

**Performance Measurement in the Government of Alberta:
Propaganda or Truth?**

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1.0 Introduction

While governments have always used some type of measurement to assess their programs, services, and overall popularity¹, in the last decade, measuring performance has taken on a more formal and public approach. Alberta was the first provincial government in the country to adopt a publicly reported results-based performance measurement framework. In the Government of Alberta, performance measurement was an integral component of the establishment of business plans in 1993 and, in a broader context, it was part of the accountability framework designed to improve accountability between civil servants and elected officials and between government and citizens.²

To develop an understanding of the different approaches to performance measurement, the paper will first of all define performance measurement in relation to how it is understood and applied within the Government of Alberta. The paper will then briefly discuss the legislation, policies, and structures in place concerning performance measurement in the Government of Alberta. Afterwards, it will discuss the findings of a series of interviews conducted with numerous civil servants and politicians within the Government of Alberta, Members of the Opposition, members of the business community who were involved in the establishment of business plans, and the media.³ To further assess performance measurement, an analysis of the findings of the Auditor General will be conducted. The analysis of the interview findings and the Alberta Auditor General's reports will be discussed in the context of the strengths and challenges of performance measurement faced by the Government of Alberta from 1993-2000.

While this paper will provide an overview of performance measurement in the Government of Alberta, central to the analysis will be a discussion of the relationship between the citizen and the state. The business plan, the document outlining government-wide and departmental measures, is viewed by the Government of Alberta to be a contract between the provincial government and Albertans. Performance measures, whether in the Government of Alberta's annual reports, Measuring Up reports, or in the business plans, have provided citizens with additional information about the government's performance. According to the Government

¹ Other types of performance measurement may include evaluations, polling, and elections.

² Rich Goodkey, "The Alberta Perspective" *Business Planning in Canadian Public Administration*, Luc Bernier and Evan Potter, eds. Institute of Public Administration in Canada, New Directions, No. 7 (April 2001), p. 70.

of Alberta, the positive impact of reporting publicly on their performance is that it can enhance transparency, strengthen accountability, provide motivation for civil servants to improve services and programs for citizens, and perhaps some might even argue, improve democracy.

Despite the positive effects of performance measurement, there have been concerns raised by some of the interview participants and the Alberta Auditor General about the limitations of being able to measure in a public sector environment. While the Auditor General tends to raise more technical concerns, some of the individuals that were interviewed were also concerned about the legitimacy and authenticity of the performance measurement process given the measures were publicly reported in the business plans and annual reports. In this sense, the legitimacy of performance measurement is threatened because the measures, targets, and results are perceived to be ‘massaged and manipulated’ by management, a central agency, or a communications department. In other words, high-risk measures, such as those that fluctuate, are difficult to attribute, never meet their target, and have a low citizen satisfaction rating, are unlikely to get or remain in a business plan.

Related, the authenticity of performance measurement is questioned because of the subjectivity of performance itself. In his recent paper on performance measurement, Paul Thomas comments on how challenging it can be define performance because of the subjectivity of the term.⁴ Indeed, the process of measuring performance is a highly subjective task depending on the stated expectations, the established targets and goals, external variables, the quality of leadership, and a variety of other reasons depending on the assessor’s values and biases. The subjectivity of performance is inherent to a political environment, which makes performance reporting a risky endeavor for any government. Indeed, reporting to the public in a political environment is risky given the traditional role of the Opposition to critique the party in power and the media to report on issues that will attract customers which tend to be those that expose the government’s wrongdoings. There may also be interest groups willing to protest if the government is not performing according to their own expectations and citizens in general may express their own displeasure and distrust in an upcoming election.

Successful performance in one province does not necessarily mean that another province can emulate the goals and strategies of the successful province because there are too many

⁴ Paul Thomas, Performance Measurement, *Reporting and Accountability: Recent Trends and Future Directions*. The Saskatchewan Institute of Public Policy, Public Policy Paper 23 (February 2004), p. 10.

different variables that can impact performance in both provinces and the definition of success or failure is subjective depending on cultural, economic, and political factors. For example, in the 1990s, the Alberta provincial government considered the elimination of deficits to be a criterion of success whereas other provincial and territorial governments were initially hesitant to publicly use that type of measure as an indicator of performance. Further, another example could be the measure related to the goal “Alberta will work with other governments and maintain its strong position in Canada.”⁵ The measure for this goal is the public approval rating of Alberta in federal-provincial relations and Canadians. This measure is subjective, for example, because it depends on when the question was asked and what issues are being dealt with at the time. Moreover, each province and territory may have a different interpretation of what this type of measure may mean for their own jurisdiction.

