

CANADIAN COUNCIL OF PUBLIC ACCOUNTS COMMITTEES

SEVENTEENTH ANNUAL CONFERENCE SEPTEMBER 8-10, 1996 VICTORIA, B.C.

Report of Proceedings (Hansard)

Monday, September 9, 1996
Afternoon Session

The meeting began at 1:13 p.m.

C. James: We're running a little late. If we could continue on with the reports from jurisdictions, no doubt you will have noticed that the Northwest Territories was passed over. If they are here and can present, maybe they could do so now.

R. Erasmus: My name is Roy Erasmus. I'm the member for Yellowknife North, and I'm the Chairman of the Standing Committee on Government Operations in the Legislative Assembly of the Northwest Territories. Attending this conference with me are Mr. Kevin O'Brien, Deputy Chair of the committee, and committee member Mr. Seamus Henry. Also with us is Mr. Dave Inch, Clerk of Committees.

I think it is safe to summarize the time between the sixteenth annual conference in Charlottetown two years ago and this gathering of Public Accounts Committees as a time of change in the Northwest Territories. An early indication of change occurred during our general election in the Northwest Territories last October, which saw 15 new members elected out of a total of 24 seats.

As a non-partisan Legislative Assembly, we face a number of very serious challenges as we move towards April 1, 1999, and the creation of two new territories: Nunavut, in the east and the new western territory, which is yet to be officially named. Our accountability mechanisms will be severely tested as we strive to reduce our accumulated deficit while coping with a shrinking revenue base and rising social costs, which are largely a result of our rapidly growing population.

To address these issues effectively within our consensus style of governance, we felt that we needed to change the way we do business. The most notable change to our Legislative Assembly structures consisted of redesigning our standing committee system. We adopted an integrated approach which involves ordinary members early in the decision-making processes, theoretically enabling consensus to be achieved more effectively on difficult and contentious issues. The standing committee structure, including the terms of reference for each committee, is detailed in an attachment to these remarks. In summary, we have three standing committees responsible for overseeing the multi-year business plans, budgets, bills, policies and performance of the departments within their envelope. Departments' specific public accounts issues also fall to the respective standing committee, as do reviews of comprehensive audits of particular departments. However, with respect to reviewing financial statements and governmentwide public accountability issues, the Standing Committee on Government Operations has a broad responsibility to examine and review the public accounts and reports of the auditor general.

At this time, I would like to briefly highlight a couple of the concerns which were raised by the Standing Committee on Public Accounts of the twelfth Legislative Assembly when they reviewed the government of the Northwest Territories' financial statements and the report of the auditor general for Canada for the fiscal year ended March 31, 1994. Generally, the committee reported to the House its disappointment with the government's less than satisfactory response to and progress on recommendations in areas such as assessing and accounting for environmental liabilities, timely financial reporting by consolidated entities and overexpenditures by departments. I mention these past issues because they were again raised by the auditor general in the 1995 report.

As recently as two weeks ago, the Standing Committee on Government Operations conducted a public review of the auditor general's report for the 1994-95 fiscal year. As all the members of the committee were newly elected, the review process began with an in camera workshop with officials of the auditor general's office. Discussions on the respective roles of the auditor general and the committee, and the accountability mechanisms available, provided members with an understanding of the review process and potential issues to be addressed.

During the public discussions with senior officials, the committee noted that departments have to do a better job of forecasting their expenditures, to avoid the need for supplementary appropriations. This is especially crucial, given the government's precarious fiscal position and the need and the express desire of our Legislature to balance our budget and begin to reduce the accumulated deficit prior to the division of

the Northwest Territories. Other concerns noted during the review included, once again, assessing environmental liabilities, future liabilities related to the pay equity dispute, regular and timely financial reporting of boards and agencies, and monitoring expenditures through the review-of-variance reports.

The committee will likely make a number of recommendations on these and other issues when we report on our review to the House in October of this year. As we approach 1999 and the division of the Northwest Territories, our committees must all assume an enhanced role in monitoring the expenditure of public accounts. We must be increasingly vigilant, to ensure accountability and value for the shrinking public dollar.

In closing, and on behalf of the members of our committee, I would like to thank our hosts for their warm welcome. We look forward to a rewarding association with all of you over the next couple of years. In addition, should the membership choose to ratify the CCPAC conference schedule to coincide with that of the legislative auditors, it would be the distinct pleasure of the thirteenth Legislative Assembly to welcome you all to the Northwest Territories in 1998.

I would be happy to respond to any questions or comments that the delegates may have.

C. James: Are there any questions to the Northwest Territories? There being none, thank you very much. We can now move on to Saskatchewan.

R. Gantfoer: As the delegation isn't here, according to the schedule, I would like to take the opportunity to introduce the members who are accompanying me. My name is Rod Gantfoer. I'm a newly elected MLA from the 1995 election, so this is a very new experience for me. On March 1, I was elected Chair of the Standing Committee on Public Accounts. With me is Mr. Andrew Thomson, who is a government caucus MLA for Regina South, as well as Mr. Greg Putz, who is the Deputy Clerk of the House and also the Clerk to the Standing Committee on Public Accounts.

This is indeed a very great pleasure, and I would like to echo the feeling of hospitality that we have experienced here on the west coast and at the noted Mile Zero. It is a great pleasure to be in this assembly, although it is a little disconcerting to be recognized as an eastern parliamentarian. For this prairie boy, that's a bit troubling.

We had a new committee formed which was comprised of ten members, and six of us were brand-new to the committee. One of the very first things we thought it was important to do was some orientation, to understand the roles and responsibilities we were undertaking. Under a program set up by our Clerk, Greg Putz, in conjunction

with the provincial auditor, the provincial comptroller and Mr. Harry Van Mulligen, who is a past Vice-Chair and Chair of Public Accounts Committees, we had two sessions of orientation that went through our mandate, our operating procedures and principles, and things of that nature, so that we could indeed move forward with what we found out very quickly is a great deal of backlog work.

Because of the fact that there was an election, our committee wasn't able to function, and there were some health challenges for the past Chair. As a result of some of these issues, we ended up with an extraordinary amount of work that was left over. The work that is before us actually encompasses five provincial auditors' reports, comprising over two and a half years of time. It is a great challenge to sit down and establish how we are going to function with that kind of workload.

It struck us that we had to deviate from the past tradition of sort of going through them report-by-report in detail, and that moving in that direction we would never be finished. So we decided instead to move to a more vertical kind of system of trying to catch up: instead of dealing with all five reports in sequence, we dealt more per department. For example, when we were discussing the Department of Health, we looked at all of the issues in all five reports relating to the Department of Health. We also then determined that it made little sense for us to deal with issues from a 1992 report that has been accomplished to the auditor's satisfaction by 1995. So we have sort of tried to distil, if you like, the process in such a way that we could progress.

Following the discussion in that direction, and with the provincial auditor's help, we adopted a schedule of proceeding, and we progressed on it. Over the course of the session, we met 11 times, two of them being orientation. So we actually had nine two-hour meetings on the issues as we had agreed to look at them, and we were able table our first report of the items we had dealt with to the assembly. My colleague Mr. Thomson will go over some of the issues we dealt with. We have a great deal of latitude in terms of how we can function, and we will be meeting for a further week next month and a subsequent week in November, at which time we hope to catch up on the backlog of work, so that when the next session is before us we will be able to deal with that in a very timely manner.

I have to say that I am fairly grateful for people who have preceded us, in terms of establishing a very clear mandate and the very clear system of operating rules and procedures that we have. I think I can echo the sentiments from Nova Scotia; we follow very clearly and identify very much with almost everything that you said.

One of the things that I have taken upon myself to change in some sense is the role of the Chair. It's my understanding that in a lot of the committee work in the past the Chair acted as the chief inquisitor, for lack of a better word, and sort of highlighted

and spearheaded the questioning of the department officials, etc., before the committee. I have taken the position that I want very much to have this committee deal in a non-partisan role as much as possible, and I think that we have been largely successful in doing that. Rather than seeing my role as the chief inquisitor, it's my position to act as the Chair of the committee and see to it that all of the committee members -- government and opposition members -- are allowed to participate fully in the process in a non-partisan way, as much as possible, and I think that is meeting with some success. I have taken the position to our committee that I would only act as a committee member, in terms of questioning delegates and things of that nature, if I felt that there was some area that wasn't being fully explored by members, but would give them the lead role in terms of being involved fully with the committee.

I am very proud of and satisfied with the work that we've done so far. I'm very excited when I hear from you, our colleagues, about where you are at. I realize that we are making some progress. Hopefully we can learn from each other, and that will be a very positive experience. Having said that, I would like to turn over the rest of the presentation to Mr. Thomson, who will go over the items that we have dealt with and the issues that are before us.

A. Thomson: I am Andrew Thomson. I'm one of the government representatives on the Saskatchewan Public Accounts Committee. As Rod has said, we have had an excellent start to the committee. Unfortunately, we have been a little bit backlogged but have been making good progress in catching up.

Many of the issues we're dealing with are similar to those in other jurisdictions -- namely, pension liability questions and questions about how to deal with better public reporting in a more user-friendly format, such as annual reports. We spend a great deal of time discussing whether the province of Saskatchewan should issue an annual report itself rather than simply have its Crown agencies and government departments do so. At this point we have decided simply to look at that issue. I understand that at this time the only jurisdictions that do so are Alberta and the government of Canada, but this is something we are considering.

We have decided also to recommend that we improve the tabling-of-documents process. Currently, Crown reports can only be tabled once the Legislature is in session, which worked fine when we were meeting in spring and fall sittings. However, currently we only meet once, and that's during the spring, so it has caused some difficulties. We're recommending now that documents should be able to be tabled with the Clerk and then be readily accessible to the public, so that we cut back on the time lag on information.

The auditor had recommended that the Public Accounts Committee review all Crown corporations reports. The Public Accounts Committee has decided that it's not an appropriate function for us. We wanted to keep our mandate fairly focused, and it was our view that general business plans and policy issues should be reviewed by the Crown Corporations Committee of the assembly instead.

The other key issue that we dealt with concerns the district health boards that Saskatchewan has recently established. These health boards function at arm's length from government. They have just recently been -- I don't know what the word is -- partially democratized, I guess, in that there were elections last fall to elect members to them, establishing them as separate levels of local government. But the provincial auditor has been directly involved in setting up the accountability mechanisms to ensure that the number of funds are being dealt with appropriately. For Saskatchewan, that's roughly a billion dollars worth of funds. Almost a full 20 percent of the budget is dealt with directly by these health boards. So that has taken up most of our time this past spring.

I just want to agree with my colleague Mr. Gantfoer in saying that a lot of the acrimony and partisanship we saw in our committee in the eighties has certainly vanished. I think that now there's a much clearer focus, a clearer mandate, and that's helped move things along.

C. James: Any comments or questions to Saskatchewan? If not, I believe the only other Canadian jurisdiction yet to report is the Yukon.

M. Follwell: In light of the time, I'll be very brief. You'll notice that I'm here by myself. I'm the Deputy Clerk of the assembly; I'm not a member of the assembly. The reason I'm here by myself is that Yukon is in an election period, with polling day being September 30.

Traditionally, our Public Accounts Committee has been chaired by the Leader of the Official Opposition, and the Chair this time is indeed the Leader of the Official Opposition. He is out pursuing, I guess, the ultimate performance measurement indicator: he's hoping to become Premier. I think I'll end with that.

[1:30]

C. James: Any questions for Missy? If not, we'll move right along. Of course, everyone knows that we have a delegation from New South Wales here. They've kindly offered to make a few comments about their committee.

R. Chappell: Ladies and gentlemen, I'm Ray Chappell from the Parliament of New South Wales -- greetings from down under. We're very pleased to be here, and we thank you for this brief period of time.

I'll just position it, for those of you who don't know the Australian situation well. New South Wales is the most populous state. It's in the middle of the eastern seaboard, and we have just over six million of the total of 18 million Australians at this time. We have a total state budget of about \$20 billion a year. We have a triple-A credit rating, although that's fairly hard to maintain, but we keep working away at it.

The Public Accounts Committee was started back in about 1902, but it's been in its present active format since only about 1981-82. It would be considered the senior committee of the parliament. It comprises five members: three government -- one of the government members is the Chairman -- and two opposition members. I'm one of Her Majesty's Loyal Opposition members at the present time. I was previously Deputy Chairman as a member of the government party.

We have an active committee, and it's very bipartisan. We produce on the order of ten to a dozen reports per annum, which are taken considerable note of both in the parliament and outside. For instance, one of our reports last year on investment in public infrastructure has sold some 15,000 copies and is a prescribed text in eight universities around the world at the present time. So we do rack up some runs of that kind.

