

J.R. Mallory

The Lambert Report: central roles and responsibilities

There are two aspects to the problem of accountability in government. The first deals with the management of government, the need to reconcile the sometimes conflicting goals of decisive and effective management with managerial accountability. The second is to achieve effective political control over the vast apparatus of the bureaucracy, not only through control by ministers over the making and execution of policy, but through parliamentary scrutiny of the conduct of ministers. The last, a preoccupation of academic and other observers of the process, has resulted in a number of procedural reforms in the House of Commons, notably those of 1969, together with subsequent improvements in the facilities of members. The reforms themselves can now be seen as a mixture of gains and losses. Similarly, the Trudeau reforms in the structure and operation of the cabinet and its committees – with the avowed intent of increasing ministerial control over the bureaucracy – have improved matters, but at immeasurable costs in terms of speed and clarity of decisions, and in the almost insupportable burden on ministers themselves and their deputies, whose available time to devote to their departments has been dangerously eroded.

The first major attempt in recent years to solve the ‘management’ problem was to be found in the report and subsequent implementation of the recommendations of the Glassco Commission. While this resulted in a sort of managerial revolution in the bureaucracy, it failed to address itself to the operation of cabinet and Parliament which were beyond its purview. Even within the Glassco perspective it is doubtful if results were those which the Commission expected. While their avowed aim was to ‘let the managers manage’ within a context of more clear-cut accountability, the result of their efforts was the emergence of even stronger central control agencies amongst which the division of labour was less than clear. The use of more refined management techniques by the Treasury Board, such as PPBS and Management by Objectives, which sought to force departments and agencies to define their policies with

The author is professor of political science, McGill University, Montreal.

precision and relate them to the results which they wished to achieve were only partially successful in their primary objective. The most marked impact of these procedures was to require departments and agencies to respond to a mounting volume of requests for information, while the information itself seems not to have been put to effective use. The result was a growth in the power of the central agencies without anyone achieving effective control or integration of these agencies themselves.

The Lambert Commission, fortunately endowed with wider terms of reference, has been able to deal not only with the perennial search for accountability in departments and the development of controls and information to assist the central agencies in discharging their proper role, but also with the wider question of assisting the cabinet and Parliament in discerning what policy is, and how effective it has been. Whether or not they have provided a sound diagnosis and an effective cure remains to be seen, but at least they have laboured manfully to see the problem as a whole. The report is not easy reading, but it does illuminate the process and make what seem like useful recommendations toward what the Commission calls a 'mutually compatible management system.' The Commission was considerably assisted in their inquiry by submissions from the major agencies which fell within their purview, such as the Treasury Board, the Department of Finance, the Public Service Commission, the Auditor General, and others. One of these, a most useful submission from the Privy Council Office, is already enjoying a limited circulation in draft form. It is to be hoped that in due course it, and the other submissions, will become more generally available.

In its discussion of the central agencies, the Commission quite properly begins with the cabinet, whose members are individually accountable to Parliament for their departmental responsibilities, and collectively to Parliament for their right to continue in office. At the centre of the cabinet system is the Prime Minister who, through constitutional evolution, has come to 'assume a special role in the Government.' He in effect appoints and can remove his ministerial colleagues, controls a vast range of order-in-council appointments (including deputy heads), controls the agenda of cabinet and determines how it is organized to do its business. While he must operate subject to such constraints as the need for sectional representation and the need to manage the cabinet by consensus rather than by fiat, he nevertheless is at the very apex and centre of power. 'Throughout our deliberations, we have been conscious of the need to maintain that pre-eminent position of the first minister. At the same time, however, it is also evident that the Prime Minister alone cannot exercise the collective responsibilities of the Cabinet for governing the nation' (page 63).

The juxtaposition is important. We should not be seduced into thinking that prime ministerial government of presidential proportions is upon us. There is the other side of the coin. Collective leadership has always been the hallmark of Canadian cabinets, the central mechanism of federal accommodation in the Canadian system. Historically it was the result of Macdonald's view of the nature of the Canadian state, with weak provincial governments and a strong but sectionally sensitive central government. But powerful provincial governments and the fragmentation of the party system have made it less and less possible for all the big decisions to be made by a cabinet composed of mighty regional satraps in the Gardiner mould. The fragmentation of cabinet decision-making into policy areas in the last ten years can be seen as the near extinction of this kind of intra-state federalism.

