SECTION 2: MAKING GOVERNMENT MORE EFFICIENT

2.1 Making government more efficient

2.2 Improving the delivery of government services

2.3 Redundancy management

2.4 Performance-basedmanagement

2.5 Special Operating Agencies

2.1 Making government more efficient

It should be noted that the Canadian Government does not have an efficiency programme per se, rather efficiency is part of most of the reform initiatives undertaken.

The Government is examining programmes with the objective of reducing waste and inefficiency and promoting economic growth.

The context for change

Tough economic circumstances make it essential that the right government programmes and services be delivered in the most cost-effective way possible. Canadians cannot afford inefficient government. Significant improvements in efficiency are possible through careful review of alternative means for delivering services; creating positive incentives for managers and employees to be more productive and innovative, and streamlining and modernising administrative policies and operations.

Making government more efficient is part of the Agenda for Action to improve the management of government. Improving the management of government aims at bettering the delivery of services to Canadians in a more efficient and accountable manner. To this end the Agenda for Action has four objectives:

- improving service delivery to Canadians;
- making government more efficient;
- building on the strength of Canada's public service; and
- strengthening accountability.

Implementing change

The following is an overview of a consultation draft document outlining a wide range of Treasury Board policies and interdepartmental activities which are underway or could be undertaken to support this type of initiative.

- Implementing the most efficient organisational mechanisms to deliver the right service (determine and use the most appropriate organisational way to deliver services which are needed).

- Using technology to modernise administrative systems (re-design the technological platform being used to operate government).

- Providing incentives for efficient management (get the incentives right for managers and employees to provide Canadians with the best value for money, such as increasing optionality for common services, expanding operating budgets and establishing internal service standards).

- Streamlining internal government operations (reduce costs and eliminate unnecessary government activities, such as rationalising the use of Crown housing, reducing the real property inventory, and enhancing cash management practices).

Supporting material

Working Together for "Better Public Services". An Agenda For Action, Treasury Board Secretariat, November 1993

2.2 Improving the delivery of government services

Continued fiscal restraint and the need to achieve greater flexibility in how resources can be expended make a strong case for exploring alternative service delivery methods.

The Canadian Government's Treasury Board Secretariat has developed two guides for managers which help them determine the most efficient ways of delivering public services.

Stretching the Tax Dollar: Making the Organisation More Efficient presents an analytical process which can be applied to the delivery of government services to identify the most efficient scenarios in which services can be maintained.

Stretching the Tax Dollar: Make or Buy? focuses on whether it is more cost-effective to "make" a service in-house or "buy" it from the private sector.

The context for change

A lack of resources is the incentive for managers to explore more cost-effective means of delivering government services. The *Stretching the Tax Dollar* guides give managers the option to choose the most cost-effective means of service delivery.

The priority of the Canadian Government is to reduce costs and maintain service delivery. It aims to achieve this by cutting budgets and providing managers with tools to deliver services more efficiently. The *Stretching the Tax Dollar* guides are two tools which have proven useful to managers in coping with fewer resources. They will be actively marketed within the federal government, and complementary tools suggested by managers will be drafted and promoted in the coming year.

The use of guides to encourage cost-effective service delivery is in keeping with the Public Service 2000 philosophy that managers should be given incentives to manage better the resources available to them. These guides dovetail well with the flexibility recently given managers in single operating budgets.

Implementing change

Stretching the Tax Dollar: Making the Organisation More Efficient outlines a five-step process for focusing the examination of the various scenarios for government service delivery:

- Preliminary Assessment involves choosing an activity and reviewing the service to define the major issues. If the cost of the study is determined through the preliminary assessment to be greater than the expected savings, the process ends;

- Comprehensive Assessment defines the output specifications of a service, examines various service delivery options, reviews the in-house performance of the work and designs a more efficient in-house organisation;

- Reports include the impact of the preferred scenarios and the necessary implementation plans;

- Implementation of the option approved by senior management;

- Monitoring and Review to assess the continued efficiency and relevancy of the service.

During 1994, use of the *Stretching the Tax Dollar* guides will be promoted to public service managers in large, medium and small departments, especially in Canada's regions. An information base of experiences in applying the guides will be developed and this information will be shared with interested parties. Other tools which help managers deliver government services more efficiently will be developed and promoted.

Presentations on the use of the guides are being made to public service managers. Workshops on experiences in using the guides are planned.

