

Public Sector

# MANAGEMENT

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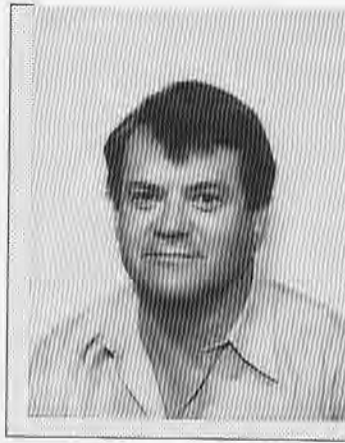


## ALBERTA GOVERNMENT BUSINESS PLANS

**R**ALPH KLEIN led the Progressive Conservatives to electoral victory in the June 1993 election on the platform of deficit and debt elimination. The subsequent budget plan called for an expenditure reduction of \$2.6 billion or 20% from the level of 1992/93, over a four-year period. Spending in the areas of education, advanced education, health and social services declined by an averaged of 14%. Other departments averaged cuts of 27%. In the past two years Alberta has gone from a deficit of \$3.4 billion to a surplus of \$1 billion. However, this has been accomplished through increased revenues from oil and gas sales, taxes, and user fees, in addition to cuts to expenditures. The scheduled cuts will continue as this government perceives the reduction and restructuring of government, at least, as important as balancing the budget. The budget cuts have generated much discussion but less has been said about the simultaneous reduction of government through the implementation of "business plans."

The concept of a business plan is not new and there is a vast literature on their use in business. What is a business plan? Although it has different meanings to different people, basically it is a means to articulate ideas, chart a course, review expectations and assumptions, and set one on a firm track. A business plan should be a dynamic process of planning and reviewing a business agenda over time with documentation in a format that allows regular updating in response to actual business conditions. A business plan is a way for a firm to ensure its objectives are clear, document and track performance, revise the plan as new information is obtained, evaluate performance, and, not incidentally, secure financing.

When the Alberta government implemented business plans it had a number of objectives similar to those found in busi-



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ness planning. It wanted to streamline government functions, reduce costs, increase and improve service (or output), and refocus government service on essentials and improve accountability based on measurable outcomes. They also increased the planning framework from one year to three years. What it did not consider was securing new financing. The financial constraint for each department was predetermined by the budget.

*A Better Way—A Plan for Securing Alberta's Future* (Feb 24, 1994) outlines the five core businesses the government first set out as essential: (1) Investing in people and ideas; (2) Building a strong, sustainable and prosperous province; (3) Providing essential services for the health and well-being of Albertans; (4) Maintaining a quality system of roads and highways, telecommunications and utilities; and (5) Providing law, order and good government.

*A Better Way* also detailed each department's initial business plans for the period 1994-97 and set about answering six questions: What are the goals? What are the key functions? What objectives have been set? What will be done to meet the goals? What results do we expect? Who is involved? Each of the 17 ministries developed their own plans in different fashions, but in general each comprised a vision or mission statement, goals, objectives, and strategies. The central motivator of each plan was its three-year budget and how it was going to achieve its allotted reduction. The process was to draft working papers in each ministry and in

some cases conduct roundtable talks in order to find out from the constituencies just what was a priority, what was desirable, and what could be eliminated, improved upon or added.

*A Better Way II—A Blueprint for Building Alberta's Future 1995/96 - 1997/98* (Feb 21, 1995) updates the government's and each department's business plans to 1997-98. This

document states that the biggest success of the process was that the plans were actually used to guide the actions of the departments and decisions of government. "They have not become 'shelf liners.' The plans have been rethought, modified and changed to respond to changing circumstances and needs." The core businesses of government were reduced from five to three and renamed as: **People, Prosperity and Preservation**. Each department's primary functions was identified around one of these core businesses: **People**—Education; Health; Advanced Education and Career Development; and Family and Social Services. **Prosperity**—Economic Development and Tourism; Agriculture, Food and Rural Development; Energy; Transportation and Utilities; Public Works, Supply and Services; Labour; and Treasury. **Preservation**—Justice; Municipal Affairs; Environmental Pro-

tection: Community Development; and Federal and Intergovernmental Affairs.

The second draft of business plans responds to only four questions: What are the goals? What results are expected? What are the key strategies? What measures will be used to assess progress? This makes the business plans more tractable than the six questions of the first draft.

The budgets within each plan were not significantly changed and overall spending in 1997-98 is slated to remain at the "sustainable" 1996-97 level. The emphasis in this year's business plan is on measuring performance. The government is attempting to set performance benchmarks and targets to evaluate programs accurately and intends that the funding of programs will be increasingly tied to the results achieved.

The use of the concept of business plans to government programs is not new. A number of federal and provincial programs and agencies have implemented business plans. Nor is planning new to government. Departments and their sub units have always had mission statements, identified goals, and budgets to meet. However, Alberta's application of the business plan concept to all of government operations, in a comprehensive, systematic, and coordinated way using a three-year planning framework, is a unique undertaking.