But collective decision-making remains a crucial element in the system, as Lambert emphasizes. 'Some have argued that the widening area of collective responsibility that has developed over the years has detracted from the individual responsibility of ministers to Parliament and, in the process, concentrated an undue amount of power in the Prime Minister. In our view, however, the breadth and depth of government today have become so far-reaching that they demand the exercise of collective responsibility at the top, not only for the formulation of broad priorities and policies of the Ministry, but also of overseeing the government-wide management systems whose purpose is to give effect to those priorities' (page 63). Nevertheless, certain ministers must assume lead roles in these matters: the Prime Minister, the Minister of Finance, and the President of their proposed Board of Management (which will replace the Treasury Board). 'It is important that the particular responsibilities of each should be clearly stated both to facilitate the internal processes of government and to establish who should be called on to render a full accounting to Parliament.'

Sound management in government, the report says, requires certain basic operations: planning, budgeting, directing and coordinating, controlling and evaluating. As a necessary first step there must be a forward plan which allocates resources within the constraints of available revenue and total expenditure according to established priorities. Once the Fiscal Plan is established and the resources allocated, the departments and agencies should be left to manage their own affairs within established guidelines. In this way the accountability of the respective parts becomes clear and Parliament can then be able to hold the government accountable for its management of affairs.

The Commission's recommendations were framed within the context of cabinet organization as it was before June 22, 1979. They found that the management of government was fragmented among a number of

structures including the Cabinet Committee on Priorities and Planning, the Treasury Board, and the Minister of Finance – each of which was served by support agencies. The Department of Finance was confined to the somewhat limited function of analysing the economic impact of new programs, while the Treasury Board was responsible for monitoring the effectiveness of existing programs. The Commission concluded that these arrangements were inadequate.

The deficiencies in the central management of government today relate in no small measure to a failure to plan thoroughly at the top. Accepted, instead, is a planning process too often dependent on trying to marry unco-ordinated proposals coming up from the bottom. There is a consequent failure to budget rationally, and a confusion of responsibility for control and evaluation. The follow-up by central management to see if commitments have been met or indicated levels of performance attained has been lacking. The shortcomings of the existing system stem as well from a failure to define precisely and distinctly the tasks and responsibilities of the central agencies. Accountability of the central agencies themselves for the way in which they have performed their own roles is incomplete (page 68).

To cure these defects the roles of the Financial Secretariat of the Board of Management, the Privy Council Office and the Department of Finance must be brought together so that they work together in preparing the Fiscal Plan for submission to cabinet and, ultimately, to Parliament. The Fiscal Plan itself is a key element in bringing a public focus on government, and a new element of discipline in spending so that private planners can relate their operations to the government's intentions.

The Commission finds that the present system is one in which no one is effectively accountable. Expenditures are proposed in ignorance of projected revenues and without relation to priorities. Since the government is not publicly committed to a Fiscal Plan there is no basis for parliamentary review. Expenditure planning takes place without effective participation by public or Parliament, so that there is no incentive for either coordination or discipline. The result is incremental budgeting, crisis planning, poorly conceived ad hoc solutions, and excessive flexibility in program management.

It is fundamental to sound management that there be a medium-term Fiscal Plan for priorities and objectives, which will be a managerial commitment to the achievement of goals. Such a Fiscal Plan involves three steps. First there must be a fiscal framework. Secondly, there must be preliminary program forecasts by departments and agencies for the next three years. Thirdly, these must be put in step with the preparation of the Estimates and the budget. Under the arrangements described to the Commission, the fiscal framework usually went to the Priorities and Planning Committee of Cabinet in April. This, in their view, has been the

weakest link in the chain. The flaws are purpose and content, timing, and communication. In terms of purpose it only seems to effect total levels of expenditure, with an indication of priorities but no indication of the levels of expenditure to be allocated to each. The timing is wrong since departments and agencies first learn of it when they are in the final stages of preparing their program forecasts for the Treasury Board. Furthermore, it is not communicated directly, but only to the Treasury Board which uses it in its requests for program forecasts.