Supporting material

(i) Stretching the Tax Dollar: Making the Organisation More Efficient

(ii) Stretching the Tax Dollar: Make or Buy?

2.3 Redundancy management

This entry provides an overview of the Government's workforce adjustment directive. Workforce adjustment is a situation that occurs when a deputy head decides that the services of one or more indeterminate employees will no longer be required beyond a specified date because of: a lack of work; the discontinuance of a function; a relocation in which the employee does not wish to relocate; a devolution; a privatisation or a contracting out situation. The employee in this situation is declared surplus.

Departments are responsible for ensuring that indeterminate employees who are declared surplus are provided with a reasonable job offer.

The context for change

It is the policy of the Treasury Board to minimise the impact of workforce adjustment situations on indeterminate employees, primarily through ensuring that, wherever possible, alternative employment opportunities are provided to affected employees. It is, however, recognised that it is impracticable to guarantee the continuation of a specific position or job. The emphasis of the workforce adjustment directive is, therefore, upon the concept of employment security rather than job security. To this end, every indeterminate employee whose services are no longer required because of a work force adjustment will be guaranteed a reasonable job offer within the Public Service, subject to the provisions of the directive.

The Public Service Commission will establish and modify staffing policies and procedures to ensure the most effective and efficient means of maximising the redeployment of surplus employees and the appointment of laid-off persons to positions in the Public Service.

Departments in which there are employees affected by a workforce adjustment situation are deemed the home department and are responsible for carrying out effective human resource planning to minimise the impact of workforce adjustment situations. Also, home departments shall co-operate with the Public Service Commission and appointing departments in joint efforts to redeploy, or retrain for redeployment to appointing departments, departmental surplus employees and laid-off persons.

Implementing change

In order to establish a workforce adjustment directive, a preliminary requirement is to have as objectives the provision of other job opportunities to affected and surplus employees who are mobile and willing to be retrained; to minimise the number of lay-offs from the Public Service and to provide incentives to employees who choose to go to a new employer as a result of privatisation or contracting out. In the Canadian Government experience, with the exception of those provisions for which the Public Service Commission is responsible, this directive is deemed to be part of the collective agreements between the parties of the National Joint Council (NJC) and employees are to be afforded ready access to it.

This directive was approved by the Treasury Board on 7 November 1991 under the authority of entry 11 of the Financial Administration Act following consultation within the National Joint Council, became effective on 15 December 1991, and is subject to triennial review on 31 March 1994. The Public Service Commission has endorsed those portions of this directive for which it has responsibility.

Since indeterminate employees who are affected by workforce adjustment situations are not themselves responsible for such situations, it is the responsibility of departments to ensure that they are treated equitably and given every reasonable opportunity to continue their careers as Public Service employees.

Departments must establish systems to facilitate redeployment or retraining of the department's affected employees, surplus employees, and laid-off persons.

The minimum period of surplus notice prior to lay-off that must be afforded to an employee is six months.

Departments must guarantee every affected or surplus employee who is both mobile and retrainable a reasonable job offer during the surplus period, and must extend any such surplus period until at least one such offer has been made. Where practicable, a reasonable job offer shall be within the employee's headquarters area as defined in the Travel Policy. Deputy heads shall apply this directive so as to keep actual involuntary lay-offs to a minimum, and lay-offs shall normally occur where an individual has refused a reasonable job offer, or is not mobile, or cannot be retrained within two years, or is laid off at his or her own request.

Appointment of surplus employees to alternative positions, whether with or without retraining, shall normally be at a level equivalent to that previously held by the employee, but this does not preclude appointment to a higher or lower level. Departments shall avoid appointment to a lower level except where all other avenues have been exhausted.

Home departments must appoint as many of their own surplus employees or laid-off persons as possible, or identify alternative positions, both actual and anticipated, for which individuals can be retrained.

Supporting material

(i) The Manager's Deskbook, Treasury Board of Canada, Third Edition

(ii) Treasury Board Manual, Human Resources volume, Chapters One and Two

2.4 Performance-based management

The most recent reform of Canada's public sector began in the late 1980s. With it came the need for public sector managers to balance the demand for demonstrably better service with progressively reduced resources. To meet this demand, it was recognised that managers must be provided with tools to measure the on-going performance of programmes and to apply that information to make needed changes in programme delivery.

