

The Budget—Mr. Nielsen

programs. These are also included in the reports along with optional courses of action for the Government to consider.

It is my deep conviction, Sir, that the people of Canada have a right to the information contained in these reports. For too long, Canadians have had to find their own way through a maze of conflicting Government programs and services. For too long, Canadians have had no idea of what their tax dollars were paying for or who was benefiting from them. We are about to change that. The 20 volumes which will be released contain an image, a snapshot if you like, of the federal Government, more current, complete, and comprehensive than has ever been developed in the history of democratic governments around the world. At no time has the Government of Canada ever been as forthcoming or as open.

When I say the study teams did a thorough job despite their adherence to a very rigid time schedule, I am referring to the many thousands of pages of study team reports. If Members opposite take the time to read these reports, they will find the legacy of Governments of the last 20 years. They will find that the cost of burdensome Government regulations has been underestimated by more than 50 per cent. They will find that no one really knew the extent of Government property holdings, or how much it cost in operating funds and personnel just to look after them. They will find that the cost of a ten-dollar hammer might approach \$50 by the time all the procurement forms are finally filled out.

I hope the House will indulge me by allowing me to exceed the allotted time in order to inform it fully of the framework within which these reports are being tabled next week.

● (1720)

I must emphasize that the study team reports are not just a list of horror stories of the kind produced by the Auditor General in his annual reports. They are reasoned, analytical assessments of the programs which came within the terms of reference of each of the study teams. Each study team received terms of reference which, practically speaking, gave them *carte blanche* to look at just about anything relevant to their review process. As they went about their work, they started discovering things and developing conclusions that did not quite fit into their program review reports, but these concerns arose again and again throughout the entire review process. It soon became evident to the private sector advisory committee that these issues warranted special consideration and a focus of their own.

What are these issues that tend to be so pervasive, overriding, and particularly troublesome for public sector managers? What is the hidden and so far incalculable cost to the public? For obvious reasons, people involved in the program review process began to call them the generic issues, and it is these issues which must be addressed before the full benefits of the review process can be achieved. First among these issues is a phenomenon which was termed the universal subsidy. This is a constant theme running through virtually every study team report. The teams report that successive Governments used subsidies to solve many different problems, to equalize between the haves and have-nots, to support failing enterprises,

to provide essential services, and to encourage specific economic and social behaviour in companies as well as individuals. Mostly, these subsidies rewarded and supported activities rather than results.

As a consequence of this phenomenon, the Canadian economy has become like Gulliver, tied down by a multitude of Lilliputian subsidy ropes, each rope infinitely thin yet together immobilizing. To put it bluntly, past Governments in this country have encouraged Canada to become a nation of program junkies. As long as this situation prevails, I for one will be concerned about our ability to compete in international markets or to develop an economy which can adapt to changing realities.

The universal subsidy has been allowed to flourish thanks to another phenomenon which emerged from the program review: inadequate knowledge of the fiscal totality. Until this program review, no Government has had a comprehensive overview of the impact of tax provisions and statutory and non-statutory expenditures. The program inventory compiled to support the review process demonstrated the extraordinary importance of tax provisions which comprise 39 per cent of total expenditures in relation to the other categories. As a consequence, new program proposals have never been challenged or debated within the total fiscal context. Further, there has been insufficient recognition that tax expenditures constitute expenditures as large as all statutory program costs.

The third generic issue uncovered by the study teams relates to program evaluation, the procedures for evaluation within the federal Government itself. Routine Government program evaluations were found by study teams to be inadequate for the work of program review. These evaluations tended to be self-serving and were inclined to overlook the fundamental rationale for programs, concentrating instead on impact and delivery criteria. Further, departmental evaluations suffered from tunnel vision, with their focus on internal programs to the exclusion of similar activities of other government Departments and agencies.

It is primarily in the context of these three generic issues that federal expenditures have been growing with the momentum of a rolling snowball. However, study teams also noted a number of other generic issues which tend to impede the overall performance of Government. They include the power of inertia in a system as large as the federal Government, and the lack of institutional memory, which means that Government is constantly reinventing the wheel or developing solutions to problems regardless of the impact of previous solutions to the same problems. Perhaps the most intractable issue of all is the well-known deficiencies in the personnel system which tie the hands of personnel managers and reward longevity rather than productivity.

There are no easy solutions to these generic problems, but solutions must be found. These issues have been routinized and entrenched in successive government bureaucracies for the past two decades but they must be dealt with, and soon. As a Government, we must support a new attitude for Canada's Public Service, an ethic based on productivity improvements,