Similar to Thomas’ subjectivity of performance argument, Barbara Wake Carroll also argues there are different ways for a government to define a result⁶ and that it is “infinitely more difficult in the public sector [than in the private sector] because of the nature of public good.”⁷ The author also comments that the decisions of which result to use and “who decides whether the results are good or bad...are intended to affect, the way things are done and evaluated.”⁸ In the end, Wake Carroll argues that the decision on what definition to use and the assessment of the result is a political decision, not a technical one.

This subjectivity and the technical challenges of performance measurement lead to the dilemma of legitimacy and authenticity of reporting on performance in a public sector setting. Ergo, the question of whether or not performance measurement is truth or propaganda arises and the answer, according to the interview results, depends on the position of the respondent.

2.0 Defining Performance Measurement

In the past decade, performance measurement has become one of the most popular tools to implement new public management. Evolving from the fields of auditing and budgeting, performance measurement was developed in many government jurisdictions to support and

⁵ Alberta Finance, Government of Alberta, “Measuring Up” (2002-03), Accessed 02 May 2004: <http://www.finance.gov.ab.ca/publications/measuring/measup03/preserv.html#6>.

⁶ Barbara Wake Carroll, “Some Obstacles to Measuring Results,” *Optimum*, Vol. 30:1 (March 2000), p. 43.

⁷ Ibid.

⁸ Ibid.

complement management and policy decision-making in the late 1980s and 1990s.⁹ Designed to measure a variety of activities in government, the development and implementation of performance measures was also to monitor a government's performance, and in weak areas of performance, to draw attention to where the government should improve. It has also become a way to communicate to the general citizenry about the government's performance at the department and government-wide level. In a public effort to become more accountable and transparent, the reporting of performance measures is considered to be an educated way for citizens to judge a government's annual performance.

The Government of Alberta further notes that performance measurement "is not intended to act as a reward/punishment mechanism, but rather as a communication and management tool."¹⁰ In this sense, not only is communication improved between the government and its citizenry but also between civil servants and politicians. Politicians, with the establishment of business plans and performance measures, have a more transparent and accountable relationship with the bureaucracy than in the past when these tools did not exist. Instead of the 'smoke and mirrors' typically associated with politics, a public performance measurement framework can allow a government to establish a management, communications, and accountability relationship both with its civil service and citizenry.

Numerous studies exist that demonstrate the array of approaches jurisdictions have taken to implement performance measurement and reporting. In a Treasury Board of Canada Secretariat report, it notes that the provinces have developed a variety of mechanisms to measure their performance; some more formal and integrated than others.¹¹ At the international level of research, the Organization for Economic Co-operation and Development compared ten countries structures, processes, and goals as they relate to performance measurement, accountability, and

⁹ Mary Kopczynski and Michael Lombardo, "Comparative Performance Measurement: Insights and Lessons Learned from a Consortium Effort" Mini-Symposium on Intergovernmental Comparative Performance Data, *Public Administration Review*, Vol. 59, No. 2. (Mar. - Apr., 1999), p. 124.

¹⁰ Alberta Finance, Government of Alberta, *Measuring Performance: A Reference Guide* (September 1996), p. 2. This point was further reiterated by Julian Nowicki, Deputy Minister, Executive Council, "The Practical Realities of Performance Measures Implementation in Government," *Embracing the Future: Sustainability and Measuring for Success*, A Conference on Performance Measures. Institute of Public Administration of Canada. Edmonton, Alberta (October 27-29, 2003), CD-rom.

¹¹ See Treasury Board Secretariat of Canada, Government of Canada, *A Comparative Analysis of Governments' Performance Measurement Strategies*, (November 2000). Although this report needs to be updated to reflect recent changes in some of the provinces, it still provides the reader with a snapshot of the variety of ways provincial governments have chosen to address performance measurement within their jurisdiction.

reporting.¹² The findings show a spectrum of approaches used to implement performance measurement; however, most have developed a comprehensive performance measurement system in their jurisdictions with the intent to improve accountability and the effectiveness and efficiency of programs and services. Moreover, in the ten jurisdictions surveyed, most of the survey respondents stated that there was some level of public reporting; however, half of the jurisdictions stated that not all performance information is given to the public for consumption.¹³