What are the implications of government restructuring using business plans? The 1995-96 Budget Plan documents the restructuring of Alberta's public sector: in 1993, the number of government departments was reduced from 23 to 17. During the four-year plan, 50 agencies, boards, commissions, and committees will be merged or disbanded, 200 plus health and hospital boards are replaced by 17 regional health authorities, and the number of school boards will be reduced from 181 to 57. Some government services have been or are being privatized: liquor sales, registry services, property assessments, bailiff actions, labour mediation, employment standards, payroll and accounts payable, and the delivery of most highway maintenance activities. In addition, six crown corporations and commercial enterprises have been sold. By 1997, twenty-four councils, boards and committees responsible for standards, discipline and other regulatory functions will have been delegated to industry and professions. This will include the enforcement of building

safety codes and occupational health and safety regulations, and the regulation of motor carriers with superior safety records. Other public services to the private sector are moving to self-financing, including the Alberta Tourism Education Council, the Banff Centre, and the Alberta Securities Commission. In addition, the Workers' Compensation Board will become a separate entity outside direct government control.

The government's business plans direct and document the program of restructuring including privatization and deregulation, all driven by considerable budget cuts. The introduction of comprehensive, systematic and coordinated planning to all government departments has been a genuinely valuable accomplishment of this government. Of particular merit was extending the planning horizon to three years and longer. The implementation of this process was essential in orchestrating the extensive fast track budget cuts that the government was determined to achieve. Without the business plan process, chaos would have been the order of the day. The concept of consulting with the relevant constituents, through "roundtable" and other discussions is also an excellent idea. Issues about the purpose and role of government in a modern state need to be addressed. Although in practice the actual consultations were dominated by business interests, particularly the Chambers of Commerce, the process of formulating department plans opened these issues up to greater public participation. The publication of the government and department's plans in a single accessible document greatly improves the opportunity to know and to comment on what government is doing.

So why is this planning process not an unqualified success? The naming of this government planning process as "business" plans indicates the ideological bias of the exercise. Planning should be more open ended. For example, a business plan for a private firm assists it to raise the necessary finances. The criteria for a successful firm is simple. It needs to make a profit or at least break even in the long run. Although evaluating government functions is far more complex, it too provides social benefits in excess of costs. Government initiatives can correct for the failures of the market system, provide protection and security, take on the social risks that individuals cannot anticipate,

stabilize the business cycle, and promote fair market competition.

Additionally, government should provide vision and leadership, affecting people's notions of value. This often clashes with market outcomes. For instance, market outcomes can concentrate inequality but government action can promote equality of opportunity through income redistribution, education, health, and social security.

The planning process that the Alberta government has implemented was dominated by the imposition of budget reductions. By arbitrarily fixing total government expenditure at the nominal revenue level of 1992/93 it is seriously restricting the role of government, as is its intention. (Inflation and a growing population will actually decrease per capita real dollar public expenditure from the 1992/93 level.) The assumption was that spending was too high, not that revenue was too low. This is a very one-sided approach to planning and is a repudiation of traditional notions of government involvement in the economy. Government as stabilizer has been abandoned completely, as regulator its role has been considerably reduced, and as provider of public goods it has been hampered. The government set the budget and then implemented business plans in order to achieve the reduced expenditure. There is no evidence that this expenditure level is the "right" amount to spend on public service—it could be more or it may even be less. Thus the planning process was not open ended. It was severely constrained by budget limits.

In summary, the introduction of comprehensive, systematic, and coordinated three-year planning in the public sector, asking questions about the appropriate role of government and what services to provide, improving the efficiency of service delivery, opening up the discussion of these issues to greater participation, and documenting government plans in an accessible way, have all been very valuable initiatives. On the other hand, the singular fixation on reducing the size and expenditure of government as the driving force behind the planning process has severely restricted the possible positive outcomes of the exercise. □

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Sommaire de l'article de Greg Flanagan

EN JUIN 1993, Ralph Klein mena les Progressistes-Conservateurs à la victoire électorale en proposant d'éliminer le déficit et la dette. Au cours des deux dernières années, l'Alberta est passée d'un déficit de 3,4 milliards de dollars à un surplus de 1 milliard de dollars grâce à une augmentation des recettes provenant des ventes pétrolières et gazières, des taxes et des frais d'utilisateurs, en plus des coupures de dépenses. Les coupures budgétaires, qui se poursuivront, ont déjà fait l'objet de nombreux débats, mais on a peu discuté de la réduction du gouvernement par l'entremise de «plans d'exploitation».

L'idée même d'un plan d'exploitation est bien connue dans le monde des affaires. C'est le moyen d'articuler les idées, de se fixer un cap, de revoir les attentes et les hypothèses et de suivre une voie prédéterminée. Dans ses plans d'exploitation, le gouvernement de l'Alberta voulait simplifier les fonctions gouvernementales, réduire le coût, augmenter et améliorer les services, ramener les services gouvernementaux aux choses essentielles et améliorer la redevabilité, tout en planifiant pour trois années plutôt que pour un seul exercice.

