Treasury Board Secretariat of Canada's Strategic Review:

The Role of Public Policy Evaluation

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Session 2: Strategic Planning and Evaluation, Building a Successful Policy Cycle

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Overview of Canada's Public Service

- **Country Profile**
  - 35 million people; second largest country in the world
  - 15th largest economy; $38,400 GDP/capita ($USD, PPP)
  - Highly decentralized federation: 10 provinces, 3 territories
  - Total public sector $590 billion, makes up approximately 40% of GDP (2008-09)

- **Federal Public Sector Profile**
  - Over 520,000 total employees in federal public sector
    - 275,000 employees in the federal public service
  - About 170 main federal organizations:
    - 20 major departments; 15 special operating agencies; 67 statutory & other agencies; 19 departmental corporations; and 49 parent Crown Corporations
  - Total federal government spending of $238.8 billion (2008-09)
    - program spending of $207.9 billion (approximately 13% of GDP)
      - Major transfers to provinces and individuals of $108.1 billion (45%)
      - Direct program spending of $99.8 billion (42%) (of which 62%, operating and capital expenses; 30%, grants and contributions; 8%, crown corporation expenses)
    - public debt charges of $30.9 billion (14%)

Renewing the Expenditure Management System
Enhancing Public Policy Evaluation

- From the late-90s, increased program spending coupled with a lack of performance data undermined fiscal discipline, effective allocation of resources and efficient program delivery
  - From 2001-2006 direct program spending grew by 8.2% per year on average
  - From 1999-2005 the number of employees in the federal public service grew by 12%
  - Program evaluations covered only about 10% of program spending, often targetted at smaller programs; approximately 70% of evaluations were hampered by inadequate data (Auditor General)
- Since the mid-2000s, a number of reforms to better manage overall government spending with an important focus on public policy evaluation:
  - **Management Accountability Framework** 2003 – assessing management performance across government
  - **Improved Reporting to Parliament** 2005 – moving to streamlined, whole-of-government reports on departmental planning and program performance
  - **Management, Resources and Results Structures** 2005– regaining detailed program level knowledge of objectives and performance
  - **Federal Accountability Act** 2006 - included cyclical evaluation of all grants and contribution programs
  - **Renewal of Expenditure Management System** 2007 – initiating strategic review cycle, up-front fiscal discipline on Cabinet memorandums and improving results-based management
  - **Enhanced Evaluation Policy** 2009 – quality, capacity, credibility, and expansion of coverage

Overview of Strategic Reviews and Public Policy Evaluation

- Treasury Board is presented with a **"strategic review"** of each department's direct spending and performance on a four-year cycle as part of Budget planning:
  - **Comprehensiveness of the Reviews** – assessment of overall mandate, departmental objectives, program effectiveness, efficiency and alignment to government priorities
  - **Reallocation proposals** – identification of options for program reductions or eliminations to reallocate lowest performing/priority 5% of programs to other government priorities in support of overall spending control
  - **Reinvestment proposals** – identification of reinvestment options in support of government priorities (eliminated in 2010)

- **Treasury Board's Policy on Evaluation**
  - Create a comprehensive and reliable base of evaluation evidence that is used to support policy and program improvement, expenditure management, Cabinet decision making, and public reporting. Each department must evaluate:
    - all direct program spending, excluding grants and contributions, every five years;
    - all ongoing programs of grants and contributions every five years, as required by section 42.1 of the *Financial Administration Act*;
    - the administrative aspect of major statutory spending every five years;
    - programs that are set to terminate automatically over a specified period of time or specific programs, if requested by the Secretary of the Treasury Board following consultation with the affected deputy head
  - Supports the renewal of the Expenditure Management System, by improving the information base for strategic reviews

Case Study:
Treasury Board Secretariat's Strategic Review

Government is well managed and accountable, and resources are allocated to achieve results

