services to regions in B.C., Alberta, Saskatchewan, and Newfoundland
- Delegation of service delivery to industry sectors in Alberta and Ontario
- Widespread delegation of traditionally centralized processes including staffing, classification, training, financial management, in most OECD member countries

Service Improvements

There have been several noteworthy initiatives to improve services to citizens, occasionally as an integral reason for reform and modernization strategies, but generally as a mere part of the process. The motivation seems to come from growing citizen impatience with the difficulties of access to services, as well as from increasing expectations. It is another of the ironies of public sector service in recent years that, while trust in the service diminishes, demands on the service increase.

It would be impossible to chronicle the vast number of often minor but important service improvements. They include the creation of single access points in New Brunswick and Ontario; the simplification of services in many jurisdictions; and some of the changes discussed elsewhere – such as the removal of duplication and the co-ordination of delivery at the community level.

Several countries – beginning with the U.K. – saw a commitment to service improvement as the other side of increasing public sector efficiency. As a result, the Citizens' Charter in the U.K. guarantees the publication of service standards and provides for redress processes for all government services provided to citizens. In Canada, this trend is reflected in New Brunswick's guarantees for public service performance and, at the federal level, by the Service Standards and Quality Service Initiatives – by which the government is committed to publishing service standards and issuing declarations of service quality based on consultations with clients.

The movement to provide the public with information on the expected and actual results of government activity is closely aligned with the process of setting standards and measuring the quality of service. Much of this activity began in New Zealand where the move away from input measurement to the tracking of outputs, and eventually outcomes started. Various American states, such as Oregon and Vermont, made this a very public exercise, and the U.S. federal government has since required all departments to have output measures in place. Australia also has a sophisticated program evaluation process. In Canada, Alberta has probably been the lead jurisdiction in distilling much of the international experience and in reporting, with great honesty, the extent to which government has or has not measured up to its own expectations in improving service delivery.

Service Improvement Examples

- Canada's Service Standards and Quality Service Initiatives, whereby the government is committed to publishing service standards and issuing declarations of quality service based on consultation with clients
- The Citizens' Charter in the U.K. which guarantees the publication of service standards and redress processes for all government services provided to citizens
- Service guarantees for public service and performance in New Brunswick
- Public involvement in Oregon and Vermont
- New Zealand's 18 years of experience refining output measures, and its move toward outcome measurement
- Australia's sophisticated program evaluation process
- Alberta's "Measuring Up"

Systems and Process Improvements

The breathtaking advances in information technology over the last decade have resulted in a whole host of new forms of service. Examples include the use of technology to provide single window and kiosk services, such as Access Montreal, Service New Brunswick, Service Ontario, Ontario

Business Connects, Enterprise Ontario, and Service First in Manitoba. Other uses of technology include Revenue Canada's client assistance and information programs, the use of web sites to provide departmental information, and municipal information networks in B.C., Alberta and Ontario.

More fundamentally, however, through the use of technology, information is becoming more democratized and freely accessible. Public interest organizations can access this information and influence both the direction of government policy and the design or delivery of programs. This, in turn, affects the relationship between citizens and their governments.

Information technology also increases governments' ability to integrate services around citizens rather than requiring them to master the complexities of government. The difference is illustrated in the following anecdote about a New Brunswick couple who, a few years ago, wished to open a corner store with a gas bar. Government regulations required that they get approval, in a specific but unknown sequence, from 14 offices! The government of New Brunswick has since consolidated these functions in a single electronic system. As a result, one can now obtain all the authorizations during a single visit to a single service window, instead of going to 14 dispersed offices. This system worked so well that the same window is dispensing over 100 other services provided by the federal and provincial governments. The point is that citizens were not the victims of petty bureaucracy. Environment, energy, food inspection, taxation, consumer protection and business registration all had a legitimate interest in the licensing of a corner store and gas bar. What information technology has done is to allow for the linking of a wide variety of functions into a single network.

