

# **The June 1993 Restructuring of the Government of Canada: Research, Lessons and Reflections Twenty Years Later**

## **Preface to Volume**

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Evert Lindquist  
*School of Public Administration*  
*University of Victoria*

Almost every paper on the restructuring of the Government of Canada of June 23, 1993 starts with the date. It was a remarkable announcement, a bolt out of the blue which reduced the number of ministers and departments from 32 to 23, and affecting tens and tens of thousands of federal public servants. It was a comprehensive, fundamental re-design of the structure of the Canadian government, affecting not only the size and operation of Cabinet, but also the size and portfolios of a host of departments and portfolios. Planned in secret out with the Machinery of Government group in the Privy Council Office, the restructuring initiative had the general endorsement of Prime Ministers Brian Mulroney and Kim Campbell, although it was Campbell who received and chose among the final options.

For all the shock and dismay about the announcement, it was overdue in many ways, reflecting pent-up demand on the part of leaders to take a decisive approach to deal with the serious fiscal, budgetary and policy challenges confronting the country and its national government. The 1980s in Canada had been a time of deteriorating public finances, and not even a government explicitly elected in 1984 on a platform of bring the deficit under control and reducing the size of the public service had succeeded, even after a numerous rounds of across-the-board cutbacks and the adoption of new management and budgetary techniques (Clark, 1994). By the early 1990s, with the exception of the Canada-US free trade agreement, Prime Minister Mulroney had retreated from bold efforts to restructure programs (Wilson 1988) and had created the largest, sprawling cabinets in Canadian history. There was growing realization that the challenge for the government and the country was not the state of public management itself, but that difficult decisions had to be made about policy and programs by the government and with the consent of citizens, and that ideally this should be done with the future in mind.

Twenty years later the anniversary of the June 1993 restructuring was little remembered, if at all. All of the key players in the planning, decision-making, announcement and its implementation have long since left the political and bureaucratic stages. Several governments have come and gone, with most leaders and Canadians more likely to see the September 11, 2001 devastation of the Trade Towers in New York, the HRDC grants and contributions scandal, and the Global Financial Crisis as the more definitive events affecting our country's public administration. And, yet, despite over two decades of new governments, new policies and programs, numerous program reviews and cuts, and the adoption of new technologies affecting internal communications and service delivery, the contours of the cabinet and ministerial portfolio design introduced in June 1993 have remained largely intact. The one portfolio undone by the incoming Chretien government in late 1993 was essentially re-instated years later in after the 9-11 New York terrorist attacks. This persistence and continuity in the general architecture of the Government of Canada is alone worthy of note and exploration.

The lack of commemoration can be partly to the passage of time, a succession of governments in Ottawa, and the onslaught of significant events, challenges, and decisions late in the 1990s and 2000s

which directly affected public servants and citizens across Canada. Waves of reform continued to wash onto Canada's government and public service shores, and yet key governance challenges persist and in the eyes of many have gotten worse, taking the gloss of and interest in the earlier reform initiatives of the 1980s and early 1990s. This disinterest in commemoration was in part by design. Despite the keen interest of the then Canadian Centre for Management Development (precursor to the Canada School of Public Service) in chronicling the implementation of the June 1993 restructuring, by the time the volume had been peer-reviewed and ready for publication, the leadership of the Canadian Public Service was already looking beyond the machinery changes and the announced Program Review 1995-98 decisions. Several Deputy Minister task forces had been struck to explore the state of key capabilities and practices in the Canadian Public Service and to identify directions for reform; in the wake of profound staff cuts arising from the Program Review, the Clerk was soon to announce the La Releve renewal initiative, to develop a new generation of leadership and esprit de corps in the executive and management ranks.

While the Program Review came to be much celebrated, indeed, serving as an international exemplar, the June 1993 restructuring is best fleetingly discussed in these later accounts (Bourgon 2009). In part, this reflected an abiding, quiet and profound dismay among some key surviving deputy ministers about the need for such a comprehensive and dramatic approach, the impersonal and quick dismissal of some colleagues, and a feeling the decisions targeted or held up the careers of some executives in the public service. Others felt that machinery changes should follow policy and program decisions, as opposed to anticipating them. Still others saw the need for consolidation and moved on, taking up subsequent policy and program restructuring challenges. Regardless of different views on the merits and approach of the June 1993 restructuring, there emerged a general understanding that it in combination with the 1994-98 Program Review process had profound effects on the Canadian Public Service and, where possible, non-structural approaches or selective machinery changes for securing objectives were to be sought and more significant structural changes were to be avoided.

