

Governance Reform

R E G A L C O C K †

Thank you, Rick, and good evening, ladies and gentlemen. I'm pleased to be here for two reasons: First, it's an honour to join such a stellar group of speakers and attendees. And second, the subject of this conference, Governance Reform, is crucial to Canada's future prosperity. I'd like to thank the Western Frontier International Group and the University of Manitoba's Faculty of Law for their foresight in organizing this conference.

Governance reform is an issue that needs continual scrutiny and input from a wide range of stakeholders. After a full day's schedule of presentations and discussion, I suspect you don't have much cerebral room left in which to file additional information. So my remarks tonight will be brief.

I'd like to begin with a statement that some people find a bit strange: President of the Treasury Board is my dream job. It's not an assignment that most politicians covet. That's because, usually, there isn't a lot of exposure. And when there is, it's often not good. So you can see why some people think it's a little odd that I really want to do this job. Mind you, I'm not saying it's easy. But it's absolutely worth doing. And, these days, it's very much concerned with significantly reforming and strengthening public sector management.

This evening, I want to take a few minutes to talk about the key role of ethical management in governance reform at the federal level. Warren Buffet, probably the world's most successful investor, summed up the importance of this issue very well: "In looking for people to hire, you look for three qualities: integrity, intelligence, and energy. And if they don't have the first, the other two will kill you."

Ethical management focuses on how we accomplish our policy objectives. And it rests on three pillars. The first is rules. The second pillar is leadership. Both of those issues are essential. But, given my

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limited time this evening, I'm going to concentrate on the third pillar of ethical management: accountability.

Governments have found accountability a vexing issue for centuries. The ancient Romans had an interesting approach. When they constructed a new arch, the engineer in charge was expected to personally prove that he'd done the job properly. As the capstone was hoisted into place, the engineer demonstrated accountability for his work in no uncertain terms. He stood under the arch.

Now, I'm not recommending that we go to that extent to demonstrate the federal government's commitment to accountability...though I must confess, I've had days when I've felt like wearing a hard-hat to work. However, I can take comfort in the fact that Canada is not alone in facing this challenge.

Last year, a very interesting study was released entitled "Transparency in the Networked Economy". The sponsors included such heavyweights as AOL Time Warner, Bell Canada Enterprises, Cisco Systems, and the Canadian International Development Agency. The study reviewed the experience of 28 companies such as Wal-Mart, British Airways, Sony, and the World Trade Organization. Though the research focused primarily on the private sector, it has a direct relevance to government and the theme of this conference.

According to the study, some of the key drivers that are making the world a more transparent place include:

- the speed, flexibility and reach of communications, driven by the accelerating power and pervasiveness of information technologies
- the insatiable public appetite for information - in the case of government, it's a desire to see that we are providing better value for money
- the increasingly important role of knowledge, trust and reputation in driving success in the networked economy.

Transparency is already well on its way to establishing itself as a powerful norm in global politics and a transformative force within companies and their stakeholder relationships. And it is having major impacts on these organizations. Let me cite just a few examples from the study.

The first is that transparency networks broaden the distribution of political and economic power. With new communications technologies, increasing levels of education, and increasing public expectations of better performance, an evolution is taking place in the distribution of knowledge. These forces are driving a fundamental shift in organizational models: from authoritarian governance and hierarchical forms of management and control to an increasingly flat society where power and authority are much more decentralized.

Next, transparency is driving a values-based approach to management. Transparency heightens the importance of values in management and drives a corresponding shift toward values-based behaviours. Values are a moving target, as new expectations arise with changes in public moods and priorities.

Number three is that effective transparency creates trust. The foundations of increased transparency are enhanced accountability and better oversight. Generating full value from transparency requires a high level of commitment, extensive dialogue, and a continuously evolving reporting system that stresses good values and behaviours throughout the organization.

The final impact I want to highlight is that smart communications plays a key role in developing a transparency strategy. Key questions include how much information to release, who decides what to disclose and what technologies are used to do it.