There is one note of caution, however. Many jurisdictions have found that technology can be a "resource hog." This was particularly true in the establishment of central systems, and many jurisdictions are being far more careful about the benefits and costs of technology, as well as its application.

Process improvements included the development of audit and management divisions in B.C. and Ontario, and the introduction of financial and personnel information systems in Alberta, Ontario, Newfoundland and the federal government. Overseas, New Zealand, Australia and many European governments used process improvements to streamline the management of restructured systems.

Systems and Process Improvement Examples

- Revenue Canada's client assistance and information programs
- Single window and kiosk services in almost all jurisdictions (Access Montreal, Service New Brunswick, Service Ontario, Ontario Business Connects, Enterprise Ontario, etc.)
- Single central systems being developed in Ontario, Newfoundland, and the federal government, for core functions such as HR and financial information systems
- Service First in Manitoba—an initiative to re-engineer corporate systems in order to facilitate citizens' access to services
- Development of a process for the identification and implementation of ASD options by Ottawa and Winnipeg
- Municipal information networks on a provincial basis
- Development of audit and management divisions in B.C. and Ontario

Regulatory Change

Overly cumbersome and restrictive rules and regulations were seen by politicians and public sector innovators as a major contributor to the difficulty of dealing with government. In the U.S., for example, it has become a cliché for reformers to note that the problem is not incompetent people, but good people stuck in bad – that is costly, unresponsive and out of date – systems. Regulatory reduction and change has therefore become a major thrust of public sector reform.

The U.S. has eliminated over 16,000 pages of outdated administrative procedures and regulations. Similar action was taken in Australia, New Zealand and Portugal. In Canada, the 1992 federal regulatory policy resulted in the Citizen's Code of Regulatory Reform. In the provinces, the Ontario Red Tape Commission eliminated thousands of prescriptive and anti-business regulations. The Commission was later reconvened to ensure regulations were user friendly and focused on customer service. In Newfoundland, a simple but effective process involving departments and a retired judge removed all unnecessary regulations. A similar process was followed in Saskatchewan. In New Brunswick and Alberta, however, far more rigorous processes were followed in order, not only to remove outdated regulations, but also to simplify, reduce and eliminate much of the regulatory process. The concern was not only to make regulation favourable to business, but to remove it wherever possible. Departments were given reduction targets and any proposed new regulations – even those that established a far less prescriptive regime – were heavily scrutinized.

What was surprising is that little of this activity emanated from business, except in a very general approval of less regulation. There was little interest by business, for example, in establishing voluntary regulation or performance-based regulation.

Emerging Patterns

Four distinct patterns emerge from the vast array of alternatives and innovations being introduced in the public sector in Canada and elsewhere. These are: a focus on citizen-centred services, the introduction of partnerships, the use of private sector practices, and an openness to experimentation.

Citizen-Centred Services

A simple idea, but not easy to implement in a bureaucratic environment, is that services should be planned and delivered around citizen needs rather than around the government departments that provide them. The most dramatic overseas example is the citizen-oriented public sector modernization and democratization that occurred in Portugal.

In Canada, much of the horizontal integration, devolution and decentralization, service improvement, and applications of technology discussed earlier were primarily intended to make services user-friendly and more accessible. Examples include single window services like Access Montreal and Access Nova Scotia, and the Neighbourhood Integrated Service Teams in Vancouver.

What was also evident, however, was the complete revamping of services to meet specific sector needs. The development of the Canada Business Service Centres involved horizontal integration between federal, provincial and even municipal services, service improvement and the application of technology to provide a comprehensive information base and a gateway to a wide range of government services for small businesses. Social and health service programs in B.C., Alberta,

Saskatchewan, P.E.I. and Newfoundland were reorganized to meet all the needs of a child or a family.

The idea of addressing all the needs of a person from one source, rather than providing health services from two or three sources, and social services through a variety of agencies while providing specialized help through other sources has had growing acceptance. The motivator for this seems to have been the realization that prevention and early intervention are more effective and less costly strategies than a reactive approach to problem-solving. Certainly the packaging of services around the whole person has been greatly appreciated by citizens who – quite rightly – view the current array of services available to them as disjointed and fragmented.