Arguably, though, the June 1993 restructuring was the pivotal moment in the larger drama unfolding that involved undermining traditional bargain that public servants had with governments, ministers and members of Parliament. As noted, the Canadian public service had been under great stress during the 1980s, coping with a poorly managed program review process, repetitive budgeting and across-the-board cuts, and repeated calls from top leaders to modernize. But the June 1993 restructuring, which was followed by the significant targets set out early on in the 1994-95 Program Review process, led to significant upheavals for public servants at all levels – gone was the long-held assumption that the Canadian Public Service could provide jobs and careers for life, since even high-performing individuals found themselves dismissed from their positions, in temporary assignments, or waiting for whatever positions would open up in the new departments (Lindquist and Paquet 2000). This break from long-held understandings was reinforced over the next decade with public servants increasingly receiving less protection from the media and more blame from governments and their ministers (Savoie 2003).

It is also important to understand that the two-step sequence was not an accident: the designers of the June 1993 restructuring knew that when a new government was elected in late 1993, it would have to deal decisively with Canada's growing deficit and debt situation and that difficult policy and program decisions would need to be made to deal with short-term needs, such as building confidence in financial markets, and longer-term rethinking of policies and programs in almost every sector. Restructuring the government at the level of cabinet and ministerial portfolios was seen as the means for repositioning the cabinet and its public service to make and implement these impending decisions. Accordingly, the Campbell government was advised to announce these changes before the election, so that the public service would have time to digest the changes and move into the next phase of program restructuring

with a new government. So, while the Program Review is rightly associated with Chretien government, it was anticipated in planning under the late Mulroney and Campbell governments.

At the time, the breadth and swiftness of the June 1993 restructuring, along with its linkage to the Program Review process, attracted the attention of scholars and the research group in the Canadian Centre for Management Development. It was a rare opportunity to see how decision-makers thought of the structure of government as a whole and presented a natural experiment of sorts to monitor where ministers and deputy ministers would take their re-profiled and often new departments and portfolios, and how the implementation would proceed. For a public service increasingly interested in leadership, improving service quality, and managerial excellence, it would be an interesting opportunity to see how many of the ideas of what came to be known as the New Public Management might be insinuated into the structure and operations of government. Moreover, the Australian government had announced a similar comprehensive restructuring in 1987, which several scholars were familiar with because of close connections with colleagues in Australia, and a collaborative team of top practitioners and scholars had been exploring whether the objectives of the restructuring were realized (Weller et al 1993). It was not surprising, then, that the research group CCMD sponsored and convened what came to be known as the June 1993 Restructuring Project.

#### **CCMD's June 1993 Restructuring Research Project: Beginnings, Demise, Re-Birth**

The project was initiated by the Canadian Centre for Management Development in late 1994, a year after the June 1993 restructuring was announced. Several senior scholars (Peter Aucoin, Bruce Doern, Herman Bakvis, and Donald Savoie) and junior scholars (Al Roberts, Evert Lindquist) were approached to participate in the project, along with a few practitioners (David Showell, Gail Taylor). Peter Aucoin was the leader of the project, receiving strong support and guidance from Ralph Heintzman, who led CCMD's research group. The project proceeded with the consent of several participating departments, which had agreed to provide access to their transition and executive teams, as well as documents. Not all of the departments were covered; the goal was to study the ones where more restructuring was occurring.

Each researcher was assigned to cover a different department. Early on, however, it became apparent that the studies would not only be about the implementation of the June 25, 1993 restructuring since, at the time of the interviews and writing up the case studies, many of the departments were engaging in the Program Review process initiated with the February 1994 Budget, with decisions to be announced in the Spring 1995 Budget. On the one hand, this greatly complicated the collection of data and the telling of already complex stories, but, on the other hand, how ministers and their departments performed in the various stages of the Program Review provided evidence of their readiness to engage, and whether they had developed good strategic visions and credible budget reduction and alternative service delivery plans in the eyes of the deputy minister and ministerial review committees.

Preliminary findings were shared at a workshop held at CCMD on March 11, 1995 with several officials to comment on the papers. Like several other CCMD research initiatives at the time, the goal was not simply to produce scholarly studies, but rather, ones which would be accessible to executives and staff, chronicle what transpired in departments after the restructuring, identify key lessons about leadership and strategic change under trying circumstances, and raise issues for consideration by leaders of central agencies and departments. This led to the drafting of nine papers: one providing an overview (Peter Aucoin) and another focusing on central agencies (Donald Savoie), and seven providing case studies on selected new departments. These included: Citizenship and Immigration (David Showell), Human Resources Development (Herman Bakvis), Public Works and Government Services (Al Roberts), Natural Resources Canada (Bruce Doern), Industry Canada (Bruce Doern), Revenue Canada (Gail Taylor), and

Canadian Heritage (Evert Lindquist). The papers were vetted not only by Aucoin and Heintzman, but also anonymous peer reviewers, who provided extensive comments. The papers were revised and type-set, waiting to be published by McGill-Queen's University Press (as CCMD had done in the past and would do so subsequently), when the authors were informed by the Principal of CCMD that she had would not support publication, despite the outlays, because the messages were not aligned with the new messages emerging from the centre, which were looking beyond the restructuring and Program Review.