Not only are there many different ways for the use of performance measures in a public sector organization¹⁴, there are a variety of approaches used to define performance measurement. At a basic level, performance measurement is a qualitative or quantitative measure designed to assess performance against a goal. Using this definition as a foundation, the literature on performance measurement predominantly addresses the definition of performance measurement in a results-based management environment. For example, Paul Thomas defines performance measurement as “the regular generation, collection, analysis, reporting and utilization of a range of data related to the operation of public organizations and public programs, including data on inputs, outputs and outcomes.”¹⁵ Using a logic model or results-based approach to performance measurement, other authors and jurisdictions also comment on developing measures for the different stages in decision-making. For example, input, output and outcome measures are all different ways to assess performance within an organization and when designed properly, the logic model is argued to be able to identify the linkages and even causation between the measures.¹⁶

While a results-based approach to performance measurement seems to be the preferred framework for many governmental jurisdictions, other ways to define and apply performance measurement include using a balanced scorecard approach, a horizontal approach, and a quality

¹² See Organization for Economic Co-operation and Development, *Overview of Key Performance Measurement Issues*. <http://www.oecd.org/dataoecd/12/7/1902886.pdf>. Accessed 14 March 2003.

¹³ Ibid., pp. 5-6.

¹⁴ For additional reasons why performance measures are established in government, see Paul Thomas, *Performance Measurement Reporting and Accountability: Recent Trends and Future Directions*. Public Policy Paper 23. (Regina: Saskatchewan Institute of Public Policy, 2004), p. 6.

¹⁵ Ibid., p. 1.

¹⁶ For examples of a results-based approach to performance measurement, see National Performance Review, “Serving the American Public: Best Practices in Performance Measurement,” <http://govinfo.library.unt.edu/npr/library/papers/benchmark/nprbook.html#glossary> Accessed 04 November 2003. Treasury Board of Canada Secretariat, Government of Canada, *Canada's Performance 2003*. Introduction. http://www.tbs-sct.gc.ca/report/govrev/03/cp-rc1_e.asp. Accessed 12 March 2004.

of life approach.¹⁷ These three approaches can be used separately or at the same time depending on the capabilities and preferences of a government and further, they can also be used within a results-based approach to measurement. Briefly, the balanced scorecard approach is an attempt by an organization to develop measures that are representative of the different functions of the organization. In a well-known 1992 article in the *Harvard Business Review*, Robert Kaplan and David Norton introduced an approach to measurement where the emphasis was not solely on financial performance; instead, other areas of the organization were also measured. By developing measures that assess financial, customer, internal business process, and learning and growth performance, Kaplan and Norton believed that managers are provided with a framework that gives a more holistic assessment of an organization's performance.¹⁸ This approach is still somewhat new for governments to apply and little academic research has been conducted to assess the application of such a tool.¹⁹ Although the Government of Alberta has not adopted the lexicon of the balanced scorecard, over the years, Alberta has attempted to develop measures that assess financial performance, client satisfaction, the efficiency and effectiveness of internal administration, overall program performance, and individual employee performance. What has not been completed is an assessment of how all of the Government of Alberta's performance measures may impact upon one another. For example, to what extent do changes to internal administrative performance measures impact client satisfaction measures? Assessing the cause-effect relationship between performance measures is a highly complex endeavour for any government to undertake and this level of assessment may be appropriate for organizations with an advanced and stable performance measurement framework in place.

The horizontal or integrated approach to performance measurement is relatively new and little has been written about this type of performance measurement. Related to quality of life indicators and to a certain extent, the balanced scorecard approach, this type of measurement attempts to ensure that performance measures within a jurisdiction are complementary and not

¹⁷ For example, see Jerrell Coggburn and Sandra Schrieder, "The Relationship Between State Government Performance and State Quality of Life," *International Journal of Public Administration*, Vol. 26, No. 12 (September 2003).

¹⁸ For additional information, see Robert Kaplan and David P. Norton. *The balanced scorecard - measures that drive performance*. Harvard Business Review 70, no.1 (January-February 1992): 71-79 and Robert Kaplan and David P. Norton. *The Balanced Scorecard - translating strategy into action* (Boston: Harvard Business School, 1996).