In some cases, the impetus for citizen-centred services has come from national or provincial objectives. If the policy is, for example, to increase employment, it makes more sense to package services so that all the needs related to assessment, training, job skills, interview techniques and search skills are provided as required. This has been the case with Human Resources Development Canada's employment programs and with Job Market Services in Saskatchewan. Similarly, two initiatives uniquely designed to provide for public input in decision-making or stimulate business activity in Ontario serve both provincial objectives and citizen needs. One of these initiatives is the Environmental Registry, which allows for public information and input into environmental decisions. The other is the Wisdom Exchange, a forum for presidents and CEO's of growth firms to share expertise and connect with government.

Good Citizen-Centred Service Examples

- HRD's employment programs
- Canada's Business Service Centers
- Portugal's citizen-oriented public sector modernization and democratization
- Social and health service programs in P.E.I., Alberta, Newfoundland, B.C., Saskatchewan
- Access Montreal
- Neighbourhood Integrated Service Teams in Vancouver
- Environmental Registry and Wisdom Exchange in Ontario
- Access Nova Scotia

Partnerships

This area of innovation was discussed earlier. However, as an emerging pattern at all levels of the public sector, it deserves special mention.

The federal government has initiated partnerships with the provinces for the delivery of labour market programs, for the development of high tech industries, and for the sharing of information. The provinces have introduced partnerships for social and health programs, and for innovative approaches to economic development. At the local level, municipal governments have partnered with each other and with business to deal with social problems – such as troubled youth – to develop municipal infrastructure, or to provide cost effective services. A whole range of private-public partnerships has focused on an extensive array of development projects, from software development to the construction of highways.

There seem to be four major reasons why collaborative partnerships in particular are being used more widely: citizen expectations, management practices, improvements in information technology, and recognition of the increasing interdependence between program areas. Citizens expect governments to get rid of senseless duplication and develop opportunities for citizen involvement. Private sector management practices have opened up a range of new delivery options – and new service providers. Information technology has allowed for greater integration and freer access. And a more sophisticated society is more aware of the links between health and social policy, and between education and economic development.

Understanding the true meaning of partnerships has not, however, been an easy thing for governments to do – particularly as, by definition, partnerships entail the sharing of power and the realization of mutual benefits, as well as joint action. Partnerships mean a fundamental change in culture – from command and control to collaboration, power sharing, and continuous learning. Also, they are not appropriate for everything government does. They are not, like any other trend in public sector reform, a panacea.

Partnership Examples

- Community Futures Corporations
- Many provinces collaborating and partnering with HRDC for delivery of social and employability services
- Numerous private-public partnerships involving development projects, from software to social assistance programs to highways
- P.E.I.'s Knowledge Economy Partnership
- TEAM project in Markham where the board of education and area businesses have partnered to deal with troubled youth
- Canadian Government On Line, a partnership of municipal, N.B. and federal governments (common electronic service delivery systems)
- Healthy Active Living for Seniors, which involves 2 departments, 3 organizations, private firms, and community volunteers in N.B.
- Nova Scotia's Partners in Innovation program

Private Sector Practices

The election of right wing governments, whose new members have usually had experience in the private sector, led to support for the introduction of private sector business practices – sometimes referred to as New Public Sector Management. The same governments were elected primarily to balance the government ledger, and cease deficit spending. Private sector solutions were particularly apt for this problem, and the conventional wisdom was that, while the private sector had downsized to maintain bottom-line performance during a recession, that and similar practices should now be applied to the public sector.