The papers were released to the authors to do with as they wished, but none were published. Perhaps it was because they were conceived of as chapters in an integrated project, and no author could see their paper standing on its own as a separate article. It was a matter of considerable disappointment among all of the contributors, but it was less because the authors lost a 'publication' and more because they had benefited greatly from access to officials, chronicled some extensive and often dramatic stories of change, and felt a responsibility to tell outsiders about what had been experienced inside departments. The scholars believed that they had been given a rare opportunity to study a significant event in the history of Canadian public administration, yet nothing had come of it. We reminded each other of this when we occasionally met at events; Peter Aucoin, in particular, greatly regretted not seeing the project through to completion.

Events took their course; CCMD became the Canada School of Public Service; the Chretien government era passed into the Martin and then the Harper government eras. The deficit was conquered, new funds flowed into government initiatives, and a great deal of hiring proceeded in the early 2000s, particularly in response to the post-9/11 environment. Many new public servants had never experienced significant downsizing and restructuring, until the program and operational reviews of the late 2000s, once the Harper government had secured its majority and the danger of the global financial crisis had passed. Almost all the authors had moved on to new positions in the government and academic worlds. Much to our dismay, Peter Aucoin passed away in 2011, after his long battle with cancer. After June 25<sup>th</sup>, 2013 had come and gone, we realized that we had missed acknowledging the 20<sup>th</sup> anniversary, which had gone by unnoticed the Canadian government and the public administration community more generally. To honour Peter Aucoin, several of us agreed that it would be wonderful to meet and possibly concert to finally publish the collection. Following e-mail exchanges and conference calls, we agreed to collect and share our original manuscripts, and meet in Ottawa on March 12, 2014 to ascertain what to do with our manuscripts. We invited several current and former heads of PCO's machinery of government group.

Reviewing our papers was like opening up a time capsule planted by a previous generation of authors; some of us were nervous about whether as individual papers and as a group the accounts might seem stale, now anachronistic. Quite the opposite was the case; reviewing the papers brought back memories and a renewed sense of the audacity the June 1993 restructuring and what so many public servants had managed to accomplish in such a short period of time. Some of us wondered if we should update the papers, but quickly realized that covering twenty years of change, particularly at the departmental level, would require a great deal of work, and take our focus away from the original event. Coming with the time-capsule experience was an acute sense of how much the nature of public sector governance had evolved in twenty years, as different participants and scholars recounted how the advising process had worked, and the constructive relationships between ministers and top officials, even with a significant government-wide restructuring that was bound to affect many interests and careers.

### **The Organization of this Collection**

This volume is comprised of nine chapters, but does not include the Citizenship and Immigration due to restrictions flowing from current Government of Canada protocols. The chapters are as follows:

1. **Introduction: Restructuring the Government of Canada**, *Peter Aucoin*. This chapter sets the by describing the context, the planning, and implementation of the June 25<sup>th</sup>, 1993 restructuring. It begins by reviewing the growing governance challenges of the 1980s and early 1990s, including an unwieldy cabinet, deteriorating public finances, and policy gridlock. It then describes some of the efforts to appraise and rethink the machinery of government, such as the Osbaldeston study and de Cotret task force, as well as the rationale for undertaking significant restructuring, and recent Australian experience. Aucoin describes how the June 1993 was largely accepted by the Chretien government, except for the new Public Security portfolio, which was replaced by re-establishing the Solicitor General portfolio and creating a Department of Citizenship and Immigration. He evaluates the diverse nature of the departments and portfolios – making a distinction among operational, policy, and program mergers – and appraises quality of their design and performance, as well as the overall design and implementation of the restructuring. The chapter concludes with an assessment of what was accomplished and learned.
2. **Restructuring the Government of Canada: Leading from the Centre**, *Donald J. Savoie*. This paper describes the planning process for the June 1993 restructuring, particularly how the Privy Council started the planning process which eventually fed into transition planning process for the next government, and how Prime Minister Mulroney appointed Robert de Cotret to lead a review at the ministerial level. Several options were offered to the new Prime Minister; the most radical was recommended and with little variation, accepted. The planning was tightly held; once announced, the process was controlled by the Implementation Board and a senior personnel committee – the government had the challenge of reassigning deputy ministers and a surplus pool of around 50 ADMs, with DMs making recommendations about which ADMs they sought to keep. TBS played an important role in re-allocating budgets, staff, and ensuring targets were met.
3. **On “Silos and Stovepipes”: The Case of the Department of Human Resources Development**, *Herman Bakvis*. This chapter described how the largest department was established out elements of Labour, Health and Welfare, the Canadian Employment and Immigration Commission, Secretary of the State, and Multiculturalism and Citizenship, and up and running in eighteen months, with a quasi-decentralized approach to design and considerable effort to consolidate several programs and capabilities. Under the Chretien government, HRDC launched its Social Security Review, but was sideswiped by Finance and significant Program Review cuts the negotiation of LMDAs which moved staff and resources to the provinces, and the G&Cs scandal.
4. **The Formation of Natural Resources Canada: New Synergies or Old Departmental Fiefdoms?** *G. Bruce Doern*. This new department brought together the Department of Energy, Mines and Resource (science-based) and the Department of Forestry (field structure), which were asymmetrical in terms of headquarters vs. field operations. EMR itself was comprised of several distinct programs and organizations, but was larger and more established. The goal was to move from ‘low tech’ and ‘old economy’ orientations to modernize and find synergies for the new economy, and to work across the legacy sectors, but each had very different cultures, structures and constituencies. Many of the gains were achieved by streamlining the executive and corporate services complements at NRCan’s headquarters – regional restructuring awaited the outcome of Program Review.

5. **The Formation of Industry Canada: Second Beginnings for a Department of the Micro-Economy**, *G. Bruce Doern*. This involves the merger of components from four other departments or agencies, another effort to create such a department. It included the old Industry, Science and Technology and absorbed parts of Consumer and Corporate Affairs relating to consumer policy and competition policy, investment policy and research from Investment Canada, and telecommunications-related capabilities from the Department of Communications. The difference with a previous consolidation was that this came with the requirement to reduce budgets and staff by 25%, and 'home department' officials keen to make a new department work better across boundaries. A critical feature of this department was the considerable number of quasi-independent and arm's length entities.
6. **A Giant Learning to Dance: Restructuring Revenue Canada**, *Gail Taylor*. This chapter described the realization of the long-planned consolidation of the Department of Taxation and the Department of Customs and Excise (really two distinct organizations), which had been announced in September 1992 and was reinforced by the June 1993 announcement. The departments had different structures and computer systems, distinct cultures, different compliance policies, and different corporate services. The already large entities were merged into one larger one, and absorbed significant cuts. Here the consolidation and economies sought by the June 1993 restructuring was informed by a longer front-end process of consultation, development of a new strategic vision, and strong leadership.
7. **Building a Common Services Department: The Establishment of Public Works and Government Services Canada**, *Alasdair Roberts*. This was a significant consolidation of four organizations: Public Works Canada (real estate and related services for dealing with structures), Supply and Services Canada (procurement, payroll, publishing & information services), Government Telecommunications Agency, and the Translation Bureau from the Secretary of State. This was not an entirely new idea, but despite significant cuts which came with the restructuring, little consolidation occurred across the organizations and the rush to meet central deadlines informed by consulting advice meant that opportunities were lost to develop a more strategic vision and make better, more efficient structural decisions and improve service quality.
8. **The Structuring of the Department of Canadian Heritage**, *Evert Lindquist*. The new department was created out of parts of the former Department of Communications, Parks Canada (taken from Environment Canada), parts of the Departments of Secretary of State and of Multiculturalism and Citizenship, and Fitness and Amateur Sport. Each had been in the midst of or had just completed mergers. Many other special-purpose agencies also joined the portfolio. The department was not given a strong vision or a strong minister, which led to difficulties in the Program Review because the deputy was a decentralist, delegating decisions to programs on how to consolidate, rather than work to develop a strategic vision for the department. The transition team took a leadership role in working horizontally with other departments to find ways to legally move people, overcoming serious gaps in planning on the part of key central agencies. The department's high-level consolidation process ended in March 1994, with regional restructuring and the Program Review following over the next year.

A final chapter will review the evolution of literature on machinery of government, offer comparisons with the 1987 restructuring of the Australian government and its assessment, and venture reflections of the author team about why the June 1993 restructuring has persisted, different streams of structural vs. non-structural change, and consider the extent to which Ottawa is ripe for another era of restructuring.

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