Effective transparency strategies will leverage new technologies to create systems for monitoring, measuring and reporting on key aspects of activity and performance. And they will drive real changes in governance, strategy, and operations. One of the overarching conclusions in the study is that more transparent and participatory forms of governance will enable organizations to become better attuned to stakeholder concerns, and more broadly accountable to these expectations.

And that brings me to what we're doing to increase transparency in the federal public sector. Canadians want to know that government programs are well managed. They want greater openness and transparency. And they want to be able to hold Parliament, their Government, and public sector officials to account for results - good, and bad.

That's why we've launched a series of reviews to ensure our management practices are modernized and that our ethical standards meet the expectations of Canadians. Three of the most important are focused on: strengthening the Financial Administration Act; better defining the respective accountabilities and responsibilities of Ministers and senior public servants; and improving the governance and transparency of Crown corporations. These reviews are wide-ranging and distinctly multilateral. I've met with the people heading up these initiatives. We're now working on how best to take our recommendations to Parliament.

The Government of Canada is working hard to enhance the role of Parliament and the proactive disclosure of information so that Canadians are better able to hold Parliament, their Government, and public sector officials to account. To this end, the Government announced the mandatory publication of:

- travel and hospitality expenses for selected government officials;

- contracts for goods and services over \$10,000;
- the reclassification of positions.

We've also focused on other key areas that drive better accountability. The Management Accountability Framework is a good example. This new tool will play a major role in setting priorities for improvement across government. The MAF's 10 expectations clearly sum up TBS standards for more effective management. And it gives us a stronger mechanism for reporting to Parliament on our results.

Just over a month ago, I tabled new legislation to establish a mechanism for the disclosure of wrongdoing in the public sector and to protect public servants who make disclosures. *The Public Servants Disclosure Protection Act*, commonly referred to as "whistle-blowing legislation," will help us move to a higher standard of accountability and provide an enduring legacy of good governance and a strong public service for Canadians.

The proposed legislation covers all federal public sector employees, including those in Crown Corporations. It requires heads of federal organizations to establish an internal disclosure mechanism, calls for the establishment of a code of conduct, and provides substantial protection in law from reprisal for good faith disclosures. This legislation includes significant revisions to the previous bill, which died on the Order Paper when the election was called. Many of these improvements came from parliamentary input, and were enabled by our increased emphasis on transparency.

The same type of increased accountability is evident in the process for compiling and reporting on the Main Estimates. Our new Expenditure Management Information System (EMIS) will integrate government-wide information and provide a common database for all departments, agencies, and TBS. This will enable on-line sharing of expenditure management and performance information. We're also working to make the Supplementary Estimates Process less confusing. For example, changes in format are being introduced to increase transparency and to improve the consistent treatment of information. These enhancements will include a full summary reflecting all the changes since the Main Estimates. In addition, a summary of government-wide initiatives will be provided.

Engaging Parliamentarians is one of our most important tools for improving transparency and ensuring they have the information they need to fulfill their responsibilities. Given our size and complexity, that's not only desirable, it's indispensable.

Government is the biggest employer in the world. Around the world, governments account for more employees than any other organization in history. With that power and presence comes a responsibility to

provide better transparency and accountability for our stewardship of taxpayers' dollars.

We've made a good start over the last nine months in organizing ourselves to better meet that key objective. But we still have more to do, and the challenges will often be substantial.

Arthur Kroeger has often been referred to as the "Dean of Deputy Ministers", having served in that role for six major federal departments. A few years back, after his retirement, Mr. Kroeger gave a speech to the Canadian Club of Ottawa, where he observed: "The delivery of government services requires continuous trade-offs between conflicting objectives, and the use of imperfect instruments in the pursuit of desired results. It always stands in need of improvement."

Continuous improvement is what this conference is all about. It's also my chief concern as President of Treasury Board. Today's sessions have made an important contribution to keeping us focused on the goal of reforming governance and how best to achieve it.

I thank you all for your insights today, and I look forward to your assistance in future as we continue to reform government and its capability to serve Canadians better.

Thank you.