There was considerable merit in some of the practices introduced, such as business planning, the measurement of performance and a focus on results. Private sector practices have influenced many initiatives like downsizing, privatization, partnering, the increased use of electronic services, a focus on client needs, and pay for performance. While many of these have introduced a new discipline into the public sector, others have either been applied very generally – and sometimes inappropriately – and others have simply been carried too far. Those who favoured extensive

performance measurement, for example, have found that this kind of measurement is often difficult and needs considerable adaptation in a public sector environment. Accountability measures have been overdone, and have often become intrusive to non-government partners. The introduction of market principles is not always suitable in social programs or in the letting of contracts, where best value is more important than lowest price. The British, who were led by Margaret Thatcher into some of these extremes, are now rediscovering some elementary truths about the differences between bottom line-oriented private business and client-focused public sector services. Even privatization or commercialization has often been led by the mindless assumption that "the private sector always does it better". Some – indeed many – privatizations simply returned non-public sector business to the private sector. Although it could often have been done with greater sensitivity, a cleansing of the system was in many cases necessary. Other commercialization's, such as that of Canada's Air Navigation System, have yet to stand the test of time.

Private Sector Practice Examples

- Downsizing
- Business planning practised in most jurisdictions
- Managing for results and other approaches to set standards and measure performance is part of the fabric of most public services
- Widespread commercialization, such as NAV Can and Airports
- Introduction of competition, such as market testing in the U.K., user choice in Australia
- Enterprise modelling used in many municipalities
- Pay for performance programs in numerous jurisdictions

Openness to Experimentation

Not everyone in the public sector would include openness to experimentation among emerging patterns, and the authors themselves would acknowledge that this has often been more a hope than a reality. As will be evident later, innovators in the public sector have not generally been treated well, and experimentation relies on willingness to take risks. A willingness to accept risks has not been a common factor in public sector change in Canada.

Perhaps one of the most useful experimentations has been the practice in the United States of using Reinvention Labs. These are generally short-term opportunities for public servants to brainstorm ideas, and then try out those that seem most practical. Examples of the successful application of this technique include the establishment of an electronic shopping mall to sell federal real estate at 50% of the previous cost, and the creation of a single natural resources library between state agencies and the University of Alaska in Anchorage. Individually, the ideas may not appear to be dramatic, but collectively they have recharged the U.S. federal public service. Empowering front line workers to be creative has done much to address the morale issues which so seriously affect public services in Canada.

Although Canada has not institutionalized public sector learning as has been done in France and Australia, it has contributed significantly to experimentation with policy and program audits in B.C. and Alberta, Delegated Administrative Organizations in Alberta, District Health Boards in Saskatchewan, single access services in many provinces, horizontal integration, employee take-

overs (in the National Capital Commission) and islands of innovation created from the bottom-up by workers in the Department of National Defence.

An irony of many of the innovations in the public sector in Canada is that they have become known as Alternative Service Delivery. Agencies, Partnerships, many horizontal integration initiatives and applications of technology, devolution and decentralization have all been called Alternative Service Delivery. This is a uniquely Canadian term. The use of the word "Alternative" is what makes it unique. Perhaps this tells us that experimentation is, in the Canadian context, simply an alternative to mainstream activity. Perhaps this is also why the term has fallen into some disuse, while the need to experiment and find better ways of providing services is an ongoing challenge.

Openness to Experimentation Examples

- U.S. government Reinvention Labs, that give more authority and accountability to the front lines, as well as an opportunity to try out new ideas
- In Canada, the Department of National Defence is well on its way to dramatically reducing its headquarters staff and operations. Most of the initiatives came from the bottom-up—from what DND calls islands of innovation – and learning by trial and error
- A cornerstone of France's public sector reform plan was the institutionalization of organizational learning
- Australia's success at systematic reform is attributable, in part, to sophisticated evaluation and monitoring systems which institutionalized public service learning
- Policy and Program Audits in Alberta

Key Public Interest Issues

In the view of the authors, recent public sector innovations and the emerging patterns that they suggest give rise to at least six public interest issues:

- An Incompatibility of Values
- Limits on Innovation
- Questions of Cultural Receptivity
- Concern over Higher-Order Tasks
- Questions around Fairness, Equity and Access, and
- Questions about Accountability.