¹⁹ For an example of how a balanced scorecard approach is used in a public sector setting, see City of Charlotte, "Balanced Scorecard" *Introduction to Public Administration: A Book of Readings*, J. Steven Ott and E.W. Russell, eds. (New York: Addison-Wesley Longman, Inc., 2001), pp. 549-554.

contradictory. For example, there may be several departments that contribute to the support of a government-wide goal and subsequently, there would then be individual departmental performance measures that support this goal. An example of this approach can be found in the Canadian federal government. The Government of Canada has developed a horizontal approach to support its annual performance report to Canadians. In the document, “Developing Results-based Management and Accountability Frameworks for Horizontal Initiatives,” the Treasury Board Secretariat of Canada describes its integrated performance measurement strategy:

...[this] strategy requires that partners: agree on the need for performance information; commit to develop and use performance information in all aspects of the management of the horizontal initiative; measure, track and report on their contribution to shared outcomes; can demonstrate performance, to each other and to stakeholders, parliament and citizens; support the evaluation of complex, multi-party, shared governance initiatives; and, use performance information to support shared decision-making, learning, adjustment and course correction on an ongoing basis.²⁰

The Government of Alberta has also developed an integrated approach to performance measurement where government-wide goals and strategies exist and cascade down into the departmental business plans, then to a department’s operational plans, and finally, to the individual performance plans. In addition to the vertical method of measurement, the Government of Alberta has also developed cross-government goals, measures, and targets. According to the 2002-03 Government of Alberta Annual Report, the cross-government initiatives are the Aboriginal Policy Initiative, the Alberta Children and Youth Initiative, the Economic Development Strategy, and the Health Sustainability Initiative. As noted in the Annual Report, information on the government's progress in relation to the objectives and targets established for each of the four initiatives is reported on a yearly basis.²¹

Increasingly, there has been interest in governments working together and with national and international organizations to develop quality of life indicators. According to the American Governmental Accounting Standards Board, community or national indicators provide a basis for developing a comprehensive picture of overall well-being. The indicators may include:

...traditional economic measures of employment, income distribution, public safety, education, and housing, along with assessments of environmental factors,

²⁰ Treasury Board Secretariat of Canada, Government of Canada, *Developing Results-based Management and Accountability Frameworks for Horizontal Initiatives*. Accessed 15 March 2004: http://www.tbs-sct.gc.ca/rma/epi-ibdrp/hrs-ceh/6/RMA-CGR_e.asp.

²¹ Government of Alberta, “About Measuring Up” *2002-03 Annual Report: Reporting to Albertans on Budget 2002*. Accessed 03 May 2004: http://www.finance.gov.ab.ca/publications/annual_repts/govt/index.html.

infrastructure, health, and education. They may also include indicators of personal well-being such as measures of spiritual, social, and cultural well-being.²²

One of the governments that have developed a quality of life approach to performance reporting is the Government of Canada. Since 2000, the federal government has released a performance report “to provide a context for assessing the performance of federal programs and initiatives.”

In the 2003 Report, the President of the Treasury Board of Canada stated that the report:

...is an annual report on the quality of life of Canadians in the following areas: economic opportunities and innovation; health; environment; and strength and safety of communities. The report highlights the state of the economy and society by using 20 societal indicators and establishes comparisons with other countries.²³

The Government of Alberta, in its government-wide reference guide on performance measurement, argues “Keeping track of these societal trends will help identify potential future problems and prepare us for change. It can also help us understand why our programs are or are not effective, as environmental factors can enhance or negate the effects of government programs.”²⁴ Even though the Government of Alberta has not developed a formal government-wide approach to measuring the quality of life, many of the indicators used to measure performance in the annual *Measuring Up* report can be considered ‘quality of life’ indicators.²⁵

3.0 The Performance Measurement Framework in the Government of Alberta

This section of the paper provides a brief overview of performance measurement in the Government of Alberta in relation to the purpose and principles, legislation and performance reporting requirements, the structural framework, and the coordination of performance measures.

²² Governmental Accounting Standards Board, “Performance Measurement for Government – Glossary.” Accessed 01 April 2004: <http://www.seagov.org/resources/glossary.shtml>.

²³ Government of Canada, Treasury Board of Canada Secretariat, “President of the Treasury Board of Canada Tables Canada’s Performance 2003” News release - 30 October 2003. Accessed 10 December 2003: http://www.tbs-sct.gc.ca/media/nr-cp/2003/1030_e.asp.

²⁴ Government of Alberta, Alberta Finance, “Measuring Performance: A Reference Guide – Part Three” September 1996. Accessed 20 March 2004: <http://www.finance.gov.ab.ca/publications/measuring/measupgu/guide3.html#societal>.

