

COLUMN • DAVID ZUSSMAN

# Program review will test Paul Martin's mettle



Over the next few months, Canadians will be firming up their impressions of the new federal government as the new prime minister prepares for his first election. Paul Martin already has taken steps to demonstrate his desire to be an engaged, open-minded and fiscally responsible manager of the public purse, knowing that Canadians highly value these attributes.

Indeed, it was not surprising that in the first week of his mandate, Mr. Martin chose to highlight his commitment to prudent public spending and the elimination of waste when he an-

nounced the creation of a new Expenditure Review Committee to examine all government spending.

This announcement followed Mr. Martin's decision to freeze all major capital projects and to order the reclassification of personnel in the public service.

Of greatest importance, Mr. Martin announced that his government would conduct an extensive and rigorous review of all government spending. The overall purpose of this review exercise is to produce a "cycle of continuous management improvement," and at the same time to ensure "resources will be reallocated from the old to the new, from the good to the better." He also signalled a very public form of deliberation that would involve parliamentarians and take into account the views of Canadians.

Mr. Martin knows from his previous stint as finance minister that fundamental reviews are good administrative practices — and good politics. He

was able to make a very favourable impression on Canadians when he announced the fruits of Marcel Massé's committee work in Mr. Martin's 1995 budget: more than \$50 billion cut from the federal government's spending commitments and more than 50,000 public service jobs identified as superfluous.

This is why the way in which the Martin government approaches this latest review and how much it accomplishes will help define the way Canadians assess the credibility of his government and shape the opinions of the electorate.

Interestingly, he has offered this huge responsibility to Reg Alcock, the newly minted president of the Treasury Board. Mr. Alcock is a 10-year veteran of the House of Commons who served as the chair of the relatively new Expenditure Management Committee, whose work came to the public's attention during its inquiry

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into the spending issues surrounding former privacy commissioner George Radwanski.

While Mr. Martin has astutely set a fall deadline for the committee's work — so that the full impact of its deliberations will only be obvious after the expected spring election — there still likely will be plenty to observe over the next six months, given the prime minister's commitment to a more public approach to priority setting.

Much has changed, however, since the last program review was conducted nearly 10 years ago. For example, EKOS Research reports that debt and deficit reduction are no longer a high priority for Canadians. In fact, it is now a very distant priority when compared with our highest-ranking priority: health care.

Second, the economic situation in Canada is strong, and there is little outside pressure to reallocate spending.

Third, former finance minister John Manley recently completed a modest review process that went to great pains to find \$1 billion in spending reductions.

Finally, many of the 1995 cuts were at the expense of the provinces and municipalities, forcing them to decrease the levels of service to their constituents.

Mr. Martin is very aware of the contentious consequence of something similar happening in 2004. In fact, the

government has recognized this in its charge to the public service, by asking it to identify explicitly the impact that cutbacks might have on the provinces and other stakeholders. As a result, the government will likely find this review to be more difficult than the one that Mr. Massé headed up in 1994, for many reasons.

First, the public is not yet seized with a desire to see significant cutbacks. Second, spending promises have been made, implicitly at a minimum, in policy areas such as defence, First Nations, foreign aid and infrastructure where savings are easiest to achieve.

Finally, one of the consequences of the 1995 budget was the scaling back on the policy and program evaluation capacity in government.

Consequently, just when we need to know the effectiveness of public spending over the past 10 years, in many policy areas the objective outcome studies that would answer the challenge articulated by Mr. Alcock have not been done.

Which is why the next six months of program review will test the mettle of the new prime minister and set the tone of his tenure.

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