As a result departments and agencies make proposals without an upper limit. They cannot plan realistically and are not required to make hard choices. The review of program forecasts by the Treasury Board becomes time-wasting and acrimonious. The Treasury Board is guided by both the Department of Finance's forecast of revenue limitations and its own perception of priorities and expenditure needs, neither of which are available to departments, which prepare program forecasts three or four months before the fiscal framework is prepared.

It was intended in 1967 that the forecast exercise would disclose the department's objectives in existing and possible programs over the next five years, a notion of the resources required and of the results to be obtained. These plans would only be modified if resources were not allocated according to government priorities, or if programs overlapped, or resources were not available. Instead departments have justified programs but not established the validity of objectives or their effectiveness in terms of costs. In response the Treasury Board demands more supporting detail. The result is a 'book-keeper's dream' involving little participation by either senior management or ministers. Instead of presenting plans, departments present detailed expenditure budgets without consideration of guidelines. The result is planning based on the assumption of unlimited resources with no choices among new initiatives or evaluation of ongoing programs for cost reduction. Cost, particularly capital costs, are calculated so far ahead as to be unrealistically low. Time is short so that departmental management has little time to review these proposals, which have become simply trial runs at the Estimates. Departments regard such program forecasts as medium-term budgets and resent changes, while ministers regard them as a sort of commitment and blithely announce new programs which then become very difficult to turn down, even when true cost figures (which are usually much higher) become available. Since the Treasury Board works with its eye on the Estimates the whole exercise of forecasts is not put to any useful purpose. This has been tacitly recognized by the reduction of the period covered from five to three years.

The preparation of the Main Estimates has the same defects as program

forecasts: form-filling and compliance with detailed procedures and middle-management negotiation over adherence to tentative expenditure ceilings. In summary, program forecasts are prepared in ignorance of the fiscal framework and are not action plans; the fiscal framework carries no government commitment and no stamp of public approval; and until Parliament finally approves the Estimates, there is no firm upper limit on expenditures.

How can these defects be remedied? The Commission proposes that first of all the government should present annually to Parliament in late October, well before the presentation of the Estimates and the budget, a five-year Fiscal Plan. This plan should be the basis of medium and short-term planning for all departments and agencies. In the plan the priorities and how they are to be funded should be indicated. It should state whether last year's objectives had been successfully met. It should show whether an appropriate balance has been struck between expenditures and revenue. Lastly it should show the major implications of the proposals for future government spending. This would enable the plan to be debated in committee and in the House. The ceilings on expenditure for each year and, for the first three years, the ceilings on departmental and agency expenditures as well as total expenditure limits should be indicated.

How should this illuminating document be prepared? The lead role in its preparation should be taken by the Department of Finance, which alone has the basic knowledge of the economic situation and the likely economic effects of the plan. For this purpose there should be a small secretariat in the Department of Finance with the task of apportioning total expenditures to the broad functions of government, and reconciling these with the priorities for managing the economy. These functional ceilings should then be translated into departmental and agency limits by a Financial Management Secretariat under the Comptroller General. The Privy Council Office then has the duty to ensure that the plan's interpretation of cabinet's priorities is current, accurate and realistic, and to provide early warning to departments and agencies likely to be affected by changes in the functional ceilings.

Once these matters have been settled, the plan will go to the Cabinet Committee on Priorities and Planning over the signature of the Minister of Finance and the President of the Board of Management. In the nature of things, the plan at this stage will also reflect the support of the Prime Minister. This does not mean that there will not be vigorous debate and possible change, but the origin of the proposal will give it great authority. Once the plan has secured approval, the central agencies, which have already been dealing with departments and agencies in the course of preparation of the plan, must fully brief deputy heads.

The world changes; it is unreasonable to expect that governments can always be locked in to such constraints if circumstances warrant changes. The plan should be up-dated annually in October, but even so circumstances may require the government to make modifications, possibly even before the Main Estimates are tabled. It is more likely, however, that such changes may be brought about in the budget. If changes have been made, whether through the Main Estimates, Supplementary Estimates, or the budget, Parliament must be fully informed of how far these have led to a deviation from the plan.

The imposition of expenditure limits should have the effect of better planning which will eliminate the need for Supplementary Appropriations except for real emergencies. The commendable practice, instituted in 1975, of disclosing the total amount reserved for such Supplementary Estimates when the Main Estimates are tabled should be retained. There should be no need to expand the Treasury Board contingency vote, which is not intended to deal with emergencies, but rather to rises in public service pay rates as a result of collective bargaining. All legislative proposals should be accompanied by a five-year projection of their financial implications and a statement of any consequent adjustment required in the Fiscal Plan.