*Une meilleure voie—Un plan pour assurer l'avenir de l'Alberta (1994)* précise les cinq domaines considérés essentiels par le gouvernement : investir dans les gens et les idées, bâtir une province forte, durable et prospère, fournir des services essentiels à la santé et au bien-être des Albertains, maintenir la qualité de la voirie, des télécommunications et services publics, et enfin, s'assurer que règne la loi, l'ordre et le bon gouvernement. Il précise aussi, pour chaque ministère, les plans d'exploitation pour 1994-1997 en répondant à six questions : Quels sont les buts? Quelles sont les fonctions clé? Quels sont les objectifs fixés? Que fera-t-on pour atteindre les buts? Quels résultats attendons-nous? Qui est impliqué? Chacun des 17 ministères a élaboré son propre plan basé sur un budget triennal et visant à réaliser la réduction qu'on attendait de lui compte tenu des priorités, de ce qui était souhaitable, ainsi que de ce qu'on pouvait éliminer, améliorer ou ajouter.

*Une meilleure voie II—Un plan pour bâtir l'avenir de l'Alberta 1995/1996 - 1997/1998* constitue une mise à jour des

plans d'exploitation du gouvernement de chaque ministère jusqu'en 1997-1998. D'après ce document, le succès des plans d'exploitation jusqu'ici a été dû au fait qu'ils ont été effectivement mis en oeuvre après avoir été repensés et modifiés selon les circonstances et les besoins. Les domaines clé du gouvernement ont été ramenés à trois et rebaptisés «**gens, prospérité et conservation**». Les fonctions primaires de chaque ministère ont été définies en fonction de ces trois domaines. Les nouveaux plans d'exploitation répondent à seulement quatre questions : Quels sont les buts? Quels sont les résultats attendus? Quelles sont les stratégies clé? Comment mesurera-t-on les progrès? Les budgets de chaque plan ont subi peu de changement. Cette année, dans le cadre du plan d'exploitation, on vise à mesurer le rendement afin de pouvoir par la suite axer le financement sur les résultats obtenus.

Si l'emploi de plans d'exploitation sont depuis longtemps chose courante au gouvernement, leur application en Alberta à l'ensemble de l'exploitation gouvernementale d'une manière systématique et coordonnée, sur trois années, est sans précédent. On voit bien la restructuration du secteur public de l'Alberta dans le cadre des plans d'exploitation : en 1993, le nombre de ministères est passé de 23 à 17. Au cours du plan de quatre ans, 50 organismes, conseils et comités fusionneront ou seront éliminés, plus de 200 conseils de santé et d'hôpitaux seront remplacés par 17 autorités régionales de la santé, le nombre de conseils scolaires passant de 181 à 57. De nombreux services gouvernementaux sont en cours de privatisation ou l'ont déjà été. D'ici 1997, 24 conseils et commissions de normalisation et de déontologie auront été transférés à l'industrie et aux professions, y compris l'application des codes de sécurité du bâtiment et la réglementation de la santé et de la sécurité professionnelles. D'autres services publics fournis au secteur privé devront s'autofinancer. La Commission des accidents du travail ne sera plus sous contrôle gouvernemental.

L'adoption d'une planification détaillée, systématique et coordonnée dans tous les ministères est une grande réalisation de ce gouvernement, et tout particulièrement le fait de planifier sur trois années

ou plus. Sans les plans d'exploitation, les coupures budgétaires auraient entraîné le chaos; par ailleurs, la consultation du grand public a rendu plus transparentes les décisions gouvernementales.

Pourquoi alors ce processus de planification n'est-il pas un succès sans réserve? Le fait même que l'on ait baptisé cette planification gouvernementale de «plan d'exploitation» révèle sa tendance idéologique. La planification devrait être un processus plus ouvert car l'évaluation des fonctions gouvernementales est fort complexe. Le gouvernement peut pallier les défaillances du système de marché, offrir protection et sécurité, parer aux risques sociaux que les particuliers ne peuvent pas prévoir, stabiliser le cycle d'affaires et favoriser une juste concurrence sur le marché. Il devrait aussi montrer la voie et moduler les valeurs des gens.

Or, le processus de planification mis en oeuvre par le gouvernement de l'Alberta était dominé par les coupures budgétaires. Ayant fixé arbitrairement le niveau global de dépenses gouvernementales, il avait pour intention et pour effet de réduire fortement le rôle du gouvernement. Il s'agit là d'une planification très unilatérale qui rejette les idées classiques de participation gouvernementale dans l'économie. Le gouvernement n'agit plus comme stabilisateur; il régleme nettement moins et est moins capable de fournir des biens publics.

Par conséquent, s'il est vrai que l'on a vu des initiatives d'une grande valeur, telle que l'adoption par le secteur public d'une planification triennale détaillée, systématique et coordonnée, telle que le fait qu'on s'interroge sur le rôle du gouvernement et sur les services à fournir, qu'on a rendu plus efficace la prestation des services tout en soumettant ces questions à un débat public plus détaillé, il est tout aussi vrai que la concentration monomane sur la réduction de la taille et des dépenses du gouvernement, en tant que base même du processus de planification, a fortement limité les résultats positifs éventuels de cet exercice. □

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