²⁵ For example, one of the goals in the 2003 *Measuring Up* is “Albertans will be healthy” and the two core measures are life expectancy and health status. Life expectancy is a typical quality of life indicator used by many jurisdictions. Such a measure is presented in the 2003 *Measuring Up* report in the following manner: In 2001, life expectancy for Alberta females was 82.4 years compared to 82 years in 2000. Alberta females ranked sixth among countries compared to seventh in the year 2000. The target is to maintain or improve current life expectancy at birth and be among the top ten countries in the world. Alberta Finance, Government of Alberta, “Measuring Up” 2002-03 Annual Report 24 June 2003. Accessed 05 March 2004: <http://www.finance.gov.ab.ca/measuring/>.

3.1 Purposes and Principles

The purpose of performance measurement in the Government of Alberta is multi-faceted. Initially, the primary purpose of performance measurement was to improve accountability as the measures were a fundamental component of the accountability framework. For example, in an early paper on performance measurement in the Government of Alberta, Rich Goodkey and Ken Ogata argue that “performance measurement was just one of several reforms initiated to make government more open and accountable to the public.”²⁶ In the later 1990s, politicians and Alberta Finance began to publicly state that another purpose was to improve overall management and planning in government. While this latter purpose was still visible in early performance measurement documents, this message became increasingly important as the Government of Alberta adopted a results-based approach to measurement and planning in general.

Principles, as they apply to performance measurement in the Government of Alberta, are guidelines for the establishment of performance measures for the individual ministry business plans. The guiding principles, as outlined in Alberta Finance’s *Measuring Performance: A Reference Guide*, are the following:

...focus on results - determine the effects programs are having rather than measuring what has been produced; a few key measures per ministry - provide a snapshot of the ministry's performance for its core businesses; measures developed by ministry program officials - programs officials know their business the best; measures owned by ministries - ministries held accountable for the measures they develop and the results they achieve; measures should be free from bias - report both good and bad performance; and, work with the Auditor General - to ensure the selection of valid and objective measures.²⁷

Recently, at a conference held in November 2003, Julian Nowicki, Deputy Minister of Executive Council with the Government of Alberta, stated that the four principles of performance measurement are: specify desired measurement results for each goal, measure progress towards desired results, report the results, and use the results to improve effectiveness.²⁸ It was not stated whether these principles replace or supplement the earlier principles.

²⁶ Ken Ogata and Rich Goodkey, “Redefining Government Performance” Cambridge Paper. Presented 16 July 1998. Accessed 06 March 2004: http://www.finance.gov.ab.ca/publications/measuring/index.html#govt_wide.

²⁷ Alberta Finance, Government of Alberta, “Measuring Performance: A Reference Guide,” *Part 2 – Measuring Performance*. Accessed 07 November 2003: <http://www.finance.gov.ab.ca/measuring/aboutperfineas.html>

²⁸ Julian Nowicki, “The Practical Realities of Performance Measures Implementation in Government” Embracing the Future: Sustainability and Measuring for Success. A Conference on Performance Measures (Edmonton: October 2003), CD-rom.

3.2 *Legislation and Performance Reporting Requirements*

Prior to 1993, a formal performance measurement framework did not exist within the Alberta government. The interview results found that while there were some departments that used performance measures to assist in program management and performance monitoring prior to the establishment of business plans in 1993, it was not a government-wide practice nor were the measures made available to the public.²⁹ Reporting on the government's performance relied on traditional government tools such as annual reports and government speeches.

In 1993, when Klein's Conservatives won the provincial election, numerous changes were made to the structures and processes within the bureaucracy. One of the most significant changes was the development of an accountability framework of which the two main components were business planning and measuring performance. Committed to improving accountability, Alberta legislated performance measurement in conjunction with the development of the business plan.³⁰ The *Government Accountability Act* was passed in 1995 and this legislation established requirements for the Alberta government and individual ministries to report on their performance to the Legislative Assembly and to the public in business plans and annual reports. Business plans and performance measures are required by legislation as set out in the *Government Accountability Act* (7.3) and the *Act* states that the government business plan is to include the following:

- (a) the mission, core businesses and goals of the Government; (b) the measures to be used in assessing the performance of the Government in achieving its goals; (c) the performance targets set by the Government for each of its goals; (d) links to the ministry business plans.³¹

Not only does the Government of Alberta have to develop performance measures, they also have to develop targets and publicly report on an annual basis. For example, in the consolidated annual reports, there has to be "a comparison of the actual performance results to the targets included in the government business plan ...and an explanation of any significant variances."³²

²⁹ For example, see the "The McCoy Plan: The Government 1992-1997," Elaine McCoy Leadership Campaign, pp. 11-12. In interviews with employees of the now-defunct Ministry of Labour (Elaine McCoy was Minister of Labour in the late 1980s), interview participants stated that they had begun to use a business plan model, with performance measures as one of the components, to assess the performance of their ministry and to use as a planning model.