We have a diverse range of activities, obviously, in relation to our auditor general, very much as described here. Of the various presentations, I guess the one we would identify most with today so far would be Nova Scotia's. It seems that the balance of our activities would be very much the same as there.

There are some ongoing questions, of course, that have been identified around the floor here today, which we recognize very easily. Most of the issues are, in fact, the same: what you are grappling with, we are grappling with. We're very much in the path of trying to find better ways of governing, better accountability processes, and so forth, so the theme of this conference attracted us. Of course, the venue also attracted me, having been here for a very brief period last year to have a look around. We're pleased to be here, to contribute and to tell you all -- you heard it here first -- that ACPAC, the Australian Conference of Public Accounts Committees, is having its biennial in Sydney, which is a great place to visit, in February of next year. I'll give you the details if anyone wants to ask.

C. James: Are there any questions of New South Wales? There being none, we should now move on to the section Managing Public Sector Performance: the View

from British Columbia, followed later on by Governance. I'll let the Chair of the Select Standing Committee on Public Accounts, Mr. Fred Gingell, elaborate upon some of the work that the committee has been doing in British Columbia. Before turning the table over to them, I know that Errol Price may be interested in using overheads and may be speaking from the far end of the chamber, in which case we will have to dim the lights somehow. If Errol and Alan could come to the table, I'll remove myself.

F. Gingell: We're now going to start the section Managing Public Sector Performance: the View from British Columbia. If every government program has a purpose, that purpose can be expressed in a number of goals or outcomes that the program is intended to achieve. Benchmarks or criteria can be determined and progress towards achieving the program's goals measured and reported upon. By evaluating where we start, we can relate the cost and time elapsed to the progress or improvement obtained. The scarcity of resources to fund government programs is going to keep constant pressure on politicians to bring a pragmatic approach to the allocation decisions. These choices -- because choices they will more and more become as resources become scarcer -- are the most difficult and the most important a politician must make. It is little wonder, then, that bureaucrats and politicians quickly find a commonality of interest in such initiatives. Governments all over the world have been focusing in different ways on performance or results-oriented management systems for their public sectors. These accountability programs have subtle differences, and in this session we are going to present you with an overview of how this issue is being approached in British Columbia.

The catalyst, at least from my perspective, was a report tabled in the Legislature entitled *Enhancing Accountability for Performance in the British Columbia Public Sector*. This report was unique in that it was a joint report or study of the council of deputy ministers of British Columbia and the office of the auditor general. This project is an initiative of the senior bureaucrats, the deputy ministers' council. The auditor general's office is fully cooperating and providing professional advice and counsel in planning and implementation. The Public Accounts Committee is, I suggest, only an interested bystander but, as the representative of the citizens, is strongly supportive and is thinking about the responsibilities of the Legislature and the contribution politicians can bring to the success of this important project.

We'll share with you what we've done to date and what we'd like to see happen, but there are other important features that I think we can touch on in the session or in the question period. For example, in British Columbia the accountability-for-performance initiative has primarily been driven by senior bureaucrats, with the involvement of senior and middle managers from the central agencies, line ministries and Crown corporations, as well as from the academic community. Together with the auditor

general, they have developed an accountability framework that takes a comprehensive view of performance. They have said in an implementation plan how and when changes will be made to the way programs and services are managed, measured and accounted for.

The Public Accounts Committee has actively followed these developments and has taken a close look at how the assembly can be more effective in a system focused on results. This project has brought together many, often disparate, parts of government -- central agencies, ministries, Crown corporations, as well as the auditor general and the Public Accounts Committee -- to discuss how, ultimately, the public can be better served. To our credit and to my pleasure, this has been accomplished in an atmosphere of cooperation and with a common desire for improvements to current practices.

With that, I will ask Errol Price of the auditor general's office to speak about the accountability framework that has been developed for British Columbia. Alan Barnard, the comptroller general, will follow with a discussion of the implementation plan. I will conclude with some remarks about the involvement of the Select Standing Committee on Public Accounts. We have allocated time at the end of the presentation for your questions and comments.

E. Price: It's with some trepidation that we're going to try and lower the lights a little, so that maybe you can see the overheads slightly brighter. I was pleased to see that it wasn't a particularly heavy lunch.

Thank you, Fred, and good afternoon. I'm very pleased and honoured to be part of your conference. As someone who has devoted much of my time over the last three or four years to the subject of accountability, it's a great honour and privilege for me to be speaking about the subject in this chamber, which is really where the concept of accountability, both symbolically and practically, comes to reality -- at least part of the time.

Before describing the essence of the accountability framework, I just want to say a few more words about the enhancing-accountability-for-performance initiative that Fred referred to in his remarks. I should point out, by the way, that as part of the handouts you got there are copies of the overheads. It's true that a central feature of the accountability-for-performance initiative is the accountability reporting framework -- that is, a way of guiding government in British Columbia in reporting to the Legislative Assembly and the public on what they intend to achieve and what they actually do achieve, for the full range of their performance.

But the initiative goes beyond seeking improvements in the reporting of performance; it's intended to actually improve that performance. It calls upon government to bring

about some quite significant changes in its performance management system -- its planning, budgeting and resource allocation processes, for example -- so that the focus of that system is on results. By results, I mean the outputs and outcomes of government programs, not just looking at the inputs and activities. In other words, it calls on government to manage for results. The initiative also calls on legislators to assess their capacity to use the results information that government will be providing.

So what are the objectives of the initiative? On the next couple of overheads I've tried to set out five objectives. The first one is to provide more relevant, useful information to legislators and the public. There seems to be consensus throughout the B.C. public sector not only that government should be focusing more on results but that it should be sharing the information about results with those who need the information and have a right to know the information, such as legislators, client groups and the general public.

The second objective is to provide the best possible allocation of scarce resources. As you are all well aware, governments are faced with the challenge of balancing the need to deliver a full range of services with the fact that available resources are diminishing. So to make the hard choices that have to be made to achieve this balance, governments themselves need to know more about what is working well and what is not working so well.

The third objective is to ensure that there is a strong linkage between public accountability and internal performance management. This objective reflects the belief that our system of governance will work a lot better if everything is in sync. What I mean by that is that there's little point in government trying to report publicly for results if processes internally are not aimed at the achieving of those results and if managers do not have the capacity to manage for results. Similarly, there seems to be little point in government accounting publicly with respect to results if legislators are interested only in knowing such things as how many employees government ministries have, etc. So one of the things we're trying to do is to get all parts of the system focusing on the same sorts of things.

The fourth objective, as I've said, is to improve performance, and to do this by being clearer about objectives. This, of course, will require much greater strategic direction from government to its organizations and its programs, and better business planning by managers to improve performance by measuring results, especially focusing on the outputs and outcomes of programs, and by ensuring that management systems and processes are geared to the achievement of results.

The final objective -- it's almost an overriding objective and one that I appreciate sounds very grand -- is to improve the trust and confidence in our system of

governance. I'm sure you will know better than I that this is one of the major issues of the day. Of course, there are many factors that affect the level of trust and confidence. In a general sense, though, it is hoped that achievement of the preceding objectives will have at least some positive impact in this regard.

[1:45]

The initiative is best described in two reports issued jointly by the auditor general and the deputy ministers' council and tabled earlier with the Legislative Assembly. They are the 1995 report, *Enhancing Accountability for Performance in the British Columbia Public Sector*, and the follow-on report tabled in April 1996, *Enhancing Accountability for Performance: A Framework and an Implementation Plan*. The 1995 report is currently out of print, although it is available on the Internet. A copy of the second report was included with the handouts that you've got. At the front of that report, as well as on the screen there, you'll find an Internet address where, if you are interested, you could get a copy of the first report and, I guess, a copy of the second report, as well.

The first report was really a calling to action, or the catalyst Fred referred to in his remarks. It recognized the need for a results-focused accountability framework linked to a results-focused performance management system. It made a commitment to work towards that. It also suggested to legislators that now might be a good time for them to review how they carry out their role in the accountability process. This suggestion was acted upon expeditiously by the Legislative Assembly of British Columbia through its Public Accounts Committee. Fred will be talking about this in a few minutes.

The second report -- the one that you have in front of you -- is more specific, and it does include a results-focused accountability reporting framework for government reporting to the Legislative Assembly and the public. It articulates government's desire to shift to a results-focused performance management system, and it sets out the key elements of such system. Finally, it sets out the government's implementation plans.

I'm going to say a few words now about the accountability reporting framework, and then Alan Barnard will provide an overview of the government's implementation plans. I guess there's a question as to why there is a need for an accountability reporting framework. Well, underlining accountability is the notion that those entrusted with the power and resources for delivering goods and services to the public -- i.e., the government -- should measure and report publicly on all aspects of their performance. In British Columbia, as elsewhere, there have been few rules governing how that communication should occur. There are, of course, generally accepted principles for financial reporting, but no such codified rules for reporting on other

aspects of performance. Consequently, the information that has been provided by governments has not usually focused on the results of government activity. Therefore it has not always allowed the public or the legislature, acting on their behalf, to make fair judgments about how government has performed.

The accountability reporting framework is meant to address this issue by setting out rules or guidelines for governments to follow in reporting to the Legislative Assembly and the public with respect to all aspects of their performance. In developing such a framework for British Columbia, we were careful not to be overly prescriptive. The framework is instead designed with certain precepts or principles in mind, and the next three overheads set out the primary principles that have driven this work.

The first principle, as I've said, is that governments do have an obligation to measure and report publicly on all aspects of their performance.

The second principle is that performance is comprehensive in scope and encompasses three key elements: first, there is operational performance, which has to do with whether the programs that government delivers are relevant to society's needs, are effective, and are provided efficiently and economically; second, there is financial performance, which has to do with whether government achieves its objectives within planned financial constraints and manages its affairs according to sound financial controls; the third key element of performance, and one that we believe is extremely important, is compliance performance -- this has to do with whether government carries out its business in accordance with legislation and regulations and with the expected standards of conduct.

The third principle is that legislators and the public want to be informed about the outcomes that government is seeking. In other words, they should understand the impact that government policies and programs will have on their lives.

The fourth principle is that legislators and the public should have information to judge whether government has actually achieved what it set out to achieve and how these achievements compare to what was planned -- a basic comparison of results with plans.

The fifth principle is knowing the manner in which results are achieved. The way in which public business is conducted is important information for legislators and the public -- whether government is complying with legislation governing its activities, meeting the standards of conduct expected by the public and conducting its affairs fairly and honestly. As I say, we believe that information about this aspect of performance is extremely important.

The sixth principle is that results should be understood in the context of government's organizational capacity to repeat or improve upon its performance in the future.

Finally, accountability to the Legislative Assembly and the public should reflect both ministerial responsibility and the collective responsibility of government. In other words, public accountability is required at two levels: from government organizations, its ministries and Crown corporations, primarily, each one of which is a responsibility of an individual minister; and from government as a whole, including its sectors. The idea of sectoral accountability is something you'll see referred to in this report. By sectors, we are referring to major policy areas such as transportation, health and education.

The accountability framework developed for British Columbia sets out how the three main elements of performance -- the operational, financial and compliance -- and the two levels of accountability just referred to can be combined to guide government's accountability to the Legislative Assembly and the public. The framework is based on a number of basic questions that government and its organizations should seek to answer for each of the key elements of its performance, and it suggests the type of planning and results information that should help answer these questions.

I want to make the point at this stage that the questions are in many respects built upon and certainly quite consistent with the focus of the 12-attributes-of-effectiveness framework developed by the CCAF. I'm sure some of you will be familiar with this framework, and I expect that in the next section, J.-P. Boisclair will be referring to the framework. At least, I would be extremely surprised if he didn't; it's a very useful tool.

I don't have time to go into any more detail about the framework; the detail of the complete framework is set out on pages 67 to 69 of the report you have in front of you. I will just give you one quick example to try to give you a sense of the framework. At the organizational level, each organization -- that is, each ministry and Crown corporation -- will be expected to provide regular information through public reporting of its business plans and improved annual reports, to answer the following questions. With respect to operational performance, is it achieving what it set out to achieve? Is it doing so in a cost-effective way? Does it have the capacity to continue to deliver good results in the future or to improve current performance if this is required? With respect to financial performance, each organization will be required to answer the question: is it achieving its financial objectives? Obviously, to answer questions around the achievement of objectives, there needs to be great clarity around what those objectives are. For compliance performance, the general question is: are the organization's affairs conducted in accordance with legislative requirements and with expected standards of conduct?