Incompatibility of Values

The issue of an incompatibility of values arises when private sector (new public management) values interact with long term public sector values. Jane Jacobs argues that the mixture of the two sets of values, which she characterizes as trading and guarding, leads to undesirable ends – particularly for what is meant to be guarded by public sector governance. John Ralston Saul warns against the damage that corporatization and the acceptance of self-interest will inflict on the public good and on individuals as citizens in a democracy. Henry Mintzberg points out the foolishness of

confusing citizens with customers, where citizens have rights and obligations to be involved in considering the complex trade-offs involved in governance.

These are not just academic concerns. Much of the current thinking by private sector-driven governments does not address the public interest at all – until there is a protest or an election. Incompatibility of values may indeed be one of the major reasons for the lack of public trust in government and increasing public cynicism. "They'll do what they want anyway once they are in power."

Many public servants have experienced what happens when revenue targets, business plans and commercial considerations get mixed up with guarding the public interest. Government scientists became concerned about the use of their findings. The privatization of regional operations may be lucrative for private contractors, but may have long-term detrimental effects on local employment.

The ethics or values of the public sector are not the same as that of the private sector – they must not only be different, but significantly higher. The public interest requires that the broad social and economic impacts of change be assessed, whether it is an issue of privatization or the closure of military bases in single industry communities.

Very little rigor seems to have been applied to delving into these important concerns, particularly as we make ASD arrangements that need to be contained within the larger context of governance. Some of the key questions are:

- Can you share governance with partners whose values are incompatible – not only between the public and private sectors, but with the volunteer sector as well?
- Do we allow time for consideration of values in building partnerships?
- Is any incompatibility a barrier to rebuilding trust in the public service and competence within its ranks?

Incompatibility of Values

- Public sector/Private sector
- Public sector/Volunteer sector
- Public interest/Political or Fiscal concerns
- Partnerships
- Citizens/Customers

Limits on Innovation

When dealing with the second public interest issue, namely the limits on innovation, the authors were very worried by the extent to which innovators were either burnt up or pushed out of the public sector. This raised a number of questions about systemic barriers: Do existing public sector systems actually stifle the very innovations that citizens and international competitiveness demand? What are the incentives for innovation in the public sector? Also, does the public sector have the capacity to innovate? Has the massive reduction in the numbers of people involved in policy development in the public sector across Canada left us with two problems: first of all, a real gap in

terms of our ability to respond to horizontal concerns in governance; and, second, the possibility that change in our systems and structures is based on inadequate policy work? Or, is it that we do not use our policy capability adequately due to a preoccupation with the vertical concerns of governance?

While innovation is difficult, and indeed often unwelcome in the public service, we need to ensure that opportunities are created for trying out or testing new ideas and approaches. This is the purpose of the time-limited Reinvention Labs in the U.S. where public servants are encouraged to put forward any ideas for innovation that they may have. Canada's International Development Research Centre (IDRC) facilitates innovation through its International Secretariats. These involve partnership arrangements with other international development agencies and foreign governments to focus attention on specific development needs. Examples of Secretariats experimented with include the International Model Forest Network which includes 35 model forests around the world and attempts to demonstrate environmental and economic sustainability and alternatives to deforestation and the Micronutrient Initiative which is designed to eradicate the 25,000,000 annual infant deaths caused by the lack of iron, Vitamin A and iodine. These Secretariats can be set up and dismantled quickly with costs shared by a number of partners.

Sharing risks is a significant factor in partnerships. Canada's reluctance to take risks has had a limiting influence on innovation.

Limits on Innovation

- Lack of incentives
- Systemic barriers
- Capacity
- Lack of opportunities to experiment
- Unwillingness to take risks

Cultural Receptivity

The issue of cultural receptivity or cultural preparedness questions our understanding of change processes on three levels: Do we truly have a democratic society, where the public gets what it wants? Are our change processes insensitive to regional or local cultures? And, is the public, or are even politicians, receptive to change, and prepared for their responsibility – as Mintzberg expects – for the trade offs between user fees and lower taxes; between public services for profit or no public services; or between quality of life issues (other than health and education) and costs?