³⁰ Treasury Board Secretariat, Government of Canada, *A Comparative Analysis of Governments' Performance Measurement Strategies*. 03 November 2001. Accessed 12 October 2003: http://www.tbs-sct.gc.ca/rma/communic/prr2000/coman_e.asp.

³¹ Government of Alberta, *Government Accountability Act* (Edmonton: Alberta Queen's Printer, 2000) Section 7.3. The *Act* was established in 1995 and revisions were made in 2000.

³² Ibid.

To provide a comprehensive picture of performance measurement to citizens, the Government of Alberta developed an annual report titled *Measuring Up*.³³ Released with the annual report since 1994, the primary focus of *Measuring Up* is to communicate to the public on the performance of the Government of Alberta. The report contains information on the government's performance and includes both financial and non-financial measures. Within the report, the Government's current core measures and results are compared to the previous year's results to provide context but there is no further analysis. As noted on the Government's website, "there are no judgments in *Measuring Up* about whether the results are good, bad or indifferent. We leave Albertans to make up their own minds."³⁴ Ergo, if a department does not meet their target or if a department decides to eliminate and replace a performance measure, there are no explanations as to why these changes take place. In recent years, there have been several initiatives to provide more information to assist with Albertans' assessment of the Government of Alberta's performance. For example, in the 2003 *Measuring Up* report, the Government of Alberta notes that:

Supplemental measures are also provided to give Albertans more information on progress made towards achieving the goals. Explanations of how major influences or external factors affected performance results are also included. This helps readers better assess performance over the past year. One example is the land quality core measure, which shows a need for improvement. The biggest factor affecting this measure was the drought in southern Alberta.³⁵

In addition, detailed information about departmental measures can be found in each of the annual reports and includes such information as other performance measures, the methodology behind each measure, and a comparison of results with the preceding year(s).

The role of the Alberta Auditor General in performance reporting is that it conducts an annual audit on the performance measures as reported by the Government of Alberta. While the Auditor General conducts an audit on the measures as stated in the *Measuring Up* reports, they also began to conduct specified auditing procedures on departmental measures in the late 1990s and early 2000s. A specified auditing procedures engagement, as defined in the *Regulated Accounting Profession Act*, "means the preparation of a written report of the results of applying

³³ The *Measuring Up* report is compiled by the Performance Measurement unit of Alberta Finance.

³⁴ Department of Finance, Government of Alberta, "Government Accountability: About Measuring Up," Accessed 17 March 2004: <http://www.finance.gov.ab.ca/measuring/>.

³⁵ Government of Alberta, "About Measuring Up," *2002-03 Annual Report: Report to Albertans on Budget 2002* (Edmonton: Alberta Queen's Printer, 2003). Accessed on 04 March 2004: <http://www.finance.gov.ab.ca/publications/measuring/index.html>.

specified auditing procedures to financial information other than financial statements where those procedures are not for the purpose of performing an audit engagement or a review engagement.”³⁶ For example, as stated in the Ministry of Gaming’s 2002-03 Annual Report, the Alberta Auditor General conducted a specified audits’ investigation and completed the following tasks:

Agreed information from an external organization to reports from the organization; agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports; checked that the presentation of the results is consistent with the stated methodology; checked that the results presented are comparable to stated targets, and information presented in prior years; checked that the performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2002; and agreed the information to source reports. In addition, I checked that the supporting narrative is consistent with the information.³⁷

Ergo, the Alberta Auditor General is an integral part of the performance measurement reporting framework in Alberta. Developing the skills and knowledge to adapt to the new performance environment, the Alberta Auditor General expanded its role over the last decade in the education and auditing role of performance measurement. For example, related to the education role, the Office has produced a number of publications to assist ministries in the areas of business plans, accountability, and performance measurement.³⁸

3.3 *Structure of Performance Measurement in the Government of Alberta*

The structure of performance measurement can be discussed in numerous ways. One of the ways to assess the structure is to determine how performance measurement fits in with the rest of the planning cycle. In the Government of Alberta, for example, performance measurement is deemed to be the ‘check’ phase within the business planning cycle. Alberta Finance notes that the check phase involves studying the results of the initial implementation of the plan to assess if the goals and targets were met and if not, to ascertain the cause of the

³⁶ Government of Alberta, *Regulated Accounting Profession Act* (Edmonton: Alberta Queen’s Printer, 2000), Chapter R-12, part 10 (zz).