These questions as set out in the framework are designed with the accountability of ministries and Crown corporations in mind. Similar questions, however, are also asked at the governmentwide and sectoral levels. In the coming year, the accountability framework will be extended to the rest of government, to what in B.C. is referred to as funded agencies, which are agencies such as school districts, colleges, hospitals, etc. This extension is necessary, because if governments are to provide the sort of information that is being called for about, for example, K-to-12 education, then clearly the Ministry of Education needs to be getting appropriate information from the school districts that are actually delivering the services.

As Fred mentioned, the accountability framework was developed jointly by the auditor general, the deputy ministers' council and many others, including the council of Crown corporation CEOs and an across-government advisory body made up of senior and middle management, primarily. Furthermore, the basic concepts underlying the framework were endorsed not only by cabinet but by the Public Accounts Committee last April. So all the parties with a stake in the accountability-for-performance initiative have been involved throughout the process.

This, we believe, holds the promise that B.C.'s accountability framework will prove useful both for management and for governments. Reporting in accordance with the framework should lead to, first of all, more relevant, useful information for legislators and the public, so that they will indeed be able to judge whether government programs are relevant, are effective in meeting the objectives government has set and are delivered economically and efficiently. It should help contribute towards greater trust and confidence in our system of governance.

In closing, I should stress that, of course, all this is not going to happen overnight. This is reflected in the government's implementation plans. Much more development work is necessary with respect to such aspects as how to measure outcomes and organizational capacity. The joint session that will be held tomorrow afternoon should be very interesting and helpful in this regard. So all this is going to evolve over the next few years. What is important right now is that the concepts have been accepted. The challenge now, of course, is to put it into practice.

With that, I thank you for your attention and hand the floor over to Alan Barnard, who will describe the government's implementation plans.

A. Barnard: I very much appreciate the opportunity to speak to you today about the management side of our accountability project. I as a government manager never for one minute dreamed that I would stand up and speak in a Legislative Assembly chamber. I must tell you that I find it just a little daunting, because in front of me I see the ghosts of all of those courageous people who have served their societies in

chambers like this: people who have struggled to balance the needs of society and the powers of the state on the one side against the freedoms and liberties of the individual on the other; people who have shaped the society in which we live and who have sought to hold those in power accountable for their actions.

I want to cover very briefly four aspects of our accountability model. Firstly, performance measurement: this is how we see the integrated process of managing for results. Next, sort of incorporated with this, is to take a look at some of the changes that our managers are going to have to make; then to show how we propose to implement the new accountability framework; and finally to take a look at some of the more direct impacts on our managers.

Performance management is seen as a circular process, with each one of the steps leading to the next. It starts out with clear objectives. These would be set out in such public documents as government and program strategic plans, sectoral goals and, of course, at a governmentwide level, the throne speech. This leads to the next step, which is to develop the strategies to make these objectives effective. These include such things as business plans, program designs -- with the related performance targets -- and, at a government level, the budget speech and the annual estimates.

Management systems covering the budget development, information technology systems, human resource and financial management have to be aligned with the strategies. These systems have to support managers as they measure and report their performance. These reports would include program and ministry annual reports, the government public accounts and reports covering specific sectoral performance.

[2:00]

A performance system will only be effective if there are some real consequences for people. These include such things as program survival and program funding adjustments, which, of course, equate to continued employment for the program staff, compensation levels or pay for performance, and the real test for governments, which would be the elections.

This overhead shows the key management elements for performance. The first four of them are on this slide, and the following ones are on the next one. Strategic plans drive the business plans, which in turn drive the annual budget development, followed by the measurement of actual performance against these plans. This is complemented by periodic program review, which takes one back to question all of the basic assumptions and evaluates the whole program in the context of its support of the strategic objectives. Finally, the results should be clearly reported to all the stakeholders in a way that is credible. This credibility is usually provided by way of

an attestation by an independent auditor. The remaining two points are the necessary program support functions. In B.C. we will have to develop some better information-gathering systems to properly report on performance. This will likely require some upfront investment, and that is not going to be easy to make in times of fiscal restraint.

Turning now to our planned implementation, it has two facets: the philosophy that we will follow and the schedule. There are six guiding principles. First of all, guidance. We want the performance management system to provide clear guidance to program managers but not to have such prescriptive rules that the flexibility to manage and be creative is unduly constrained.

Integration. The performance system is to integrate programs and management processes across all of government. It must also clearly set out the roles of all the various agencies involved.

Informed assessment. The system is to establish the means through which appropriate performance information is provided to all stakeholders, while recognizing that the minister is still accountable to the Legislative Assembly and the public.

Balance of authority and responsibility. Our managers must have the necessary authority to achieve good performance. The system should help, not hinder, managers in performing as required. This will mean that we must relax some of the central agency rules in exchange for greater management accountability.

Involvement. We want to encourage as much involvement as possible from all the stakeholders, both within and outside of government. The managers who will have to implement and work with the system are to be involved in the process of developing it. Those who will be affected by the performance standards that are set, the clients of the programs, will also be consulted.

External impact. We will set reasonable public expectations that can be met within the resource constraints and other constraints under which the programs have to operate. The credibility of performance measures that are set is critical if the accountability initiative is to be successful.

Turning to the implementation plan, our implementation schedule is quite ambitious when one considers the number of programs that will be affected. Each one of them has to state its objectives clearly and develop its strategic directions and its performance measures. As Errol said, this is no easy task and will require a lot of staff training. We propose that all programs will publish their strategic directions by March 1998. All business plans will be completed one year later, and all programs will have established performance measures by March 2000. There will, of course, need to be

ongoing refinement of the plans and performance measures as we gain experience and as we react both to changing conditions and different expectations.

This will be a very exciting and challenging time for our managers. They will have the opportunity, as never before, to show just how good they are. They will be directly accountable for the quantity and quality of program outputs, and they may be publicly questioned on their performance. They will lose what remains of their anonymity.

Our accounting system will have to be enhanced to provide good costing information. Traditionally, government accounts have not been designed to do good cost-accounting, and it is only very recently that our government has decided to account for the consumption of assets in the program delivery costing. In addition, we shall have to develop suitable systems to capture the non-financial output and outcome data. This will involve such things as client surveys and broad-societal measures.

Finally, there will have to be a tolerance for some failures. Not all performance targets will be met. The program clients and the public must realize that not even the best of marksmen hits a bull's-eye on every shot. The media and the opposition politicians must understand that it will work against everyone's interest to shout for the minister to resign every time a target has been missed. If this happens, the public service will retreat into the mindset that its role is to protect the minister, come what may.

The B.C. experience shows me that our elected officials, both government and opposition, our auditor general and our managers have the same objective: we want to make things better. We all want to serve our society in the best way possible, and we are willing to seek the common ground between us to achieve this aim. With that, I will hand the floor over to Fred Gingell.

F. Gingell: As I mentioned earlier, the Public Accounts Committee has been closely involved in this accountability-for-performance initiative. Our involvement began when the Legislative Assembly asked us to review and comment, first, on the 1995 report and then, earlier this year, on the 1996 report. I believe that, for British Columbia, the focus and efforts of the committee's work in this area represent a significant departure from previous practice, in particular with the committee's recommendations for substantive change to the way the assembly scrutinizes the performance of government.

It was at this time last year that the Legislative Assembly asked the Public Accounts Committee to consider the first joint report, *Enhancing Accountability for Performance in the British Columbia Public Sector*. To do so, the committee was authorized to meet intersessionally -- a precedent, by the way, for the Public Accounts Committee in B.C. The committee met several times over the fall and winter.

We invited a number of experts from different sectors -- academics, members of professional associations and people from the funded agencies -- to two public hearings to present their views on goal-setting, performance measurement and reporting thereon. While we welcomed the testimony from the auditor general, the Deputy Minister of Finance and ministry executives, we were anxious to hear from those who actually manage and deliver government programs, the day-to-day line managers. To supplement these hearings, the committee also established lines of inquiry or key subject areas that we pursued in our review.

Finally, the committee was fortunate to send a few of its members to two international conferences on this subject. The first, *Managing for Results*, was organized and sponsored by the LBJ School of Public Affairs at the University of Texas at Austin and focused on the American experience at all three levels of government. The second, *Service for the Citizen: Enhancing Performance*, focused on the changes that have been taking place in the United Kingdom.

The committee became knowledgeable about the management system, what's been happening in other jurisdictions and how they differ from what's happening in British Columbia. We learned the key prescriptions for success, and in particular we came to understand that this is not an easy process or a panacea. It will take discipline, experimentation and, most importantly, patience. Without question, the committee strongly supports this initiative. The hearings and meetings were non-partisan and the approach pragmatic.

The committee realizes that the road to success -- i.e., the long-term commitment to the process, meaningful accountability and real consequences -- must be driven by the public service itself. The auditor general can only provide professional counsel and advice. Politicians, if they want this program to succeed, only provide encouragement and support rather than legislative edict. Only with the impetus coming from bureaucrats will the program have the commitment of the public service, which is a critical ingredient for success.

The committee made four recommendations in this area: (1) that government provide information about its short- and long-term plans and its results, so that legislators will be able to compare government's performance with its intentions; (2) that government consider how to best use emerging technologies to make the accountability information readily accessible to the public at reasonable cost; (3) that government find ways of providing information about the broad sectors of its activity -- for example, the health, transportation or environmental sectors, all made up of a series of programs; and (4) that government consider how it can best provide the public with information about the standards of services that it intends to deliver. These

recommendations address the accountability of government to the Legislative Assembly and through them to the public.

But the committee also recognized that accountability for performance has implications for the House itself. More relevant and useful information will be made available to the assembly than we've ever had before, information that will allow legislators and the public to assess whether government has achieved what it has set out to achieve and if the taxpayers' resources are being spent not only efficiently but effectively.

The question facing the committee was whether the House needed to change its practices and procedures in order to get maximum benefit and to complete or close the accountability loop. In considering this issue, the committee focused on two areas in particular: first, the use of legislative committees in holding government to account; and second, the restructuring of the estimates process to deal with the information that government will be providing.

In its report to the assembly, the Public Accounts Committee made two important recommendations. First, it suggested that standing committees structured around particular sectors of government activity be established to review the long- and short-term plans and annual reports of ministries and Crown corporations. It is intended that these reports will specify the statement of public policy, the statement of the intended results related to time, the list of criteria or benchmarks that will measure progress, a statement of the current status -- where we started and where we are now -- plus the resources that are committed to the program and the consequences to date.

[2:15]

Second, the committee recommended that the estimates process be reviewed so that it could be made more responsive and accountable. In doing so, the committee felt it was important to distinguish between the business of passing the budget and the legislative review of ministry programs. In other words, the assembly would recognize and accept the limited authority and success, if any, that it has in changing the budget and focus its efforts instead on legislative review.

With this in mind, the Public Accounts Committee suggested that the assembly -- after appropriate debate, of course -- approve the budget prior to March 31 and replace the current sometimes protracted and sometimes cursory review of the estimates with an in-depth view of ministry and Crown corporation plans. The focus of this review would be on the programs and targets of each organization, what each wants to accomplish, how performance will be measured, how they have succeeded and the consequences of success or failure. To study these recommendations and move them

forward, the committee proposed that a special committee of the Legislative Assembly be struck. This committee would also be responsible for overseeing and directing the implementation of these reforms.

The recommendations of the Public Accounts Committee are contained in its second report to the Legislative Assembly, dated January 1996. Although the report was tabled and adopted by the assembly last April, the House prorogued shortly thereafter -- within minutes -- and no action was taken. Nonetheless, a new Public Accounts Committee was struck this summer, and it has shown the same commitment to move this initiative forward. The first item on its agenda was the second, or 1996, joint report of the auditor general and deputy ministers' council, *Enhancing Accountability for Performance: A Framework and an Implementation Plan*.

The Public Accounts Committee has since concluded its review. In its report to the assembly, the committee endorsed the principles upon which the accountability framework is based and the general direction as set out in the implementation plan for reforming the performance management system. More importantly, perhaps, the committee also urged the assembly to reconsider the recommendations of its predecessor dealing with legislative reform.

The implementation of reform of the select standing committees and the estimates process is not in the purview of the Public Accounts Committee. I am disappointed that the government has not yet seen fit to refer our recommendations to the Select Standing Committee on Parliamentary Reform, Ethical Conduct, Standing Orders and Private Bills. The earliest opportunity for them to do so is when the Legislature next sits, which is expected to be next March. I think it is important that the Legislature be prepared and ready to deal with this new accountability information in a meaningful way as soon as it is available.

With that, I may as well stay here, seeing that Craig is about to take my seat anyway. I would like at this point to open the session up to questions from everybody. If you would direct them to whomever you believe appropriate, please do so.

