

**Courtesy of Teri Kirk, VP Public Policy at Imagine Canada (June 2008)**

**President of the Treasury Board announces Federal Action Plan on Grants and Contribution Reforms at 2008 Sector Summit**

The Honourable Vic Toews, President of the Treasury Board, attended the Sector Summit in Toronto on May 27 to outline the activities that the Government will undertake over the next three years to improve the management of Grants and Contributions (G&Cs). The Minister reported that the Action Plan is the outcome of many months of hard work by individuals and organizations both inside and outside the government. He thanked Imagine Canada, which has convened the work of the National Sector Task Force on G&Cs Reform, as well as the Public Policy Forum, which hosted a Stakeholder Forum with the assistance of Imagine Canada in Ottawa in June 2007.

The Minister stated that "there is no question that federal G&Cs are a key tool [for] the Government to deliver on its priorities. It is essential to change how we do business." He noted the need to manage G&Cs more efficiently while ensuring that the government remains accountable for the programs and funding. "The last year has seen much activity, and a solid foundation has been laid for systemic change. The Action Plan will serve as a vital roadmap to guide us over the next few years."

The Plan addresses the recommendations in the Report of the Blue Ribbon Panel (BRP) entitled *From Red Tape to Clear Results* which was released on February 14, 2007. The BRP reached three clear conclusions:

- > fundamental change is required in the way the federal government understands, designs, manages and accounts for its G&C programs,
- > simplifying administration is a necessary pre-condition to strengthening accountability, and
- > making the necessary changes in an area of government as vast and multi-faceted as G&Cs will require sustained leadership at the political and public service levels.

The Action Plan consists of three elements to be executed over the next three years:

**Policy Reform:** An early investment in policy reform is required to enable the administrative changes to proceed. Changes to the sweeping *Transfer Payments Policy*, which governs billions of dollars in federal spending, have already been approved by Treasury Board and are being phased-in as of October 2008. Minister Toews announced that these changes "ensure that all G&Cs are managed in a citizen- and recipient-focused way". In particular, the administrative and reporting requirements for both applicants and recipients will be better aligned with the associated risks to government funders. The goal is to reduce the burden on community organizations while maintaining effective control, transparency and accountability among funders. Departments must tailor their administrative regimes based on actual risk having regard to questions such as: 'How much funding is at risk?' and 'Does the organization have an established track record in managing government funds?'. This more tailored approach will replace the one-size-fits-all approach of the past which has tended to result in every grant, and every grantee, being treated as a high-risk proposition for government. A second crucial policy reform is the introduction of a new *Service Policy*, which will require Departments to commit to service standards that they must meet when administering G&Cs, including timeliness, accuracy, client satisfaction and similar basic standards similar to those recently adopted by Service Canada.

**2. Departmental Action Plans:** Six "vanguard" departments – selected because, together, they account for 51% of all G&C spending – have each developed departmental-level G&C Action Plans designed, as Minister Toews announced, to "fundamentally change the way each department understands, designs, manages and accounts for its G&C programs". The six vanguard departments are Canadian Heritage; Canadian International Development Agency (CIDA); Economic Development Agency for the Quebec Regions (EDC-Q); Health Canada; HRSDC; and Indian and Northern Affairs Canada (INAC). The departmental action plans must address 7 areas for reform:

- > simplification of funding programs and agreements,
- > streamlining of the application process,
- > flexible risk-management practices,
- > service standards,
- > best practices,
- > improved access to information via technology, and
- > stakeholder engagement.

Work has been quietly underway over the past year and a number of important changes are

already in place within the vanguard departments, as follows:

**Heritage** has developed a Standard Contribution Agreement,

**CIDA** has reduced the response time for most applications by half,

**EDC-Q** has replaced payment by cheques with a Direct Deposit system,

**Health Canada** is adopting a consolidated multi-year funding approach, risk management framework, single audits, a common website and streamlined approval process,

**HRSDC** has developed service standards and a more risk-tolerant approach to audits, and

**INAC** is applying its Inuit Transfer Payment System to G&Cs.

**3. Horizontal Enablers:** 'Horizontal Enablers' are largely internal activities and tools within Government to ensure that the changes are both government-wide and sustainable. Examples include a new dedicated Centre of Expertise on G&Cs (the CoE) which is being set up within TBS. The CoE has already identified 70 best practices and is piloting a "wiki" (as in wikipedia) – an online chat room for G&C administrators to share resources and innovative practices. Minister Toews also announced other investments in technology, including an electronic application and payment system to simplify payment processes.