Often reforms involve changing who does what and who gets what resources, in terms of different sectors of society. Sectors may even be receptive to change, but not have the capacity to respond. The capacity issue turned out to be a major problem in New Zealand. The private sector simply was not large or mature enough to take on all the tasks passed to it by government. They were unable to grow fast enough. This may have overall detrimental public interest effects since damage may have been incurred in all sectors. This is a question that is only now being asked. Similarly, in Canada, many reforms are dependent upon the third, or voluntary sector taking up part of the responsibility for social programs, education, and others – this, at a time when governments have reduced, or eliminated funds to third sector organizations. The capacity may simply not be there.

Cultural Receptivity

- Understanding of change
- Willingness to change
- Willingness to listen
- Awareness of regional or local cultures
- Fairness, equity and access vs. self-reliance

Higher-Order Tasks

The issue of "higher-order tasks" strikes at the heart of the governance issue. It questions the capacity of the public sector both to deal with the enormous demands of running large delivery systems or networks of ASD type arrangements in an effective and business-like manner, in a volatile environment of changing economies, demographics and values, and – at the same time – deal adequately with the higher-order global, governance and multi-jurisdictional policy issues. The questions raised by this issue are:

- Does the new public management allow the public sector to pay adequate attention to higher-order governance tasks?
- Have we, as a country, defined the big issues?
- Would we be prepared to pool our limited policy capability to address the big issues one or two at a time?
- Are we simply too fractured and locally focused to address higher-order tasks?

Part of the problem may well be that the professional role of the public service as policy advisors has been suborned by the intensity of private sector practices. The public service has to be at liberty to provide unencumbered analysis and policy advice, whether it be on fish stocks or health products. It is perfectly proper, acceptable, and as it should be, for politicians, basing their decisions on perhaps many other factors, to reject recommendations or analysis and make another decision. What is neither acceptable nor supportive of the public interest is for a politician (or in many cases, a senior public servant) to direct that the analysis be changed or the findings be altered. Politicians have other resources for political advice. If the public service crosses this line, they have entered the realm of political advisor and lost much of their value as guardians of the public interest and advisors to elected decision-makers in democratic systems.

Higher-Order Tasks

- Defining the issues
- Managing the enormity of the issues
- Balancing efficiency and the public interest
- Balancing global and local issues
- Preserving the purpose of the public service
- Sharing policy capability

Accountability

Collectively, the emerging patterns and innovations in the public sector challenge Canada's traditional notions of accountability - and particularly the notion of ministerial accountability. Reformers and even innovators are divided on this issue. One camp believes that any change to the existing system of ministerial accountability will damage the integrity of the system. The other camp points out that, in most Commonwealth countries, where ministerial accountability and managerial accountability have been given separate realms, alterations in accountability frameworks have strengthened the integrity of the reformed systems. They argue that careful attention to transparency, to clarity in the delegation of responsibilities (even outside government in Alberta's case) and the involvement of stakeholders, have greatly improved the systems affected, and would benefit existing systems. They also point out that the public understands the ambiguity of multiple accountabilities, and in fact would prefer to see these accountabilities moved outward to individuals or organizations with responsibility, rather than retaining the modern society myth that a distant Minister can – or even should – be responsible for everything.

What is often forgotten in the debate over ministerial accountability is the basic accountability of governments to their citizens. This is said to be the reason for clinging to outdated notions of ministerial accountability – because elected ministers are accountable to citizens. Why is it then that a recent Ekos study showed that most citizens believe governments put their own interests and the interests of their friends and big business before the interests of citizens? Small-scale but successful attempts to deal with this issue have had four elements: transparency in policy development, service delivery and measures of performance; citizen involvement in program development; clear and readily available information; and well-defined systems of appeal or recourse against questionable decisions. A fifth element is that people in positions of responsibility share what they have learned and how they have applied those lessons in the interests of citizens.