One consequence of the introduction of departmental expenditure limits will be that deputy heads will have a strong incentive to manage their resources in order best to obtain their stated objectives. This will encourage them to measure and compare program results and look for uneconomic and inefficient uses of resources which can be eliminated.

Finally, the whole procedure would again place the Department of Finance in a pre-eminent role, uniting 'the tasks of revenue-raising, establishing functional expenditure limits, and debt management under one roof' (page 91).

Some of the Commission's harshest criticism falls on the Estimates, which in their present form 'fall short of establishing a suitable base for accountability,' and 'fail to disclose clearly why the Government wants to spend money, how it will spend it, and what the benefits of spending will be' (page 94). The Estimates should be used by departments for operational planning and should inform Parliament of the reasons for and benefits expected of proposed expenditure. The accompanying narrative is so vague and variable at present that members of Parliament cannot know what they are voting on or what effects are expected. The present vote structure should remain the same, but the supporting information should be made clear and comprehensive. They should show aggregated costs of a series of meaningful activities linked as far as possible with measurable results so that efficiency and effectiveness can be disclosed by comparing the Estimates with the Public Accounts. In some departments,

such as National Defence, less detailed disclosure may be necessary 'although careful wording of sub-objectives and imaginative presentation of activity information could help to eliminate the need for exceptions' (page 96). This is perhaps a reasonable qualification, but one suspects that 'imaginative' may be a dangerous word and it may appeal strongly to other departments besides National Defence. There should be accounts of program activities in quantitative terms, and an avoidance of such vague descriptions as 'continued improvement' and 'sustained level of service.'

This would inevitably lead to a substantial increase in the amount of narrative, which simply cannot be done within the constraints of the present format, which consists of '1200 monotonous pages of spending proposals from a confusing array of departments and agencies' (page 97). Nearly all departmental information is in tabular form and the relations among the various tables are unclear even to accountants. It is not in a form that is conducive to parliamentary review, and it does not readily relate to information in either departmental reports or in the Public Accounts. All three should permit straightforward comparisons of objectives, planned activities and results.

Much would be gained if departments and agencies were permitted to submit their estimates in a format individually tailored to their activities, and subject to minimal guidelines by the Comptroller General. There could be graphic representations of performance related to cost, organization charts of responsibility for carrying out various parts of programs, how these are centrally and regionally directed, and how resources are allocated to each. This would enable MP's to concentrate their attention on areas where they are knowledgeable. It would also provide a document more useful to senior managers since departmental managers would have to state objectives clearly, and the relation of programs to objectives and performance indicators would show where year-to-year changes were necessary. Estimates could then be used as a basis of appraisal of both programs and personnel and thus become an effective basis for accountability and a management tool.

Parliamentary review is hampered not only by confusing information but also by measures which have permitted a dramatic increase in statutory expenditures (in 1977-78 56 per cent of total expenditures did not require parliamentary approval for that year because they were based on substantive legislation). There was thus no need for parliamentary approval of these expenditures and, worse still, there was no regular form for reviewing them. 'We are perturbed by the absence of any legal requirement for Government to report in the Estimates the likely levels of expenditure under statutory programs, and to update these levels in the Supplementary Estimates' (page 102). Not only should this be done, but

there should be a sort of 'sunset' approach to new statutory programs so that they would lapse in five years if not renewed, and all of them should be reviewed at least once by the appropriate House committee within the next ten years and thereafter every five years.