G. Pouliot: On this day in early autumn, I find myself being a member of the third party, sir. It's not a very happy lot. In fact, our worst day in government was better than the best day where I'm sitting. Therefore I want to share with you, with the highest of respect, a true story. It happened in the Legislative Assembly of Ontario.

People met. Well, they came there to represent -- with all the sincerity, all the dedication at their command -- the aspirations, the opinions of the people back home who foot the freight, who pay for all this. Those well-intended people, that caravan of

do-gooders, met under the auspices of the Public Accounts Committee -- supposedly, and say this with candour and kindness.

It went well. We had three parties. And it was: "Good morning. How are you?"

"More importantly, how are you?"

And après toi: "You know, I do love you."

"And I love you, too."

"I said it first."

But then it left those confines. Under your process -- and I need your help -- it found itself under the estimates process. Our party leaders, our House Leaders, reminded us that the exercise was that of a constitutional monarchy, that confrontation was alive and well. The story has it -- a true story -- that we spent whatever allocation, be it seven and a half or eight hours on major ministries such as Health, and maybe Mines one hour, telling those people, sir, that they were guilty. We crucified them as much as we possibly could, because it's our job, you see -- we critique and we oppose. Or we preach for our parish; we want things at home so we can get re-elected again.

With five minutes left, the Chairperson reminds us that it's time to pass the estimates. So the estimates became a bagatelle, a peccadillo. They had no bearing -- fully political.

I mean, I have four ministries. I've been there for a mere 12 years. It's not a long time in this endeavour, but enough if I listen well. We had six assistant deputy ministers, and they each had a dictionary of synonyms. You see, we were buying time. When I was with the opposition, sometimes I went back to the apartment in Toronto at night, and I was caught with a dilemma: how long and how much are they willing to lie in order to save their job? You see, that's their duty in life. Then we're asked to make a transition. We've tried, and we have not quite done it.

I will conclude, because I want your comments, sir, in a broadly summarized form. The provincial auditor, under his mandate of value-for-money audit -- "Am I getting a good shake, a good bang for my dollar?" -- comes up with his or her report. The local tab down the street picks one or two things -- i.e., the minister of the régime du jour billed \$425 for cheap Scotch or for a dry-cleaning bill -- and that's the one-day hurrah. So they make a recommendation -- not on this item, that's readily reconciled. There's no problem here; it's clear. They write back to the ministry on all other endeavours, and they say, "Shape up, there is something wrong," and they make a

recommendation. The ministry hires whiz kids, and the political office hires more whiz-people, and they have the determination of vigilantes or members of the 1st Brigade. Where is the compliance? And that goes on year after year.

In the meantime, the political clock goes on and on. I know you have said it is a tall order. How do you make the transition from what you do in order to integrate people so that we meet our best friend every five minutes as opposed to shoot-to-kill? Because, in fact, this guy cost me \$31,000 -- I lost my job as a minister. I have some obligation. I'm not going to forgive him for the will of all. I need your help, sir. I come to you.

F. Gingell: If I may, I will start the response. Obviously, in British Columbia we operate under a different set of standing orders. We have no restrictions on the amount of time that can be spent in the estimates process. The House cannot rise in the end until the estimates for each vote have been passed, so we get into an exercise where there is pressure to get out of the Legislature and get back to our constituencies, where many of us have not been for four to five months between a Monday and a Friday, and the estimates process is really not dealt with in a thoughtful and sensible manner.

Under this proposal, there is no intention to move away from the opportunity for members from all sides of the House to question ministers -- and now their officials -- because the standing committee process will allow us to bypass the ministers when committee members think it appropriate. But instead of just dealing with a listing of expenses under expense categories like wages, travel, consultants, grants, etc., we will have a costing that relates to programs. Each program will be required to state its policy and its intended outcomes. This process doesn't need to be held up by the business of government in getting its budget passed. In fact, we shouldn't restrict it just to the middle of March to the middle of July. All year round, we need to quietly and thoughtfully question the intent of government programs, and that is what we hope will happen.

Yes, it is the job of the auditor general to evaluate and scrutinize programs to see if they are efficient and effective, but at the moment, there isn't any information for them to audit. Unless government ministries state in clear and unequivocal terms what it is they are intending to accomplish, the auditor general has nothing to report to the Legislature and, through them, to the citizens on whether they are accomplishing what it is they set out to accomplish.

Many of the issues of how this will work in practice will deal with the difficulties of how low down or how small a government program you start with. The Ministry of Health isn't one single program, you know; it is a huge number of programs. Effective measurement of the outcomes is not going to be able to take place at the ministry

level. It is going to have to take place at the program level, and it's going to take time. I think it's going to be a different scene for us, but it's something that we mustn't let slip by. If we as politicians are going to be required to make ever-more-difficult decisions about the allocation of funds or resources to government programs, we had better have good information on which to make those decisions. I think that's where this comes from. Errol or Alan, do you want to add anything to that?

E. Price: One of the objectives of the exercise is not to remove political debate, but perhaps to change the focus of that debate by changing the focus of the information. Therein lies one of the big challenges, and this is probably reflected in what has happened in some other jurisdictions. It is a big change in the nature of the information that is being called for. It is a big change that requires a very different mindset, and I think the challenge is keeping the momentum going.

In the early days, when the information is clearly not going to be complete, there is going to be a combination of information that has previously been produced and an increasing focus, we hope, on results information. But it's not going to be complete, and there is a great danger, because the information isn't complete and because it's a new type of information, that legislators will perhaps not use the information as intended. If the information is not used, then government managers are going to start asking what the point of producing the information is, so it's a very big challenge. It is easy to say it's a big challenge. We hope that steps can be taken over the course of the coming years to meet that challenge, but it is a big challenge.

[2:30]

F. Gingell: Are there any comments, thoughts or advice?

A. Thomson: I have to tell you that I'm not a particular fan of this approach. I realize it's in vogue right now for legislators across the country to be starting to look at more of this value-for-money and these performance -- what do you call them here? -- accountability benchmarks or targets.

The problem with this is that what we are starting to do here is to forget what our purpose is. Our purpose as legislators is to balance competing interests. We're here to provide peace, order and good government, not to achieve a 3.4 GPA, and the more we attempt to put in these mechanisms where you have strict benchmarks you need to achieve, the more we delude ourselves as to what our purpose is.

I do not know a single economist who can tell me what the perfect equilibrium is on any economic indicator, and I think that's very much the job we make. Every day, we make different choices. If the forest fires heat up in Saskatchewan and they're burning

up more forests, we put more resources into them. At what cost? Well, we know it's at a cost, and we know it comes from a different program, which means we won't achieve that.

How do you deal with the dynamic interrelationships that relate these various programs together under this new meritocracy or technocratic system? How do we start to look after it? What are we doing -- simply passing the buck on? I think we have to start to sit back and ask some of these questions. I agree that there is fundamentally a problem in the way that politicians are being perceived, in the way they have handled some of these issues and in the way the bureaucracies are seen to be managed, but I am not convinced that this is the appropriate approach. Simply as an example, I use the argument that, in the role of what you refer to as the auditor general or, in our case, the provincial auditor, he needs to be able to have this information available to him so he can report to us on how government is doing. I had the misfortune, on picking up a newspaper one day in Saskatchewan, to read that our provincial auditor was busily criticizing the province for cross-subsidization within the Crown sector. That's a system where profits from our utility companies essentially go to subsidize other ventures that are unprofitable that the province might be in. In our case, it may be oil upgraders or something else.

But actually questioning this? This is public policy. This is not something that deals with compliance with legislation or with legislative authority. This is not something that deals even with general accounting. What we are doing here is stepping onto a very slippery slope, which may simply end up further degrading our role as legislators. I'd be interested to know how you intend to protect the role of legislators in this.

F. Gingell: I don't think that protecting the legislators' role will be difficult. In the end, it is legislators who are responsible and legislators who carry the can. As an opposition member, and I presume from the way you speak that you're a government member, we need better tools. We need to drag ourselves kicking and screaming out of the 1930s and 1940s into a modern-day era. I was an executive of a business until I foolishly threw my hat into the ring in a provincial election. We certainly would not be able to run our business in the manner that the provincial government does. Now, government is not in the business of being in business; the province is in the business of delivering services to citizens. But we need to be able to have some means of discovering, number one, whether the services we are delivering are accomplishing what it is we intend to accomplish.

I agree with you; it's not the role of the provincial auditor to question public policy. But you, having made a decision that you're going to subsidize whatever. . . . I didn't get the complete gist of what that was, but you surely have a particular public interest

or public policy that you have decided is something. Well, surely your public policy is intended to have some results. You can identify those. What you've got to think about is: how do we measure these in a sensible manner, so that the measurement doesn't become the exercise? Measurement is not the exercise. The exercise is improving the delivery of public services, so that they accomplish what it is you set out to do. This measurement exercise is not an exercise for itself. It is only a tool to see where your trends are, to see whether you're getting better. If you have a program to improve the birthweight of babies, a whole series or a number of programs in simple form can be designed to bring about that desirable goal. Well, let's find out whether or not the birthweight of children is going up, and subsequently by that, if that is getting them a healthier start in life and they have fewer health and education problems.

J. Williams: Fred, unlike my colleague from Saskatchewan, I think you're on the right track. I would like to compliment the Public Accounts Committee of British Columbia, the auditor general and the comptroller general for the work they have done in preparing this document and the research and thoughtfulness they've put into the way that they hope they can proceed. It's interesting that it reflects, mirrors or complements much of what is going on in Ottawa at the moment, unbeknownst to me. I had no idea that British Columbia was following through in pretty much the same vein.

Treasury Board had decided to revamp the presentation of the part IIIs, which is how the government spends the money. Primarily, up until the last 20 or 30 years, that has been basically how they intended to spend the cash, what they intended to spend it on, but little or no information as to what they intended to accomplish. The new presentation of the part threes will hopefully have a business plan, so they'll start to look out three and four years. So the current year's estimates will present it within a format of what they intend to do over the next several years. That will be followed by the public accounts. When they are tabled in the fall some months later, they will be in the same format and will show the historical data, with comparative figures from the budgets and estimates. So, over a period of years, we're going to build up three or four years' projections and three or four years' actual historical data, all in the same format. We'll be able to do some comparing, to see how the government is achieving the objectives that it is doing.

We also have a Business of Supply Committee that is a subcommittee of the Procedure and House Affairs Committee, which has been introduced to look at how the House of Commons examines the estimates. Unfortunately, the committees have been kind of peripheral in examining the estimates, and we're trying to see if there is some methodology to bring back some real accountability and discussion in debate on the estimates. As we know, at this point in time, since the estimates as tabled are

pretty well endorsed and approved, it leaves little incentive for debate, and we're trying to see if we can change that.

The auditor general has written a couple of chapters on program evaluation. You mentioned the words "program evaluation," but program evaluation is becoming more and more a rising issue on the agenda in Ottawa, where program evaluation is seen as a methodology whereby we can very much determine the accountability of programs, what they're trying to achieve and what they set out to do. Through that work, I tabled a private member's bill which, again, very much parallels what you are trying to do here. It sets out four fundamental objectives for programs. Number one, what are we trying to achieve? Let's articulate that clearly and definitively so we know exactly what the program is trying to do for society and how well it is doing that, so we can measure the program delivery against the objectives set out. Is it doing it efficiently, and is there a better way?

So all these types of things are going on in Ottawa at the moment. As I say, I had no idea that you were doing very much the same here in British Columbia, and I do hope that after this conference -- which has brought this to light for me -- we can perhaps work more cooperatively and enhance each other's agendas, to achieve very much what you are doing here and what we would like to see going on Ottawa. So my compliments to you and to the work that you've already done.

F. Gingell: I would like to just add that the British Columbia Public Accounts Committee recognizes all the work that's going on in other provinces: in Saskatchewan, with your special operating agencies; in New Brunswick, with their program; in Alberta, with theirs; and the reporting process. The look that we have had at the other programs seems to be different, in that it sprang from the bureaucracy.

I think that in our public hearings, senior government managers want to have a reporting process that is more focused on the results that they are responsible for delivering. I got the message from them that they are most happy to be given the responsibility of flexibility and decision-making at their own level. One of the people who came to speak to us was the assistant director in charge of forest fire suppression. I had the feeling that they recognized that there were many different ways of delivering forest fire services, and that if they were given more flexibility, they believed they could get better results. How do you measure those? Well, we measure them by how quickly the fires are extinguished, the cost of doing them and the programs that are put in place to discourage irresponsible acts of citizens who cause fires.

At any rate, if there are no further comments or questions, I will thank you for your patience, and we'll move the agenda on.