The context for change

Public service managers must have clear, precise information on how well their programmes perform. They need to know how well they operate, how well they serve the needs of their clients, how well they achieve their goals and how cost-effective they are. In short, they need to know if they are providing a high-quality service that achieves results and that gives value for the cost.

These requirements are not new, but they have taken on new significance in recent years. Canadians want to know that the programmes and services that they pay for serve a real need, achieve their intended purposes without causing important negative side effects and cost as little as possible. They also want to know the level and quality of service they can expect to receive when they turn to their government for help. Performance in the public service, then, demands that managers demonstrate the value of their programmes and services and that they deliver them according to established and known standards of quality service.

These challenges stem from Public Service 2000 (PS2000), an initiative to renew the Public Service of Canada. The PS2000 Task Force on Service to the Public noted the need for public service units to become more client-focused and to be more effective in meeting citizens' needs and expectations. Also reflected are a number of recent government initiatives which have emphasised the need to improve performance: PS2000, with its emphasis on service to the public and measuring client satisfaction; Special Operating Agencies; service standards; total quality management; and re-engineering.

Implementing change

To help managers meet the challenge of providing quality services with ever-reducing budgets, the Treasury Board Secretariat (TBS) developed workshops on performance-based management.

Introduced in the fall of 1992, the workshops are designed to help managers understand and implement performance-based measurement. Some of the topics addressed during the workshop include: developing practical performance measures; instituting useful and practical performance indicators; assessing the expectations and satisfaction of clients; establishing challenging and realistic service standards; and planning and implementing cost-effective ongoing data collection.

In general, the workshop is most effective when used to "fast-track" specific performance-based measurement initiatives in specific departments, as it becomes a tool for consensus building on key concepts, allows the development of preliminary performance models and addresses techniques for fostering a results-oriented culture.

Over the past year this workshop has been used successfully by half a dozen departments.

Supporting material

The workshop's materials are updated for every new offering. Copies of the latest version are available from the Government Review and Quality Service Division, Administrative Policy Branch, Treasury Board Secretariat. Related documents aimed at programme managers include:

(i) Line Managers and Assessing Service to the Public.

(ii) Your Guide to Measuring Client Satisfaction

2.5 Special Operating Agencies

The Canadian taxpayer expects quality service from the Government at a reasonable cost. Special Operating Agencies (SOA) are increasingly being seen as one of the more effective means of delivering government services with due sensitivity to client requirements and bottom-line costs.

Special Operating Agencies are service units within departments that are being given more direct responsibility for results and increased management flexibility where this is necessary for them to reach new levels of performance.

The context for change

SOAs are an important element of the ongoing restructuring and re-engineering of government. They are intended to promote cost-effective, client-centred service, while improving the management of resources, demonstrating initiative and improving results.

The Government is interested in extending the use of the SOA concept to government organisations whose operations would likely benefit from applying private sector norms in planning and delivery services either to the public or to other departments of government. The first group of SOAs was announced by the President of the Treasury Board in December 1989, and the concept was embraced as one of many initiatives of the Government's December 1990 white paper on Public Service reform.

Implementing change

Potential SOA candidates must meet certain criteria before being given the go-ahead. Best candidates share five common characteristics. They are:

- discrete units of sufficient size to justify special consideration;
- concerned with the delivery of services, rather than internal policy advice;
- amenable to the development of clear performance standards;
- operating under a stable policy framework with a clear, ongoing mandate;
- staffed by managers and employees who are committed to the SOA approach.

Agencies are established via a Treasury Board decision. Submissions include a business plan (a performance contract) and a framework document (the SOA mission, flexibilities and operating relationships). Both are approved by the responsible Minister who decides when a unit is ready to be considered by the Treasury Board.

Candidates come from many areas including direct services to Canadians, internal services of government, science and technology services, regulatory and enforcement programmes or special cases.

They improve the delivery of their services by:

- ensuring that their operations are clearly defined and well understood;
- setting demanding goals for performance and developing strategies for attaining these goals;
- applying and adapting the best private and public sector management techniques; and
- monitoring performance to ensure continuous progress toward their goals.

The aim of Special Operating Agencies is to give greater authority and scope to individual employees and managers. This should encourage initiative and lead to improved performance in delivering services.

Each agency remains accountable to the deputy minister and minister. However, the deputy minister will assign the full range of authority for running the agency to its head, who will concentrate on meeting the agreed upon goals for service and value that are the hallmarks of this new type of government unit.