The Commission found that the central management functions, which are now divided among four different agencies to the detriment of coherent management, to be defective. Some of these problems stem from the continuing role of the Public Service Commission for staffing the public service, while all of the rest of the central personnel functions are vested in the Treasury Board. The reasons for this are largely historical. We were all brought up to believe that it was essential to destroy patronage in order to create an efficient civil service and that the only way to do this was to place the whole recruitment, promotion and dismissal process in the public service in the hands of an independent commission. The evil of patronage involves two aspects: the pork barrel itself, and the absence of the principle of rewarding merit irrespective of other considerations. Tacitly or explicitly we have added the obligation to sustain a representative bureaucracy capable of delivering service and rendering advice in both official languages. This last consideration has not deterred the Lambert Commission from recommending that we can finally dispense with the independent Public Service Commission, except as a monitor of the merit system. In this I think they have been too hasty. The representativeness of the bureaucracy has assumed a central role in the structure of the federal government. It can be quickly and seriously undermined if it is only sustained by the changing whim of the government of the day and efficiency-conscious managers in such central agencies as the Treasury Board under whatever name it may operate. Even if the evils of patronage are no longer a threat, the supplementary roles of the Public Service Commission are still crucial and should not be overlooked.

A further problem has been created by the establishment of the position of Comptroller General as a separate entity, equal in status to the Secretary of the Treasury Board. While this step was necessary to relieve the excessive burden on the latter, the result has been to create two independent deputy heads, equal in status, but with responsibilities which can easily lead to jurisdictional disputes between the two. The Secretary of the Treasury Board recommends the content of the Estimates, while the Comptroller General regulates the format and accounting and reporting policies. Each requires detailed knowledge of how resources are being managed in departments and agencies, which inevitably leads to much duplication of work.

If, as recommended, the staffing responsibilities are added to the other

functions of the Treasury Board there will have to be a distinct and separate organization to deal with them. To solve the problem of both the added burden and present duplication it is recommended that the Treasury Board (to be re-christened the Board of Management) be supported by two secretaries, one for Personnel Management and the other embodied in the Comptroller General. Under the latter would fall, in addition to his present responsibilities, the central management responsibilities in connection with Estimates, program evaluation, contract and procurement policies, and so forth. The newly created Board of Management should have both a president and a vice-president who would, no doubt, both be full-time ministers. How they arranged their duties might well vary with the personalities of the two, but one possible arrangement would have the vice-president primarily responsible for personnel management, particularly in such matters as collective bargaining which are extremely time-consuming.

There will have to be a considerable rearrangement of responsibilities to make this system work and at the same time avoid the peril of continuing the existence of two related but distinct and no doubt territorially self-conscious organizations under the same ministerial umbrella. It is the Commission's hope that this can be minimized by the creation of a common secretariat at the top to support the joint activities and responsibilities of the duumvirate of deputy heads.

If past experience is any guide, the recommendations of the Lambert Commission are no more likely to be accepted as an integrated whole than have any other royal commission reports that one can think of. Some of their recommendations will be acted upon: others will not. The matter will be further complicated by the fact that they must be fitted into the Clark cabinet system rather than the Trudeau one. How much difference the two-tiered cabinet will make in the operation of the machinery of government is something we cannot be certain about. Paper organizations tend to be defeated by the exigencies of solving problems that will not wait. For example, the Trudeau Cabinet Committee on Priorities and Planning, one suspects, spent far too little time on either priorities or planning. It became the most expeditious way of getting urgent matters through without the attendant delays of the regular functional cabinet system. Similarly, the Clark inner cabinet is liable to succumb to the same affliction that has befallen most other inner cabinets. It will gradually be enlarged to make room for ministers who, for one reason or another, cannot be left out, and one day the whole process will have to be started all over again.

One effect of the Commission's recommendations will be to strengthen

departmental planning capacity, which appears in most cases to remain lamentably weak. Far too much of their resources was consumed in responding to central agency demands for more form-filling and mute compliance with barely understood objectives. When departments did have reasonably clear objectives it was necessary to embark on complex campaigns of persuasion which in the end might be won in cabinet committee by a combination of luck and obfuscation. This is not to say that the central agencies always prevailed, even when they were right. A wily department could still start a program after the Estimates had gone through, fund it by supplementary or contingency funds, and hope that it would survive as a permanent program the next time around. Nor has it been easy for the central agencies to persuade departments to volunteer the opinion that a program was failing and ought to be abolished. To do so is to threaten both the program and the manpower budget of the department or agency, and the size of the departmental budget is still a prized symbol of status. Consider the fate of the X-budget as a workable method of cost-cutting.