³⁷ Ministry of Gaming, Government of Alberta, *Alberta Gaming: 2002-03 Annual Report* (Edmonton: Alberta Queen’s Printer, 2003), p. 34

³⁸ For example, see Alberta Auditor General, “Client Satisfaction Surveys” (October 1998); “Best Practices in Preparing an Integrated Results Analysis” (June 2002); “Government Accountability (February 1997); and, “Improving Communications Between You and the Auditors: Tips for Ministries on Audits on Performance Measures” (April 2002). Accessed 12 March 2004: <http://www.oag.ab.ca/> (the reading room).

discrepancies. The implication of this stage is that “positive results can lead to full implementation. Mixed or negative results may require deciding whether to stay the course, make changes to the plan, or abandon the strategy altogether.”³⁹ Alberta Finance argues that:

Measuring performance is not an independent activity, but an integral part of the overall corporate planning/strategic management process. Planning/management should not be regarded as a linear production line process, with a start and finish, but rather as an ongoing continuous cycle. Previous attempts to measure performance or use business planning have failed due to a lack of integration of the components, and not *Acting* after *Checking* what happened.⁴⁰

Ergo, the structure of performance measurement can be viewed as to be part of a wider planning framework but it can also be seen as a multi-level method of performance management.

Another way to describe the performance measurement structure in the Government of Alberta is to describe the different levels. Barbara Wake Carroll and David Dewar note that performance management can be difficult to understand because it typically addresses three types of assessment:

One is the evaluation of programs or policy at the broad governmental or political level and includes a political consideration of basic objectives. The second is the implementation and management of an individual policy or program. The third is the assessment of the performance of individual employees.⁴¹

The Government of Alberta eventually adopted these three levels of assessment but in 1993, they developed their own ‘made in Alberta model’ to complement their own performance goals and strategies. According to Alberta Finance, when performance measures were first developed, the three tiers of measurement consisted of core government measures, key ministry measures, and internal management measures. At the outset of the performance measurement framework in 1993-94, there was no formal model for assessing a civil servant’s performance and measures for individual policies and programs were not given significant attention, as they were believed to be intertwined into ministry business plans and internal management measures.

³⁹ Alberta Finance, Government of Alberta, *Measuring Performance: A Reference Guide, Part 1* (Alberta Finance, September 1996). Accessed 12 February 2004:

<http://www.finance.gov.ab.ca/publications/measuring/measupgu/guide1.html>.

⁴⁰ Ibid.

⁴¹ Barbara Wake Carroll and David Dewar, “Performance Management: Panacea or Fool’s Gold?” in *The Handbook of Canadian Public Administration*. Christopher Dunn, ed. (Toronto: Oxford University Press, 2002), p. 413.

The core government measures represent the Government of Alberta's macro level measures and these measures report on high-level outcomes that are deemed to be the priorities of Albertans. Within the Government of Alberta's business plan, the three core businesses, or priorities of Albertans, are people, prosperity, and preservation. Each of these core businesses has goals and strategies and corresponding performance measures that originate from the related departments. This first stage is also known as the level at which Albertans can assess the results of the government's overall performance. The second tier consists of key ministry measures. Alberta Finance notes "each ministry has selected several key measures to provide Albertans with an overview of the ministry's performance for its core businesses. These measures focus on the outputs and outcomes of ministry policies and programs, and provide background information which feeds into the core government measures."⁴² Finally, the last original tier is the development and implementation of internal management measures that have recently become part of departmental operational plans. These types of measures assess the performance of internal programs and services and are typically developed to provide supporting data for higher level measures such as the core or ministry measures.⁴³

All of these tiers still exist in the Government of Alberta, but other layers of measurement now exist. For example, performance measures to assess the performance of external contracts and individual employees have been developed to provide a more complete assessment of performance in the Government of Alberta. Recently, the Government of Alberta also changed its public planning structure and they now produce a strategic plan that is available on their website.⁴⁴ The strategic plan projects what the Government of Alberta, with input from Albertans, want in the year 2025. As outlined in the plan, the four pillars of the plan are: unleashing innovation; leading in learning; competing in a global marketplace, and making Alberta the best place to live, work and visit.⁴⁵ The strategic plan links to the rest of the planning process and the vision of the strategic plan is to act as a guide for the rest of the plans (business, operational, and individual). Alberta Finance states that this level of

⁴² Alberta Finance, Government of Alberta, *Measuring Performance: A Reference Guide, Part 3* (Alberta Finance, September 1996). Accessed 12 February 2004:

<http://www.finance.gov.ab.ca/publications/measuring/measupgu/guide3.html>.