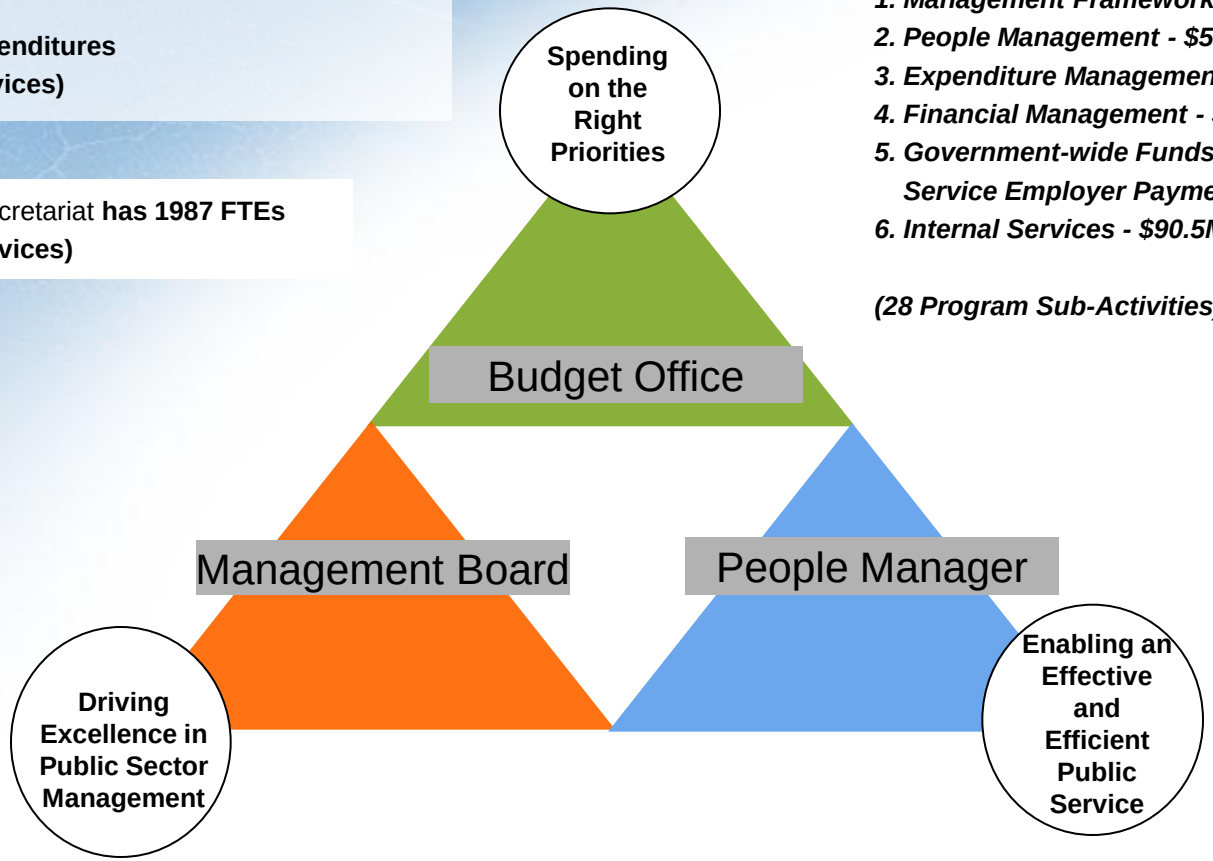
Treasury Board Secretariat's total budget: $4.9B (includes Gov wide funds and Public Service Employer Payments)
$271M in Program Expenditures
(includes Internal Services)

The Treasury Board Secretariat **has 1987 FTEs (includes Internal Services)**

The Secretariat has six Program Activities

1. ***Management Frameworks - $64.1M***
2. ***People Management - $56.7M***
3. ***Expenditure Management - $30.5M***
4. ***Financial Management - $29.6M***
5. ***Government-wide Funds and Public Service Employer Payments - $4,680.2M***
6. ***Internal Services - $90.5M***

(28 Program Sub-Activities)



Treasury Board Secretariat's Strategic Review: The role of evaluation

- Setting the requirement of "multiple lines of evidence" for program performance
  - The challenge of identifying solid performance indicators with a clear link to expected results
- Establishing a "rating guide" to assess programs' performance
  - The challenge of determining what to take credit for (TBS performance versus Departments/Agencies performance)
- Addressing "gaps" in program performance data
  - The challenge of measuring performance when a program changes
  - The challenge of evaluating "policy advice"

Strategic Reviews and Public Policy Evaluation: Challenges and Lessons Learned

- The challenge of using evaluations of past performance to shape decisions on future resource allocation
  - Managing "Heraclitus' river"
- The challenge of comparing various programs' performance to determine "highest performers"
  - Sorting "apples and oranges"
- The challenge of striking the right balance between "performance" and "priorities" in selecting programs for the future
  - Ranking "what you do" and "how you do it"