One of the clearest implications of the Commission's recommendations is their intent to restore the Department of Finance to a primary role in policy-making, with an implied reduction in the central role of the Treasury Board. This is a recognition that the overall management of the economy – including debt management and cash management – must be the central preoccupation of government policy. The apparent neglect of this consideration in day-to-day policy in recent years has doubtless been one of the reasons for the panicky and abrupt reversals of policy which have occurred from time to time. But it will not be enough to restore Finance to the pre-eminence which it held before the rise of the post-Glassco empires of the Treasury Board and the Privy Council Office. It is equally important that the authority of Finance is supported by the soundness of its reading of the economic signals. In a world where the capacity of the federal government is severely limited by unforeseeable shocks from the external world as well as its own inability to control the spending and borrowing proclivities of the provinces, this may be too much to expect.

The Lambert Commission furthermore shares one of the defects inherent in such inquiries. For all that the report, while no joy to read, is lucidly argued and logically hard to fault, it is unsufficiently sensitive to the fact that government is essentially a political operation. Politicians in power must constantly be aware that rational management is never enough. Political demands have to be satisfied, decisions have to be timed more to the electoral cycle than to the business cycle. The cabinet is a political body. It and its subordinate arms, the central agencies, have to

manage not only a variety of political constraints but also the conflicting pressures of bureaucratic and agency politics within the system.

One of the avowed aims of the report is to make deputy heads much more effective accountable managers of their departments, with more authority and responsibility to ensure that programs are efficient and effective. This will mean that such management responsibility will be a first and overwhelming charge on their time and energy. We shall be creating a new breed of watchful, decisive managers with the skills and, no doubt, the faults of a project engineer. This will be a novel role for deputy heads, many of whom, like their ministers, are so absorbed in the politics of official and cabinet committees that one wonders when they have the time to run their departments. In the Trudeau years many of them were shifted around so rapidly that they lacked the opportunity to become fully a part of the department in which they found themselves. When a better job beckoned in two or three years' time the incentive to take the long-term view of departmental policies was lacking. It was better to play it safe, avoid the risk of a failed policy, and sweep problems under the rug in the hope that they would not surface until a successor had arrived to deal with them. The intricacies of high-level bargaining in cabinet committees places a premium on the wily skills of political management. If these roles continue the most successful deputy heads will continue to be of this type. Are such people also likely to be decisive if not particularly articulate managers?

One of the Commission's central and most attractive proposals is also open to at least a shadow of a doubt. This is the Fiscal Plan as a means of better informing Parliament and public and improving the quality of input from both. One is tempted to ask how successful was the British experiment of a full-dress parliamentary debate on the financial plan. The results seem to have been modest, for the debates were held in a House made up of the handful of members who were already financial experts and attracted little or no interest from other members or from the public. Members of Parliament tend to be constituency men who like to debate concrete issues of interest to their own electors, their region, or the specialized constituency which they have cultivated. They, and the parties who deploy them in the House, prefer to stage debates with political pay-off. It is worth recalling that the most conspicuous failure of the present committee system has been in the consideration of the Estimates, where attendance is low while the whips labour desperately to keep up attendance by frequent substitution of members. If the reason for this is because of the unintelligibility of the present Estimates, then the Lambert recommendations will go a long way to mend matters. But the cause may be deeper, and merits more serious consideration.

On the whole the Commission has refrained from looking critically at the organization of the cabinet itself, as no doubt it was expected to do. Their recommendations go some way to correcting one of the most glaring faults of the system as it was when they were preparing their report. Under the cabinet committee system as it was at that time, one cabinet committee looked at the policy implications of a proposal, while the financial and human resource implications of the proposal were considered in other committees, with the result that the two sets of considerations were unlikely to be brought together at the right time. The whole process tended to concentrate at the margin of policy since it seemed capable only of dealing with new proposals. It tended to become bogged down in details and reduce the capacity of ministers to take decisions on their own. The fact that members of the Committee on Priorities and Planning were also the chairmen of cabinet committees, which was obviously necessary, provided a fair measure of coordination, but the whole machine seemed to have an inherent and massive slowness about it. Backlogs of routine business were probably unavoidable, and the normal decision path looked to be incapable of responding to crises.

How far the two-tiered cabinet will be able to incorporate the strengths of the old system while eliminating its faults remains to be seen, but the odds are formidable. The Lambert Commission has done all that seems possible to solve the problem of accountability. However, accountability is one thing, and responsible government another. Making cabinet government work as a system of effective political management is a much wider problem.