A particular initiative in establishing Special Operating Agencies: The Canada Communication Group

The Canada Communication Group (CCG) is one of a number of Special Operating Agencies (SOAs) within Public Works and Government Services Canada (PWGSC). The intent of the Canadian Government in establishing SOAs was to improve government service delivery, in part by encouraging and enabling service organisations to adopt businesslike practices and objectives. SOA managers are given more direct responsibility for results and increased managerial flexibility where necessary to reach new levels of performance.

CCG was one of the first five SOAs to be established. Since becoming an SOA in

June 1990, CCG has moved a considerable distance along the continuum from a traditional government bureaucracy to a fully realised SOA. Along the way, CCG has committed itself to providing its customers with the highest quality communications and information services. Superior customer service has been a driving force in CCG's development as an SOA.

Operating environment and the employee mindset

The most significant and noteworthy changes to CCG since moving to SOA status have been in the nature of the agency's operating environment, the employee mindset and the degree of organisational autonomy the agency enjoys.

Before April 1992, most of CCG's services were mandatory - federal departments and agencies were obligated to use CCG's services to obtain printing and other communications services. After that date, most of CCG's services were optional and customers had the choice to use CCG or go elsewhere.

From the beginning, employees were seen as the key to the success of the agency as an SOA, and their co-operation and commitment were considered vital. CCG management made a commitment to be open with its employees, to keep them informed of expected changes and to have them actively participate in the choices facing the agency. In the early stages, the Chief Executive Officer (CEO) "went on the road" providing presentations and coffee sessions to employees to explain the SOA concept and to answer questions. Communications tools, such as a new logo for the agency, an employee newsletter and ad hoc information bulletins, were introduced to keep employees informed about the changes, the agency's challenges, successes and failures.

During the SOA transition period, CCG management continually reinforced the message of customer service and entrepreneurial thinking. Employees were asked to participate actively in the evolution of the agency and were encouraged to take responsible risk. They were given the freedom to "push the envelope" - all ideas on improving customer service were encouraged, provided they were legal. To give employees an unfiltered voice to the agency's CEO, an Employee Advisory Board (EAB) and a Customer Service Council (CSC) were established. The CEO sits on the EAB, and the CSC reports directly to him. Both the EAB and CSC have proven effective vehicles for employees to table concerns and suggestions.

Employee motivation and satisfaction

The move to an optional environment required changes to CCG's human resources management framework. The need to control costs, to motivate the workforce and to maintain a competitive edge were considered vital to the viability and survival of the agency. CCG has introduced a recognition and reward process to reinforce and encourage behaviour which will ultimately contribute to the success of the agency. To encourage exceptional customer service, productivity improvements, performance of job duties above and beyond what is normally expected and revenue generation and cost-effectiveness initiatives, employees are rewarded with token gifts. In the private sector, profit-sharing and other monetary incentives have proven to be effective productivity motivators; however, because of provisions of the Public Service Compensation Act, CCG cannot, at present, introduce incentives of this sort.

Since becoming an SOA, CCG has conducted two surveys to monitor employee satisfaction. Employee views and perceptions were tracked on such subjects as CCG as an SOA, the change process and confidence in management, general job satisfaction, morale, training, career opportunities, ad so on. Results from both surveys were encouraging, and the employee response rate was excellent. Employees indicated confidence in CCG's ability to succeed and pride in the products/services they provide. The more recent of the two surveys revealed that employees felt that management had adequately responded to the first survey findings and that CCG was on the right track with the goals which were established.

Separate employer status

The most recent significant change to CCG's human resources framework has been the agency's move to separate employer status in the spring of 1993. For most Canadian federal public servants, the "employer" is the Treasury Board, a committee of Cabinet. Federal organisations which have been granted separate employer status replace Treasury Board as the employer, thereby taking over responsibility for personnel management, including classification, collective bargaining, and in the case of CCG, staffing. The importance of this move is that it will enable CCG to match better required workforce skills to corporate goals.
In July 1993, CCG introduced its new classification plan. This plan is not based on occupational groups, such as clerks, printers or purchasing agents. It is based, instead, on the principle of equal pay for work of equal value. Therefore, all the different federal occupational groups formerly represented at CCG (there were 22 of them) now fit into one common CCG classification group comprising 17 levels.