C. James: Thank you very much. That concludes the first session under Managing Public Sector Performance: The View from British Columbia. Next we have -- and we are running just slightly behind schedule -- governance, and Mr. J.P. Boisclair, president, CCAF Inc., formerly the Canadian Comprehensive Auditing Foundation, is here to make a presentation related to governance.

J.P. Boisclair: Bon après-midi et merci. C'est un privilège d'être ici, d'être parmi vous pour discuter la question de la bonne gouverne.

It's a real privilege to be with you. I always consider it a special pleasure to come and have an opportunity to talk with elected members. As you will see throughout the course of my presentation, I suppose what I'm trying to talk about is what your share of the action is with respect to effective governance, and not so much what the share of the action of the auditors and executives in the public sector is. You are the ones who are best positioned to influence the issue, and it's from your actions and how you discharge your responsibilities that all the other players in the system will take their cue, and I guess that's just basic human nature.

As Craig said, we are a bit behind time, so I will jettison that portion of my remarks which would explain what the Canadian Comprehensive Auditing Foundation was and is. But there is some written material that I handed out ahead of time: our little update bulletin, which explains what we're up to, will give you a pretty good flavour. The only thing that I will say is that in a country as diverse as Canada, it must tell you something about the Canadian psyche that CCAF is an organization that all the provinces, together with the federal government, support financially and intellectually, and they do that together with the private sector. So it's a rather unique organization. We know of no other worldwide that is similar, that brings both the public and the private sector together on the arcane topic of accountability and effective governance. So if you want to know more about the foundation, I'll be happy to send you more.

[2:45]

Being asked to come and talk with you about governance is a bit daunting. Governance can either be this big or that big. It is about all kinds of things. It's about the kinds of things that the member from Saskatchewan talked about. It's about the kinds of stewardship things, which although not quite as exciting, have been talked about by others. So it's a big subject, and the way I'd like to move on this is to almost move from the general to the particular by posing several questions, and then giving you my perspective on what might be some answers to these questions, and inviting you to join a dialogue on that.

I suppose the first question is: would we recognize effective governance if we found it? It seems to me that governance can be a mug's game. You hold out the carrot on the end of a string, and the minute somebody thinks they're there, you pull the string, and they have to hop another foot or two. I'm not trying to be facetious. I think it's very hard to discuss the subject, unless you have in the back of your mind somewhere some kind of vision or concept as to what effective governance would look like. So that's the first question I want to deal with in a little while.

Secondly, I would like to move to the particular, and home in on the information issue -- I gather it has been an underlying theme of this conference thus far -- on the premise that it's very hard to make those difficult balance decisions about society and about programming that serves society, unless you have some meaningful information on which to base those decisions. As the individual who was viewed as perhaps the most senior accounting and auditing practitioner in this country, a very well-respected Canadian, the late J.R.M. Wilson, once said of financial accounting: "There is nothing that has to do with accounting that is in the nature of fundamental truth." I hope that nothing I will say today about how one would go about measuring the performance of government would be interpreted as being in the nature of fundamental truth. It isn't; there's an awful lot of judgment that has to be applied.

So I'd like to focus on the nature of information that might be useful to you in your governance responsibilities, and I would also like to focus on the central qualities. Too often when you engage in the subject of information for governance, people ask: "Well, you know, what should that information be like?" So somebody jumps up and says: "Well, it ought to be rigorous, and it ought to be timely" -- poof, and they sit down again. And you ask: "Well, could you explain that a little more?" They get back up and say: "Well, it should be rigorous, it should be timely, and it should be relevant to our needs" -- bang, and they sit down again. That's usually how far that discussion goes. That is true in the private sector corporate world as well as in the public sector.

So I'd like to talk about and suggest a few qualities of information, which you may or may not agree with, that ultimately determine whether that information has any value to you, whether there's anything you can or should do with it, or what cautions you should have in mind in trying to work with it. I'd like to touch very briefly after that on audit regimes, to make a pitch to you to consider that there are many choices with respect to auditing and to urge you to examine some different approaches.

Last but not least and perhaps the most important part of this -- and I'm going to move very quickly through the first few questions -- is to talk about the essential conditions that need to exist if you as members of a governing body actually want to receive the information that oftentimes we hear you want to receive. So there's a share of this action; there are things that have to happen and can only happen by you, if that's going

to happen. Oftentimes, the machinery of governance information starts up at great, terrific cost -- developing information systems, pushing them through, hundreds of people. It arrives at the top, and nothing is going to happen with it. Then the machinery falls apart, but only after a large investment has been made. So those are the things that I'd like to talk about.

First of all, I guess, with respect to effective governance, would we know it if we found it, if we came across it? I'm not going to attempt to give you a lecture on what governance is all about, especially these days. We all know that the decisions you're making are tougher, probably higher-risk than ever before. Doing more with less is a catchy phrase. But at the end of the day you have to really sit back and say to yourself: "If I've got less, the chances are that I'm going to do less. And if I'm doing less or doing it in different ways, the chances are that my risk is going to go up."

Particularly in the areas where we're talking about health and education, the impacts are on individuals. In the old days, hospitals could easily make decisions to buy the next CAT scan machine. Well, the only thing that was going to happen possibly was that money was wasted, or their deficit would be slightly higher. But when you start taking CAT scan machines out of service, then there is a possibility that somebody with a brain tumour, in time for effective treatment, will go undetected. Those are very risky decisions, and they have very palpable impacts on people and individuals.

So I think we're in an environment where risk has gone up in the public sector. We're into new ways of doing government business, and they're having profound impacts. As governments across the country and around the world in effect rewrite the contract with their employees and reduce what was, I guess, often taken for granted as being the undying loyalty of governments towards their employees -- that if you succeeded in getting a job, you'd be there forever; that's not true anymore -- the flip side of that coin is that when employees see that loyalty from the employer diminish, their loyalty towards the employer changes as well. So it becomes the individual's best interest that comes first, not necessarily the employer's. That increases the risk of doing business in the public sector. That's for real.

As governments de-layer and downsize, corporate memories get lost -- another risk. As governments adopt business approaches that if not intended to produce a profit then certainly are intended to regain substantial portions of costs, one has to be satisfied that the people who are doing this have an adequate sense of business ethics, that they're not amateurs at this kind of game and that they're not going to get you into trouble.

So all of these things that are changing, in the sense of the way that governments do business, are having, in my view, a profound impact on questions that ultimately have

to do with governance. I don't mention any of those things to suggest that we ought not do them. I think they have to be done -- there's no choice -- but they do mean that we have to accept that we're in a different ball game when it comes to managing those risks and that the quality of stewardship needs to be commensurate with those risks. So that's the connection point that I make. We're doing things differently, therefore our stewardship needs to respond.

In many ways, governance is about stewardship, in my view. It's not about governance for the sake of governance. It's about ultimately ensuring and enhancing stakeholder values: the citizens -- the people who benefit from government and its programs and who depend on it. It's about the long-term survival and relevance and success of public sector organizations. I use the word "survival" advisedly. I think governments will always be here, but the extent to which governments are relevant and have influence -- or the kind of influence that they would like to have -- can be debatable as both resources and confidence in those institutions diminish.

So governance is, I suppose, in many ways about creating the vision or the mission. It's about balancing those interests. It's about what you would call in the private sector "strategic planning issues." I guess I shouldn't call it that in the public sector -- or those aren't necessarily familiar words. But it's the same kind of thing: what choices get made in how one should deliver out on the perceived missions -- strategic planning issues. It's about ensuring appropriate levels and qualities of management. It's about risk management. It's about communicating with the people who provide the funds, and it is about control, whether we like it or not.

I've adapted all of those things from some work that was done -- I'm going to probably get myself in trouble here -- in the private sector at the Toronto Stock Exchange by a chap by the name of Peter Dey, who headed up an important committee on corporate governance. He was trying to define the responsibilities of corporate directors. Without in any way suggesting or attempting to compare government to business, because they both have profoundly different objectives, a lot of these notions, in my view, should have some currency in the public sector.

A couple of years ago we became concerned, as a foundation that was trying to develop approaches to provide governing bodies with information and ultimately to audit that information, that we perhaps ought to be able to put down a view of what would constitute effective governance. In order to put all of these things -- information, audit, accountability -- in a slightly broader context, what we wound up doing. . . . I've handed out the material. There's a little booklet about 60 pages long, and the back part of it documents the results of our work in that area. It sets out six characteristics of effective governance. If one could find those characteristics to be alive and well in a governing body, we at CCAF would sit back and say: "Well, it's

probably an effective governance situation." The extent to which those characteristics are not alive and well would lead one to sit back and say: "Gee whiz, should we try and improve on one or some of them, or do we have a major problem? What's the extent of our problem?"

The characteristics are quite straightforward. They have to be. After all, governance is first and foremost a human activity, and things have to be capable of being absorbed by mere mortals. So that's what we attempted to do. The characteristics deal with the notion that, first of all, effective governance is provided when the governing body is composed of the right people -- not simply the individuals, but the collective of the individuals. Here I would offer that elected governments at the federal and provincial levels have the best and worst of two worlds. First of all, you have the best of diversity, and it takes diversity, I think, to make for an effective governing body. But also in that great diversity there's oftentimes a lack of discipline in the sense of bringing thinking together. So you suffer from that, as well. Unlike a corporate board of directors, which tends to be very focused on a commonly subscribed set of objectives, people who come to public life often come with different priorities and objectives, and those things have to be reconciled among themselves in the governing bodies. At the same time, the richness of their diversity provides a lot of strength.

Governing body members have to know their responsibilities, and if there is one thing that came out first and foremost, be it on elected bodies or appointed boards of hospitals, universities, social services agencies or what have you, it is the importance of distinguishing between the role of management and the role of the governing body -- between the propensity on the part of management to want to become policy-setters, quietly sometimes but nevertheless exercising their influence in that regard, and the propensity of governing bodies to want to manage the operations on a day-to-day basis beyond a policy level.

One of the people we interviewed said -- and I think it's noted in the little booklet -- that it's the difference between steering and rowing. There are those who row, and there are those who steer, and having that well understood. . . . It sounds like a simple, silly thing to say, but that understanding is often not there, leading to very difficult situations. Understanding objectives and strategies is a key element or hallmark of an effective governing body.

[3:00]

Knowledge of the business. The analogy I always use is that you could give me the keys to a 747, and I would get into it and probably find the little place where you put the key in and turn it. With any luck, I'd turn it, the four engines would start and 500 dials would come alive in the cockpit. I would look at them, and it wouldn't mean a

thing to me -- it wouldn't mean a thing. I don't know how an airplane works. I don't know what those systems are all about or what those dials are telling me. I have no basis for interpreting the information that's being fed to me. Under those circumstances, the chances are that I'm going to run the airplane off the end of the runway and cause a lot of damage.

The same holds true with respect to governance in any kind of situation. One of the predominant changes that is taking place in private sector corporate governance today is the amount of time that's being invested in boards of directors becoming knowledgeable about how the business works and the amount of time that's being put in. It's a huge investment both on the part of directors and of the organization they're serving.

Let me give you an example. The Ontario Teachers Pension Fund, which is probably the largest pension fund in this country, with several billion dollars of assets under its administration, recently put on a 25-hour workshop for their directors simply to give them a baseline understanding -- not an in-depth one -- of what derivatives are all about, so that those people, in making their judgments, would have at least some knowledge of the business.

Take government as a whole, in all its complex array of programs at the federal level: health, education, defence, etc. Understanding what those programs are all about and how they are delivered, and so on, is a very major challenge, and oftentimes it is that lack of knowledge rather than the data coming in about so-called performance that makes it so difficult for the governing body member.

Next is the ability or the capacity on the part of governing body members to understand the information that's needed and to make it their business to obtain it. I realize that at the federal and provincial levels, through your various committees, and because of the nature of the federal-provincial governments themselves and parliaments, this might be a little different, but all too often people on governing bodies in the public sector just accept what management gives them by way of performance information. They never seem to be able to get out ahead of it. They don't have a set of principles that they could put at the front end, to say fundamentally: "Hey, management, is the performance picture that you're painting for me missing some key characters? What's wrong with this landscape? Do I have a completeness test?" So it's important for effective governance, we think, for governing bodies to be able to be out ahead, and once having that information, to act on it. Now, I suspect things are really changing in that division. The days of saying that maybe we'll do this, maybe we won't, or yes, we'd like to if we can find some more money, are quickly disappearing. So you tend to see "more action" taking place. But the

preparedness to act on information, not just receive it, is also a hallmark of effective governance, and sometimes those actions can be very painful.

