

A RADICAL BUDGET FOR PUBLIC SERVANTS



DAVID ZUSSMAN

Federal budgets are designed to breathe fiscal life into governments' good intentions. This year, Prime Minister Paul Martin has the additional challenge of placing before Canadians a budget that must also appeal to a significant number of opposition members who, in the final analysis, will decide whether the budget is implemented. It is not surprising, therefore, that most of the media attention has concentrated on the political implications of the government's spending priorities.

For public-management watchers, this budget has a number of significant proposals that will have a huge impact on the public service. In the first in-

stance, the budget books, over the next five years, almost \$11 billion in savings that, in turn, will be invested in new priority spending. Of note is the assertion that almost 90 per cent of these savings will be found by improving the efficiency of the government.

Broken down into its elements, the budget papers reveal that more than \$1 billion of efficiency savings will be realized through the better management of federal-owned properties; \$2.5 billion by an improved procurement process and more than \$3 billion by the more efficient delivery of government services. In addition, the government intends to find almost \$4 billion, over a five-year period, "in improved program and administrative efficiencies" within individual departments. Tellingly, only \$100 million will be saved by actually reducing program spending.

Since these savings depend on massive changes in the responsibilities of public servants across the country, it is extremely important to consider the analysis that led to the estimated sav-

ings. The budget documents describe how extensive studies were carried out by consulting firms and task forces to examine best practices in the public and private sectors in order to gauge the long-term savings to be realized by an efficiency push of this magnitude.

Procurement and property management will fall under the full control of Public Works and Government Services, and the rest of the public service will be duty bound to support the department's new authority to "negotiate for purchases on behalf of the whole of government." It also means that public servants will become far more efficient in the use of office space to the extent that they approximate private-sector standards. For example, the budget estimates that enforcing private-sector accommodation standards can save \$500 million over five years.

The budget's most innovative element was the decision to forge ahead with a one-stop point of contact for Canadians. Service Canada is not a new idea, but its time has arrived, and the government believes that, five years from now, we will have saved more than \$2.5 billion in efficiency gains after initially investing in the necessary technology and rationalizing hundreds of service centres that populate this vast country. This bold initiative has the potential to present the federal govern-

ment in a coherent and streamlined way to citizens and to serve as a common platform for provincial and municipal services, as well.

The challenges of implementing this aspect of the budget will be significant. First, Public Works and Government Services has the overall responsibility for meeting the targets that the government has set for the various efficiency gains. Second, this budget is based on the entire public service heeding the rules and procedures set out by Public Works in order to take advantage of the benefits of all of the new initiatives. Third, for Service Canada to satisfy Canadians' desire for high service standards and seamless administration, the government must invest significantly in information technology and communications infrastructure.

The good news is there are many vendors available to provide the technological solutions. The bad news is that it will be difficult to design a government-wide platform that satisfies all departments and agencies. As well, the procurement process for these new systems will be arduous, contentious and bitterly fought over, since the stakes are so high.

To add further pressure to this exercise, managers will be reminded that the Firearms Centre, which was also a system innovation, was supposed to be cost-neutral to the federal govern-

ment, but thousands of design changes and conflicting objectives drove the cost of the exercise to excessive levels. Service Canada is a far more complex and innovative idea than the Firearms Centre, so the risks will be high, but the potential payoff to Canadians is also significant.

On the people side, the next three years will be a huge challenge for the Public Service Human Resources Management Agency that must handle the majority of the HR components of this transformation. While the budget papers indicate that the net effect of these proposals will result in less than a one-per-cent loss in jobs, the churn created by these new management initiatives will affect thousands of employees who will have to be retrained, reorganized and, in some cases, redeployed throughout the federal public service.

For most public servants, the 2005 Delivering on Commitments budget will be as significant a transformation as the Program Review budget of 1995.

DAVID ZUSSMAN is chief operating officer at EKOS Research Associates, a professor of management at the University of Ottawa and a commissioner on the Public Service Commission of Canada. In 1994, he was appointed assistant secretary to the cabinet for program review and machinery of government.
E-mail: dzussman@ekos.com