Service Quality Management

To ensure the agency's continued success and competitiveness in an optional environment, CCG has had to introduce innovative ways of delivering products, increase the use of new emerging technologies and place emphasis on quality, value added products/services. The emphasis on quality products/services has been the overriding theme, the premise being that if the agency provides quality products/services at competitive prices, then the rest will follow.

To instill quality thinking into the culture of CCG, the agency has undertaken an extensive Service Quality Management (SQM) training programme which emphasises continuous improvements to customer service and product delivery. SQM training began in April 1992 and has involved staff at all levels. By the end of fiscal year 1993/94, close to 90 per cent of CCG's employees will have received SQM training. More sessions are planned in the next fiscal year to ensure that every CCG employee receives SQM training.

Customer Satisfaction

CCG has undertaken two studies to measure customer satisfaction. The first study, conducted in 1989, before CCG became an SOA, determined that the most important customer satisfaction factors were, in order of priority: quality; timeliness; and price. In February 1993 CCG contracted another, more comprehensive study. This study covered all major products/services and assessed both customers and markets. The assessment concentrated on external trends affecting CCG business, competitive positioning, market characteristics, and product/service size and growth potential.

In the more recent study, customers generally indicated a high level of satisfaction with CCG as a service provider. Moreover, customers expressed the opinion that CCG's services had improved since becoming an SOA. More specifically, the research revealed that 90 per cent of those surveyed were either satisfied or very satisfied with CCG, particularly with regard to the speed of delivery, the quality of product or work, and with the people at CCG. The level of satisfaction varied somewhat by product/service line.

Restructuring to meet future challenges

In June 1993, CCG underwent its first major restructuring since becoming an SOA. This was done in response to a number of things, not the least of which were concerns expressed by employees in the course of their SQM training sessions. They felt that CCG could promote its services better, that sales strategies lacked co-ordination, and that co-operation between CCG divisions could be improved.

Prior to the June restructuring, CCG was organised strictly along product lines, some of which were very similar. This lead to confusion for CCG's customers, and to competition between divisions to attract business. CCG's new structure groups similar products/services together, thereby allowing for a more co-ordinated approach to product delivery. A Business Development Division has been created to, among other things, co-ordinate the marketing activities of the agency. A new sales structure for CCG is currently being piloted. Key to the new structure are the corporate account executives and the divisional sales representatives. Account executives are expected to co-ordinate all major sales strategies, business deals and developments for CCG's key clients. Divisional sales representatives are to work closely with the account executives to ensure that CCG presents a consolidated, professional image to the agency's customers. At the end of the pilot project (summer 1994) its success will be evaluated and modifications made as necessary.

Among the major opportunities and risks which continue to face CCG today are introducing new technologies to improve the cost-efficiency and responsiveness of services; staying competitive with private sector sources to maintain existing market share; expanding selling/promotional activities to include the full range of available products; and managing CCG's and the Canadian Government's sometimes competing political and business objectives.

CCG has decided to focus its strategic positioning on meeting customer requirements better than its competitors. By doing this, CCG hopes to strengthen its position in its traditional marketplace - federal government departments and agencies.

Next Steps

As noted above, CCG has begun a restructuring that will see it progress from a product-based structure to a more customer-oriented structure. Traditional communications and material management client specialists are quickly disappearing and CCG customers must now deal with more global objectives. As a result of the agency's new account executive/sale representative sales structure, CCG will be able to guide customers through the full range of CCG products rather than leaving them to sort out the agency's services themselves on a product-by-product basis. This new customer-oriented structure will enable the agency to deliver products in a more integrated, cross-divisional manner.

In pursuing this new strategic direction, CCG plans to work closely with its customers to minimise inherent risk. Respective roles, as well as current and future requirements must be well understood. At the same time, CCG will explore establishing alliances with private sector sources who will share the risk and be actively involved in developing solutions to customer/CCG needs.

In addition, CCG intends to continue to invest in new technologies which will improve the cost-efficiency and responsiveness of services. Thus far, CCG has introduced several new alternatives to traditional products/services and is testing others. The agency is actively establishing electronic links with customers and has begun converting available data to meet the information needs of new audiences. The future will tell whether or not CCG's new strategic direction will be successful.

Supporting material

(i) What is a Special Operating Agency, Performance, Treasury Board of Canada, 1990

(ii) Becoming A Special Operating Agency, Treasury Board of Canada, July 1991