Last but not least, the sixth characteristic of effective governance is governing bodies that are prepared to be accountable to those who gave them power in the first place by not just simply receiving the information but putting it back out, perhaps not in exactly the same format. I don't think every single thing that a governing body member gets ought to necessarily trickle out to the lowest common denominator on the street, and I don't necessarily think that would even be helpful, even if you did want to do it that way. But it's necessary for those who are prepared to account for the performance of the government.

So those are our six simple characteristics of effective governance. We've been urging governing bodies of all kinds across the country and elsewhere to assess themselves -- to look at themselves in the mirror -- against those six things, and to ask themselves where they stand with respect to them.

The second area -- and really, in light of Errol's presentation earlier, I don't think I have to belabour this too much -- is what constitutes a complete and meaningful management report to a public sector governing body. What constitutes that completeness test I talked about earlier? Like so many other things in life, the temptation, I suppose, is to try and reduce it to an utter simplicity, recognizing that people in public life don't have an awful lot of time, and that they are already overburdened and do not want to become the victims of a landslide of information. Achieving the right balance between simplicity and information overload is never easy.

In any event, over a period of years the foundation has invested significantly in this area -- several million dollars, as a matter of fact -- through research, both theoretical and applied. So anything that you will see or that I will mention today has been applied in practice. We know that it can be made to work successfully. It develops a general set of principles that allows you to test the information that you receive, and to see whether there are significant parts of performance that aren't being talked about -- those are the 12 things contained on the little gold-coloured card on the inside.

One of them, one-twelfth, has to do with financial performance; the other 11 have to do with things like the extent to which programs or services are meeting their intended objectives, the extent to which these programs are still relevant to the needs for which they were created -- is there still a need for it out there? -- whether the ways in which these programs are delivered are sensible, and whether they're accepted. Mr. Barnard earlier talked about the fact that their information system was going to start doing things like customer or user surveys of these services. It's a way of finding out

whether those programs and services are accepted as being valuable, whether they're respected, whether the organization is responsive, whether it looks over the horizon, and what capacity it has to respond to changing needs. Those and a number of other things, which are self-explanatory in here, comprise the framework that we hope will be helpful to governing bodies in judging whether the information they're receiving makes sense.

I mentioned that those approaches have been worked at in a variety of different public sector institutions, with interesting results. Here in British Columbia, that very same framework has been applied by community colleges. It has certainly been taken into account in the previous presentation you heard. In Alberta it's been applied in community colleges. In Manitoba it's been applied to abused women's programs and to motor vehicle fleets. In Saskatchewan it's been applied at the municipal level. In Ontario it's been applied to hospitals, Crown corporations and at the municipal level. In Quebec we find an organization that is perhaps probably the most advanced in this kind of work of any organization in the country. Using that framework, they are now in their third year of formally reporting to their governing body on their performance. That's the Commission des normes du travail. The Quebec Securities Commission -- the Commission des valeurs mobilières -- has also been applying this framework, as is, I understand, the Régie des rentes, the retirement plan.

So those ideas have been exercised. There is only one lesson that we've learned out of all of it, and that is that the only time the ideas don't work is when people don't want them to work. It's that simple. When people go into it for the wrong reasons, this kind of thing is a disaster waiting to happen. At a minimum, it's a waste of money and a waste of time. It happens very easily when people want it to happen and when they use their common sense.

The next area I want to touch on very briefly has to do with audit. Here I'm probably going to inflame you with value-for-money, but I won't use the words. As you know, approximately 20 years ago the notion of auditing for economy, efficiency and effectiveness took hold at the federal level. Similar regimes are now in place in virtually every province in the country, and a number of municipal organizations, and so on, have adopted these kinds of regimes by themselves. The hallmark of comprehensive auditing -- i.e., audits that extend to matters of economy, efficiency and effectiveness in the early years -- was that they focused on systems and practices. They would look at management systems and practices and offer an opinion on the extent to which those were reasonable. They didn't offer an opinion on the extent to which "value for money was received" or that results were obtained; they offered an opinion on systems. We all know that even a well-performing system doesn't guarantee good results, and we've often seen terrific results with the lousiest of management systems underneath them. Perhaps those results can't be sustained for

very long without good management systems underneath them, but they can certainly be obtained at a point in time.

So that's where we started 20 years ago, and that was the model. It was one-shoe-fits-all. If you wanted comprehensive auditing, that's what you'd get. If you wanted value-for-money auditing, that, fundamentally, is what it was. Today, things have moved ahead. I would like to characterize it this way. When I became a CA student 30 years ago this year in 1966 I said: "Will somebody please tell me what auditing is all about?" So somebody gave me this little book. It's only about 100 pages. It's called *Auditing Procedures*. This book at the time -- 30 years ago -- summarized the body of knowledge about auditing in Canada. Poof, there it was: very simple, very straightforward, written by a very outstanding individual. Today, the handbook of the Canadian Institute of Chartered Accountants is in two volumes and it's about yea thick, and we have textbooks that, stacked up together, would be about that high on the desk. So the body of knowledge has advanced incredibly in 30 years to allow us to do that.

Now, where is comprehensive auditing in relation to all that? Well, we started in 1980 with a 30-page booklet -- half the size of this -- that purported to tell the world everything we needed to know about comprehensive auditing. And just a few months ago we published this 400-page textbook, which now, ten or 15 years after creating the foundation, is the body of knowledge about comprehensive auditing. For anybody who wants this book, I would happy to send it to you without charge; but I'm not sure you'll necessarily want to take me up on the offer.

The point I'm trying to make, though, and the most important thing is that this book describes a series of choices with respect to comprehensive auditing, with respect to audits that look at matters of economy, efficiency and effectiveness. It's not one-shoe-fits-all. There are three distinct models that governing bodies can choose from. We urge governing bodies to discuss them with their auditors, their management communities and themselves, and to make thought-out, sound decisions as to which model is most appropriate to their circumstances. There is no presumption in here as to which one is best. They're all very different -- I won't get into all the nitty-gritty about it -- but one model is the original one that I described.

A second model is the analogue of what an auditor does in the financial auditing world, which is that the auditor adds assurance or credibility to management's representations on performance. So when Treasury Board, the individual departments or whoever bring their information forward, the auditor can come back and say: "Yup, you can have confidence in that. Okay?" Or: "Maybe you shouldn't have confidence."

The third model is fundamentally one where the governing body has despaired that management will do the right thing and bring them information about results and performance, but wants that information and asks an auditor to go out and do "the performance accounting." That is the model you find in the United States at the federal level. It's the model that underlies the work of the General Accounting Office in the United States.

So that's audit. My pitch is that at this point in life, choices do exist, so don't feel constrained by any one of them. You have an opportunity to pick something that will work for you.

[3:15]

The next area after that little segue into auditing is to come back to the kind of information that might be helpful to you in discharging your governance responsibilities. On the back of this little gold brochure, again, is something called "qualities of governance information." These are a small number of factors or characteristics of information that we believe determine its usefulness to a governing body member.

At least one of these requires you to exercise a fair degree of political will. That's been mentioned earlier today. That's the one that basically says performance information that doesn't compare intentions with results is probably not very useful information. When the information you receive can't be compared to an intention that you could state a priori, then what was achieved becomes the target. Whether that target is reasonable or desirable or not, that's what it becomes ex post facto. And so on with a number of other things: the information needs to be forward-looking as well as historical.

We recognize that people don't come to public life to. . . . As, in fact, one member of the B.C. Legislature said to me in 1978, when I was testifying as a result of the first comprehensive audit that we did here: "Mr. Boisclair" -- I'm not too sure he was actually that polite -- "what in God's name would possess you to want to pull a flower out by its roots, in effect, shake all the dirt off and basically kill the thing just to see what the root system looked like? What in God's name are you doing?" I'm not here to try and do that kind of diagnostic. I'm trying to look forward. I'm trying to see what kind of policies, directions and legislation our governments should bring forward. "Doesn't your information have a capacity to help us in that regard?" That's an important characteristic.

It's also an important characteristic that meaningful information for governance illuminates both policy and administration. Over the years, I've heard so many times

an effort to draw boundaries between policy and administration, and robust performance information automatically crosses those boundaries. You can't really think about having meaningful performance information that does not in some way shed light on the appropriateness or desirability of some policies. I think it's just a call to be mature when we talk about information. You can read these for yourselves; I won't go through the rest of them.

The last areas are the ones where I think you have a very special role to play. They are documented on the blue card, called the governance information environment assessment. Only somebody who runs a research foundation could come up with a name like that, and I apologize for it. Basically, it sets out a dozen or 14 conditions that have to be in place before the information is going to flow, or in order to sustain meaningful governance information flow. The first one I talked about earlier; it's knowledge of the business. If you can't interpret the data coming to you, what's the point of having it? You're going to get bored with it all, and the people who supply that information are going to get fed up sending it to you. They're going to stop sending it in; you won't want to hear about it.

The next area is leadership. That was mentioned earlier. People in the system, particularly management, are going to have to feel that the information they're providing you with is appreciated and useful. It's going to require special leadership on the part of governing bodies to make that clear and to make it happen. It requires that the information be used fairly, and I think that is probably a very key thing. It is unreasonable to expect management -- executive, junior or middle management -- to carry the stick with which they will be beaten. If virtually every time they put meaningful performance information into the political system they get burned as a result, they're going to stop doing it, or what they will give you will not meet your needs. So they have to be dealt with fairly. Not every situation -- and I'll probably have people throwing things at me here -- need necessarily be a partisan situation, and the information has to be used fairly if you expect to receive it in the first place. That's just fundamental common sense.

There have to be incentives, and I think the incentives are largely in your hands. All too often, good accountability performers are rewarded in exactly the same way as poor accountability performers -- that is, the managements who bring forward good information as distinct from the ones who don't. There is one system, one set of rules, and everybody is forced into it the same way. Regardless of how good or how reliable the information that you provide, you may be subject to the same kind of onerous audit that the poor performer enjoys. In fact, that onerous audit may have been designed for the poor performer, but the good performers are caught by it as well. There has to be a way of recognizing that, and the levers to that are in the hands of members of governing bodies. I could go on.

The others are relatively self-explanatory, and I'm determined to respect your coffee break. I realize you've been at it since 1 o'clock, and that's a long time to be sitting here listening to presentations on information accountability and performance, so you can read these things at your leisure. Also, if you're interested -- I'd ask Craig to help me out on this -- if you want more information on these, we have a slightly more robust little kit that opens up on these ideas. When you leave, just scratch your name down on a piece of paper; leave it with Craig; he'll get it to me, and I'll mail it to you directly. It would be our pleasure to do that.

So that is a very fast run through the bramble bushes, at least in the sense of how we at the foundation view some of these things and how they're interconnected. I've described a set of characteristics of what might characterize effective governance. I urge you to assess the nature and the quality of the information that you receive, and to do it formally. Undertake the assessment of the nature of the information that you receive on a relatively formal basis and satisfy yourself that either you're comfortable and it's reasonable, or that there are holes, which you may want to try to develop a game plan to change.

I've made my little pitch for you to consider the different options and choices when it comes to auditing, and to undertake that kind of assessment on a reasonably formal basis. Above all, I have had an opportunity to introduce you to what we think are a set of conditions that underlie the value that you'll get from your information investment. Those are conditions which really only you can create, as difficult as that sometimes is. Recognizing that the crucible of partisan politics means that you will never be able to achieve these conditions perfectly, the hope is that significant progress can be made.

With that, my last thing is simply to say to you that the foundation has also developed a series of what I euphemistically call capacity development products for governing-body members. In effect, it's a range of opportunities for education to help open up on these ideas and to facilitate their engagement by governing-body members, and those products range in duration and time. We're quite flexible about it, but what I want to say is that the foundation would be more than happy to support any interest that you have in those areas and to put our resources behind your efforts in these educational programs, if you judge them to be of interest over time. I'll make sure that some information about those programs gets out to you. The foundation is a non-profit organization funded by taxpayers' dollars, so we are not there to make a commercial return on these things. I'm not making a self-interested business pitch at you to participate in these programs, but rather for you to benefit from the investment that's already been made by your various governments. With that, I'll stop and answer any questions for as long as you want to do this.

C. James: Thank you very much, J.P. Are there any questions or comments?

C. Santos: It seems to me that the more things change, the more things stay the same. I observe that all rules are made for the benefit of the rule-makers. Rule-enforcers are the ones who give substance to the rules.

As for information, in addition to being rigorous, timely and relevant, if information is to be useful, I would like to think that it should be available at all times. To do that, maybe we have to have a second look at what we call confidentiality or secrecy in any aspect of decision-making. I wonder if there would be a deficit today if everything were open to the general public, unless justified by national intra-security.