The following questions, therefore, arise:

- Do existing accountability frameworks need to be changed?
- Why has Canada not followed other Commonwealth countries in revamping the so-called Westminster model of Ministerial Accountability (which is no longer law in Westminster!)?
- How can horizontal accountability to partners and global accountability be addressed within the existing framework?
- What mechanisms need to be in place to build public confidence in accountability? How effective and meaningful are our processes of performance measurement, performance audit and performance management?
- Why are these often missing or incomplete?

Why do accountability issues often cause innovations to be challenged before they are launched, or lead to their failure?

Accountability

- Canada's devotion to Ministerial Accountability
- Accountability to citizens
- Public understanding of multiple accountabilities
- Public lack of trust
- Transparency
- Performance measurement
- Impact on innovation

Conclusion

In total, there is an impressive array of public sector innovations overseas and in Canada. Much of that change, however, is localized; it fluctuates with, and is dependent upon, individuals and circumstances. In Canada, few changes are system-wide, as they are in New Zealand, Australia, the United States, the United Kingdom or Portugal.

Most serious of all, the innovations and the patterns that they suggest raise serious and challenging public interest issues. There appears to be very little political or functional support left for change or change agents, except perhaps in Ontario.

The authors are very much aware that this paper only highlights some of the public interest issues that are emerging now, during the long journey of public sector reform. A few years ago, the pendulum swung strongly – and for good reason – in the direction of fiscal restraint and improved management practices. These matters are what we describe as vertical governance issues, dealing with efficiency and improved service. However, it seems that the pendulum is beginning to swing again, this time toward horizontal governance issues involving the wider public interest and the disparate needs of citizens. As repeated Ekos surveys have shown, in Canada at least, many citizens don't want to see much more reduction in government. They want to see governments where larger policy issues and programs are dealt with collaboratively, where issues are dealt with holistically and transparently, and where citizens have opportunities to become engaged in policy fields and programs that affect them.

The public interest issues, therefore, must be addressed within the public sector and with the public in Canada. Until this is done, comprehensive innovations – as opposed to alternative activities – will not occur.

From this debate, it is hoped that there would emerge a philosophical framework for public sector change. At the very least, Canada would enhance the amount and quality of its institutional learning related to public sector innovation and reform. An organized body of knowledge could be assembled, even as a follow-up to the federal Deputy Ministers Task Force on Service Delivery Models, so that we would have more definitive information about what works and why. We would also perhaps begin to learn how to channel the vast store of energy and commitment which exists within the public service of Canada, so that it is not burnt up and wasted on good ideas for which there is no enduring commitment.

About the Authors:

Jim Armstrong

Jim Armstrong is President and Founder of The Governance Network. A unique organization, TGN offers research and consulting services to public sector leaders in search of practical solutions to questions arising from governance issues and strategic organizational change.

An international expert in public sector innovation and governance, he has led major organizational restructuring, and change management projects at the municipal, provincial and federal levels. In 1997, as Executive Director to the Deputy Minister Task Force on Service Delivery Models, Jim developed a widely acclaimed conceptual framework for the project as well as a comprehensive strategy to ensure the support of organizational units, regions, and the private and voluntary sectors.

In addition to consulting, Jim frequently chairs conferences, does research and contributes to journals on subjects such as: organizational change and renewal, institution building, comprehensive evaluation, governance, alternative service delivery, partnerships, stewardship, and organizational design.

Robin Ford

Robin Ford worked as an independent consultant, specializing in Alternative Service Delivery, human resources, corporate restructuring, regulatory reform, and local government issues on both national and international levels.

His expertise stemmed from his long-standing career with the Government of Alberta, where he served as Deputy Minister of various portfolios: Municipal Affairs, Consumer and Corporate Affairs, and Labour. During this time, he co-chaired a National Task Force on Alternative Service Delivery in the public sector. He also developed the concept of a Third Option in public sector restructuring, which balances downsizing with the creation of good jobs in the private sector.

He contributed to publications on a variety of related topics including Alternative Service Delivery: Sharing Governance in Canada (with D. Zussman), IPAC, and KPMG.

Mr. Ford is deceased since 1999.