No system of government can be any better than the people who run the system. Let me conclude with some bits of wisdom from King Solomon, who said: "That which has been, it shall be; that which has been done, it shall be done; there is nothing new under the sun; that which has yet to be has already been."

C. James: Are there any other comments or questions for J.P.?

J. Williams: Again, I'd like to thank him for his presentation and his point about relevance and timeliness. I think that the essence of legislators and policy-makers is to ensure that there is a forum and mechanism by which the information, once achieved. . . . If changes are required, changes are implemented. I think that the stumbling block -- between receiving the information and having a methodology that encourages or even promotes or enforces that the changes be implemented as required or as deemed necessary -- and that linkage is the one that has to be fostered.

M. Abdurahman: Following up on John's comments, I couldn't agree with you more that you could share all the information in the world with people, but if they don't understand it and don't utilize it, we're not going anywhere. In three years of sitting in the Legislature, it's been my observation that too often our elected officials don't understand information that's before them, and we don't educate them how to use it. I see that as an ongoing problem.

[3:30]

C. James: Thank you very much, J.P. That was a very informative presentation, as usual.

We do have a coffee break from 3:30 until four. If everyone could strive to back in the chamber at 4 o'clock precisely, we can then move on to the final presentation for the

day, Oregon Benchmarks, by Craig Holt from Oregon, which I think all members will find enormously interesting, as well.

If those who would like to have a tour of the buildings could station yourselves on the green carpet just outside the chamber here, Neil Reimer will take those who wish to see the buildings on a truncated tour. For those who would like to have the break, it's back up to the Ned DeBeck Lounge, through the library. Again, could we be back here by 4 o'clock.

Before we conclude for the day, I will issue a few other administrative notes for everybody to follow in relation to the event this evening.

The meeting recessed from 3:31 p.m. to 4:03 p.m.

C. James: If I could get everybody to take their places, please, we'll try to end on or before the appointed hour.

Our next session is entitled Oregon Benchmarks, and Craig Holt, president of MTP Inc. of Salem, Oregon, is here. He has kindly offered to discuss his role in Oregon Benchmarks and related matters. I believe he has some overheads he's going to use, although I understand that he prefers not to dim the lights this time. I'll now turn the presentation over to Craig Holt.

C. Holt: I know I stand between you and a salmon barbecue. I take that as a challenge, actually, and I consider it a seat of honour to be doing that. So we will shut down at 4:30 if you are attentive; if not, we'll go later. How's that?

I just want to say one thing. It will be interesting to watch the translator keep up with me. I go very quickly. My bio is in there; it talks a little bit. . . . I spent 15 years in the government sector -- in your terms, as a bureaucrat. I served under three Governors. I served in a deputy minister capacity in two large departments: the Department of Transportation, which was a \$1.6 billion (U.S.) organization. . . . Oregon is a biennial state; our Legislature comes into town every two years. I think that's a strategic advantage, and I'll talk about that just a little bit. I'll be talking in my presentation about the Oregon Benchmarks process.

How many folks here have seen the *Oregon Benchmarks* or heard of it? This is what it looks like. If you would like a copy, please see me afterwards. I didn't bring a tremendous amount of them. It really is the strategic game plan for the state of Oregon. Maybe you've heard that term, but I'm going to talk a little bit about what that looks like. Also, you have some handouts. I apologize for the quality. I've done some work with the postal service, and they have a real high guaranteed delivery rate, but

it's not 100 percent, and I hit in the cracks. My stuff did not get here, so these are my dirty notes, but Craig graciously agreed to copy those.

We will go very quickly through this. I know there's a lot in here that talks about relationships to citizens, to the legislatures and to agencies themselves. I will target mostly on lessons learned at the end, as well as on the important role the Legislative Assembly plays. Given that, we'll be good to go.

Harry Hatry from the Urban Institute is going to be adding some value. He's from Washington, D.C. I thought, what the heck -- he can turn some slides. That's the nation's capital, and most of you have read some stuff there. . . . They are a client of mine -- New York City and Washington, D.C.

The Oregon Benchmarks process was driven from the Governor of the state of Oregon. It was from the chief executive, and it had an economic development focus, and that's very, very important. It was an economic development focus, which you can see started in 1988. At the end of the slide, you see 1994; that was how long it took to get into the budget process -- six years. I guess my counsel to you is that that was pretty fast for a strategic document.

Let me tell you briefly what it was. There were 12 industry advisory groups set up by the Governor. The Governor got together. . . . Remember, an economic development focus: it could have been agriculture, it could have been whatever. It was an economic development focus -- the strategy by the chief executive -- that said: what are the 12 key industries that are critical for the future and the life of the state of Oregon? There were 12 groups, folks. There were also five policy advisory groups formed. None of those were government people. They were all business and community folks, but no government people at this time. This is really trying to drive out the critical economic development needs of the state to make this viable. There were 12 key industries. There were five groups that looked at policy-type issues that cut across to everyone: administrative processes and those types of things.

The Oregon Benchmarks had been put out for some public solicitation. At that point we included feedback not only from citizenry in focus groups that actually went out and met in the community, but the government employees actually started getting into the process. I think this was a significant oversight as we started this process. We did not bring the government -- the bureaucrats -- into the process early enough. There was some discussion earlier on about the fact that if the minister has not bought into this, and if they're not trying to support and be open about and be accountable for what they're doing, their whole organization will rally behind them to defend them in whatever capacity it is, right or wrong. So it's very important that the organization be

brought in. Now, I'm also going to say: remember, I was a bureaucrat, so you're going to hear a heavy emphasis from that perspective.

The Legislature actually adopted this into law in 1991, and they gave a long-term caregiving status to what was called the Oregon Progress Board. Their job was to come every two years to the Legislative Assembly with an update to these indicators. The Governor set up a task force in 1992 to look at integrating performance measures, performance management, into all aspects of government. That was in 1992, fully four years after the strategic planning process got started. It's very important you understand that. That was the time when we actually brought it into all aspects of government. We're talking about budget development and execution, all those aspects of government. Our quarterly allotments, which were given to the agencies, were then based on looking at their indicators and those things, so it was brought into all policy that was driving government. As well, in 1994, state institutions were required to include it actually in the budget document. So if you get a budget document from the state of Oregon, it includes performance measures, benchmarks for each program in the state of any significance. Okay? So it's six years.

Very quickly, on the categories, there are basically two: the urgent ones, which are -- you can read that -- short-term measures that will help Oregon address pressing problems. . . . Reduction in teen pregnancy: who has the answer to that? By the way, which agency or legislative committee can solve that one? Not one. This is a strategic direction, not the answer. It's a statement of direction of what's important.

Then we get down to the core or fundamental, enduring measures of Oregon's vitality: well-educated, capable people. Now, for you folks, the first thing you're thinking is: how do we define what a well-educated, capable person is? That's not the issue. The issue is: it's important. When you're looking at setting a strategic document in the purview you folks are looking from in the Legislative Assembly, your job is to craft the policy that guides the state. The bureaucrats can be brought into the discussion on it, but that's your job.

I'll give you a quick example. We were set for budget hearings. I heard an interesting story that was shared in one of the presentations. We were scheduled for six weeks of hearings. We were done in five days. Of that, only four hours was talk about the budget. Four and half hours was talk about strategy: how do our programs align, and what are your indicators? We were a \$6 billion organization.

I also served in the U.S. Department of General Services. We were a \$270 million (U.S.), small organization that was going to be outsourced -- excuse me, privatized is the word. The whole thing was to be privatized, because everything we did could be done cheaper, better and faster somewhere else. At the end of the session, we kept the

whole organization intact, because we had three to five indicators that could show how well we compared to similar services. We had to get our budget cut, and we had a discussion. We made our presentation. At the end of our presentation, one of our co-chairs opened up the budget book and said, "That was a good presentation," and then started down. . . . Do you folks know what the term "line-item discussion" means? He said: "This is a 300 percent increase in dues and subscriptions." My job was to bring in a goal, objective and performance measurement process to that department, the Department of General Services. So I was filling out my résumé at that point, as you can imagine, because the co-chair is now going back into. . . . We had this great presentation, and we ended up going through it line item by line item. It was a 300 percent increase: it went from \$30 to \$90. We talked about that for ten minutes.

At that point, I was just looking for the back door, because I was the deputy minister, and the minister was getting a little irritated with the discussion. But the other co-chair said: "Wait a minute. These folks have proven they know how to manage. We have to get a 10 percent budget reduction. Let them go get it and come back to us and tell us the ramifications of this." Well, my résumé went back in my pocket. We went back, we did it, and we negotiated a 10 percent budget cut. What we did was eliminate two whole programs: typewriter repair was one of them. We went through and we surgically eliminated it, because it did not tie in with anything that we could strategically compete with.

I will get you out at 4:30. You're saying: "How? He's only on slide three, and he's got 20." Well, watch me. We'll get through them, okay?

I want to set the context, because I want to tantalize you just a tad with the fact that your bureaucrats probably will rise to this, given the challenge. I worked with two completely different legislative committees and was able to get them to have discussions about the policy and direction the state should be going in, as opposed to a \$30 to \$90 increase in dues and subscriptions. I won't ask for any hands, but how many people would rather spend their time and think they were voted in to go and talk about -- I'll back off; I'm getting excited -- the policy that's good for the citizens they represent, as opposed to the actual number-crunching? What good policy decision and change in policy direction has happened from a detailed budget-line-item discussion? Oh well; that's just me.

Okay, there were three major categories as we looked at the benchmark process. They were people, quality of life and the economy. I won't read these; I'll leave these for you to look at. So we can maybe move through these somewhat quickly. There were just three overall categories. On the quality of life, just stop there: miles of Oregon rivers and streams not meeting standards, percent of agricultural land in 1970 still

preserved or in agricultural use. . . . By the way, it took us two years to get an inventory of even what agricultural land we had.

We had an Oregon benchmark of no-net-loss in wetlands. We're a very environmentally conscious state. No-net-loss in wetlands -- I couldn't tell you how many natural resource agencies, but it's over five, say that's what they exist for. Did any of them even know how many acres of wetlands we had? Rhetorical question: the answer is no. It took two years to get any inventory on line. Now, this is unacceptable, to my mind. But I think it's a reflection of what has been important in the dialogue between bureaucrats and legislators and the citizens, and that is, "Let's make sure no one makes a mistake," as opposed to, "Are we really positioning our citizens and the services for the best, for whatever area we represent?" -- whatever level you may be.

[4:15]

The next one would be benchmarks for the economy. Alignments with agencies was a process, by the way, that was used and that set the strategic direction for the state.

As you look at some of those -- and if you'd like copies, I'll give them to you -- they don't really say: "Now, what do you do with this?" I thought there was a very insightful comment which was given. Performance measures in this kind of stuff don't give you any answers; all they do is tell you what is. Then it's up to you folks and your constituents to decide the direction you want to go in. But they don't give you the answers. They just tell you what happened. You then have to take that and do something with it.

As you look here, this shows how two different departments or ministries, if you will, actually affect one broad outcome. We had a benchmark which was the percentage of Oregonians living where the air meets government ambient air quality standards. You know what that means; it just means it meets a certain level. A number of indicators out there tell you what ambient air is. There are some performance measures, then, that let us know how well we're doing in accomplishing that. This is a strategic indicator. You'd look at this maybe on an annual or biannual basis. This says the air pollution exposure index, the air pollution index, vehicle miles travelled and percent of population in alternative modes of transportation. . . . Ah, interesting, isn't it, that if we can get people. . . . We found out that we can get. . . . This is really interesting math. If we had two people driving in a car, and a bus that held 80, we could take 40 cars off the road if we put them in buses. Fascinating math, isn't it?

We were the Department of Transportation; actually, we were a department of roads and highways. We had to change our entire enabling legislation to become a department of transportation to even allow us to do this as bureaucrats; we had to do

that. By the way, I'll say we had full support from the Legislative Assembly when we did this.

I think you can see from these types of indicators. . . . We had two departments, Environmental Quality and Transportation, that would contribute to these and that would help us achieve a percentage of Oregonians living where it meets the air ambient standards. Does what I'm saying make sense? Two people nod, and we can move ahead. Next slide, please.

By the way, folks, that sets the context for the dialogue.

Interjection.

C. Holt: You can charge me extra later.

This is where we had our discussion with the Legislative Assembly -- between these two. We didn't get down into here. By the way, do you think this. . .? If you start talking about percent of population or alternative modes, is that a policy decision? Are you going to put your money on repair and roads or put it into buses and light rail systems? By the way, let's remember that we have urban explosion. So now the real estate down there is going to cost degrees of magnitude more than it ever did. So is this now a cost decision, or are we talking about a quality-of-life decision? It clearly brings the issue into focus, but it doesn't solve it.

What I'm showing you -- and there's not enough time for me to go through this -- is basically talking about the alignment within a ministry. We're talking about your mission, which is fundamentally why you exist, and that's it. You should be able to go right to your enabling legislation. It should say: "This is why we're here." I worked with the state of Alaska -- actually, Harry and I did -- where we had a salmon barbecue. . . . There will be a sentimental journey later on this evening. But Harry and I worked with those folks, and as we were sitting with them. . . . The state of Alaska is the youngest state in the country. I'm very proud of the state of Oregon. I was born and raised there, and I intend to die there sometime in the future.

We were working with the state of Alaska and with a lot of their cabinet ministries, and we asked them: what's your mission? Why do you exist? It was fascinating, because we were in a room. . . . Harry wasn't in the room with me on this one. We were in one of their legislative buildings, and it had their laws that established the organizations in the room. It was the fisheries department, which in the state of Alaska is very important. They pulled out their mission statement, and we actually pulled the enabling legislation off the shelf, and there wasn't that much a diffusion away from it.

It had only been in existence about 20 years. There's a real lesson there, because any organization that's been around more than 20 years needs to re-examine why it's there.

By the way, who determines the mission of a ministry? It's a rhetorical question. The Legislative Assembly, pure and simple, and they need to start eliminating or realigning. This is almost cathartic for me, because having been a bureaucrat for a number of years, being in the presence of a Legislative Assembly like this and having to defend budgets, it is great to just unload some of this stuff.

You folks need to say: "We are no longer going in this direction. We need to merge these programs." I think that the auditor general in British Columbia is doing a fascinating job as far as bringing into the discussion a look at how we really reform even government. Don't just reshuffle the deck chairs, folks. Change the mission so it has some overall alignment, and that's what this is trying to show. Once you have that alignment -- the agreement to the mission -- then within an organization you have strategic, tactical and operational aspects that need to be managed. Strategic are the long term; that would be department-level. By the way, you should only have anywhere from six to 12 measures in each one of these levels. This would be a programmatic-type indicator. This would be a field office: DMV field office, fisheries program, Department of Natural Resources. You measure at all three, but they all need to be aligned. You can't have offices. . . . It does happen where you have programs that don't at all align to the mission of the organization. Lop them off. We're to a point now where there needs to be some very serious dialogue about which direction we are going to go. The same thing. . . . I would hold the agencies accountable to do the same thing. Next slide, please.

This just gives you an idea, and I'm just going to hit the bottom one because I know I only have about five minutes left. These are examples from the budget document of the state of Oregon that talks about strategic, tactical and operational measures. I want to talk about this one that's sliding off the screen here; it was client self-sufficiency, interestingly enough -- human resource organization. The mission of their department is client self-sufficiency, so this would be the strategic-type indicator. This is one of their measures, at the tactical level of program: the percentage of former clients returning to welfare within 18 months. This was a jobs program. Do you know what that means? It's pretty simple. It's a program that's focused on getting people jobs. I can understand some of this stuff. This was one of their indicators: the percentage of clients who returned to welfare in 18 months.

Here's what's happening in the States, folks, and it's probably not happening up here. What we're finding out is how the organizations that are set up to get people off welfare get their money. Guess how? Number of cases open. An open case is someone who is still on welfare. The mission is client self-sufficiency, meaning get them off

welfare. They get funded by how many people they have on. Is there a problem here? In our state, the minister of this organization went to the Legislature and said: "If we believe in this mission, we need a different funding mechanism, because we are going to run out of federal money." We were very unique in that fashion in the state. We ended up moving this program to where, the last I heard, it was 70 percent state money and 30 percent federal, in a time of dwindling resources, because everyone agreed this was a good thing to do, right here. That's the kind of dialogue you have to start having, if you really believe in this. Next slide, please.

This slide just talks basically about the process we used in the state of Oregon. I actually worked with the other ministries, and we taught ourselves how to do this. We developed a model in the Department of Transportation when I was there, and I went over to the Department of General Services, and it worked there. Then we trained the entire state of Oregon, all the agencies, how to do it, and it cost us \$5,000 for a consultant who taught me a few things. Then we just started teaching each other, and that's all this was. We took ten agencies, and the state budget director, myself and the chief of staff from the Governor's Office taught them how to do this stuff. Then we asked for volunteers. They all said, "We'll teach someone else," and that's how we did it. We cascaded it through the state. There are four phases you can see here, and each one was three months in length. If you're interested in this, talk to me about it later. But basically what we did is we cascaded it; we taught people within the bureaucracy. Next slide, please.

By the way, we also taught the Legislative Assembly. I put on a training session. That was really interesting, as you can only imagine. I mean, here you are defending a budget, and now you're supposed to be there teaching them some stuff about measurement. We'd walk into hearings and posted on the wall on a big bristol board was: "What's your mission? How do your programs align? What are your measures? How do you know?" Boom! Big, bold letters -- they'd remind each other how to do that.

This is the 1995-97 budget highlights, to give you an example of where this state was at with this project. This is actually in the budget instructions: at least one efficiency measure and one effectiveness measure for each result that's identified for a program. A result is that which is handed off to a customer or client, period. Efficiency is our cost indicators. Effectiveness is the quality and customer satisfaction, pure and simple. A brief narrative to support the measure: what is this measure doing? Great, you have this efficiency measure and it's measuring, and there's the result. So what? We had to write out what this actually demonstrates. There's a graph depicting baselines, actual and potential results, and then quarterly reporting to fiscal and policy decision.

There was a statement made earlier that what's probably most significant about this is watching the trends, because that's when you can start seeing the effect of some of your policy. It's not just picking one out and then crucifying someone, or doing a partisan thing with it -- I know no one in here would want to do that.

On the status of the initiative, here's where we stand: 30 percent of agencies are using measures. This has been updated: 40 percent of the ministries in the state of Oregon are actually using measures to manage with -- actually using them, okay? I have a good friend at the GAO who says: "Jeez, you miss 60 percent of them." And I said: "Yes, but we got 40" -- almost half. Now, you can tell I'm an optimist. I just stretched 30 to 40 to almost half. But close to half of the ministries in the state of Oregon are actually trying to manage and align themselves to their mission. Do you know why? Because they believe it's important. They have agreement on policy that's been crafted; they haven't fought that. And they're now trying to implement it, because the key of any effective policy is not making the decision on it. It's what? It's implementing it. That's the trick. That's the game you have to somehow effect between the Legislative Assembly, the executive and the agencies themselves.

Ten percent of the state's budget is allocated to benchmarks. I had a slide up here earlier that had two departments, the Department of Environmental Quality and the Department of Transportation. It had one benchmark there, the percentage of Oregonians that live. . . . There was actually 10 percent of the state's budget taken right off the top and sitting there. If two or three agencies could come together and say, "We can put on a program that's going to effect that, and this is how we're going to know," they got funded. It cut across agencies; it was really fascinating stuff to watch. There was really money put towards the outcome.

The Oregon plan is a national pilot focusing on contracting for outcomes. We also went to the federal government. The Vice-President and our Governor at the time, Governor Roberts, signed an agreement that said the whole feeding chain -- the whole service delivery, from the federal level all the way out to our local communities, in the human health care area -- is all going to be tied to the same outcomes. Guess where they're measured? Not in Washington -- they're measured in Salem, Oregon, at the service delivery. So all the people in Washington, all the state and county and city people are all measured on the same things: how well is it delivered to the citizen who's out there, as opposed to, "We pass the money; we pass the administration, too." Then there was a Senate bill that mandates linkage of mission, measures and objectives for each program unit.

[4:30]

Key culture change events. First, the budget division coached agencies. Our central budget division decided not to use this as an opportunity to catch people making mistakes but as an opportunity to teach them. That was significant. A very dear personal friend of mine was a state budget director and lost his job because he wouldn't put the hammer down, if you'll allow that term, hard enough.

Legislators were trained. Some got it, others didn't, to be quite frank with you. We actually had a training session; we brought them in, taught them about this. What I was genuinely impressed with was the number of legislators in Oregon, anyway, who wanted to have this discussion about policy and didn't really know how to do this. They said: "We hate having people bring in billion-dollar budgets. We have to go through these line items where you're spending \$300,000-some-odd on travel, and we don't even know what that relates to. It seems a lot, so we cut it." To be able to have a better frame of context, they like that.

Agency directors were trained. Again, some got it and some didn't. Those who really caught a vision and a passion for their mission were successful. Those who didn't, as soon as the first series of questions about what they were trying to do came, they bailed on it. The organization went up in flames for this whole process.

Some agencies were very successful with the Legislature. Agencies were used as a focal point for change; I want to underscore that. I was a 15-year bureaucrat manager in government, and I presented three times to the biennial Legislature. I know the game very well, and I know what it takes to get the money. We also were very happy we weren't accountable to tell them what we did with it, because all we wanted to do was get the money, then we went back and figured out what we wanted to do. If you don't think that's going on, maybe you live in a different world. It comes down to having bureaucrats who really do feel like they have a good sense of the direction the organization should go in, and they haven't crossed the bridge with their legislative counterparts or control agencies to come to an agreement on what that is. This allowed us to bridge the gap on that.

Legislators and directors were too quick to judge the numbers. We had a couple of situations. . . . There's not any one measure; there's a family of them; no measures stand by themselves. Some of them judged it too quick; there was a lack of uniform understanding. We tried. This is a volunteer effort, and even though we taught everybody, in Oregon there are only about 40,000 employees. Have any of you ever played that game where you tell someone a statement -- I'd tell Harry, then he would tell everybody else -- and then it gets around, and it's not even close to the same? Image doing that with 40,000 people. That's what we did, so no wonder it wasn't completely successful. It takes time. I shared with you that it was six years before you

seen an engagement in the budget discussion. We had a 100-year culture, and we expected to change it in two years.

We must integrate the accountability into the management structure. Remember, these are my perceptions. The management structure of any organization makes or breaks it. The people will make the stuff happen, but the management structure makes or breaks it. Bureaucracies have a way of insulating or working with things, and you need to engage those folks in wanting to do this. Once is not enough. A pastor friend of mine says: "You tells 'em, you tells 'em, and you tells 'em again." By the way, so far, this isn't any revolutionary stuff. This is just basic stuff, right? It's the application that's the hard part. It is, and I've been trying to share.

Quickly, Harry, let's go to the final thoughts on the last slide. I'll be around, by the way, if you want to see me to answer some more questions.

Good measures are not the end result; good service delivery is. This was already said earlier on. If the focus of your affection is on a good measure, you'll get it. If you want to get good service delivery, that takes something different. Someone said earlier that measures are just a teensy-weensy piece of the process. They are. It's the whole discussion around what's important that matters.

Secondly, it's always more important -- I'll just skip through this one real quickly -- to measure the right thing rather than the accuracy of the measures themselves. You've gone through a process of aligning your mission, putting a program together and saying that this is important, and then you say: "Oh, now that we know how to measure it, we're not going to do it." That's ludicrous. If it's important, you have to figure out a way. You cannot separate alignment from mission measurement and customer focus. They are a continuum. If you are talking about the mission of an organization, you're talking about measures telling how well they're doing, and then validating that with customers. You can't separate any of that. It has to be wholly aligned.

You measure to get better, not keep score. If there's one thing I'd want to leave you with, it's that. If you measure to find out this is what happened, now how do we get better, you will have a good chance of incubating your organizations, having them aligned and accomplishing it. If you just say, "Give me the measure; here's the score," you'll always get a good score, and you'll have bad service delivery. That's not what it's about. Try and figure out a way to bridge the gaps together, folks.

That was very fast, and we skipped a few things. What the heck, you know -- it's probably entertainment value now over substance. But I'll turn it back to you, Craig.

C. James: Thank you very much. Are there any questions or comments to Craig Holt before we wrap up this afternoon? If not, I'm sure that you'll be able to discuss a lot of what Craig mentioned over the past few minutes at the reception and dinner this evening.

There being none, just a couple of quick program notes. There will be a cash bar this evening at the community hall we're going to. Wine will be served at the table. For those of you who are staying at the Coast Victoria Harbourside Hotel, buses are scheduled, unfortunately, to depart at a quarter after five. I'm sure some will leave marginally later than that. Those of you who are staying at the Ocean Pointe Resort, if you could congregate beside me, I'll lead you down to your transportation back to the hotel, which will then also bring you over to the Coast Harbourside, where the buses will be departing from for this evening's event. Having said all of that, the sessions for today conclude, and I expect that everybody will have a wonderful time this evening. More business sessions will follow in the morning.

The meeting concluded at 4:37 p.m.