⁴³ Ibid.

⁴⁴ Government of Alberta, *Strategic Business Plan 2004* (24 March 2004). Accessed 27 March 2004:

<http://www.finance.gov.ab.ca/publications/budget/budget2004/govbp.html>.

⁴⁵ Ibid.

integration “ensures that all of government is "pulling together" and that all strategies are linked to Alberta's vision and 20-year strategic plan. While important as a guide, the strategic plan does not have any additional performance measures; instead the task of performance measurement and reporting remains within the 3-year business plans, annual reports, operational plans, and individual performance plans.⁴⁶

3.4 Coordination of Performance Measurement

The Department of Finance, formerly named Treasury, is responsible for the coordination of performance measures in the government. Given that the primary mandate of the Klein government, when his government came to power in 1993, was to address the rising deficit and debt, it was to be expected that the hub of performance measurement would be situated in the department that was responsible for the budget. Further, Treasury had experience in developing financial measures and targets and moreover, had the statistical skills that some departments lacked at that point in time. Currently, Finance continues to coordinate the government's business plan and performance measures and each of the departments are responsible for developing, implementing, and monitoring their own set of performance measures. For example, the Auditor General makes reference to an individual department in their reports and not directly to Alberta Finance when commenting on departmental performance measures. For every department, there is at least one person responsible for the coordination of the Ministry's Business Plan. Depending on the size of the Ministry, this individual may or may not be also be responsible for the coordination of performance measures. The coordination of performance measures within a ministry may be further devolved to the various divisions, branches, and units.

Another key role Alberta Finance has undertaken is that of education. Numerous documents are provided on the external website to assist departments in developing performance measures and to help them understand the need for performance measurement.⁴⁷ Further, Finance provides assistance on performance measurement methodology to departments on request and, in an informal manner, reviews performance measures to assist departments in improving their existing measures. Given that performance measurement is still a relatively new

⁴⁶ Ibid.

⁴⁷ For further information, see Alberta Finance, Government of Alberta. “About Measuring Up.” Accessed 28 March 2004: <http://www.finance.gov.ab.ca/measuring/index.html>.

area for departments to undertake, Finance has been and continues to be a critical source of support and guidance for departments.

In addition to Alberta Finance providing information to other civil servants, their website also provides information to citizens on performance measurement and overall government performance and includes such documents as the *Measuring Up* reports, annual reports, and the Government Business Plan. While Alberta Finance ensures that this information is available to citizens, as noted on the website, citizens are told that performance measurement is a relatively new process for the government to undertake and that it is to be understood that mistakes will be made.⁴⁸ In this sense, in the attempt to be transparent, the government is telling citizens what to expect, at the same time managing potential disenchantment in the future.

Although Finance is the key department for providing information on performance measurement, the Personnel Administration Office, another central agency, also provides performance information on their website. For example, the Office states:

Performance indicators and measures should: be driven by client/customer requirements and business plans; be tied to critical success factors; facilitate measurement of results achieved and progress made in the implementation of business plans; direct effort toward desired results; be few and critical to the organization's success; consider financial, operational and client/customer measurements; [and] allow for assignment of responsibility and accountability for monitoring, reporting and their achievement be observable and verifiable.⁴⁹

Although the role of this Office is not as significant in the coordination of performance measurement as Finance, one of the purposes of the Office is to disseminate information and to provide education opportunities to the rest of the public service.⁵⁰ Further, the Personnel Administration Office is the entity that coordinates the performance management system in the government.⁵¹

⁴⁸ Alberta Finance, Government of Alberta, "About Performance Measurement." Accessed 23 January 2003: <http://www.finance.gov.ab.ca/measuring/aboutperfineas.html>.

⁴⁹ Personnel Administration Office, Government of Alberta, *Measuring Performance in Government: A Discussion Paper* (April 01 2003). Accessed 12 January 2003: <http://www.pao.gov.ab.ca/performance/measure/measure-perf-in-govt.htm>.

⁵⁰ As noted on their website, the office "is the central human resources arm of government, helping ministries respond to emerging human resource issues and ensuring public service has skilled employees ready for the challenges of the future. PAO provides corporate human resource strategies, policy frameworks and strategic support services, enabling departments to fulfill their business plans." Personnel Administration Office, Government of Alberta, "Departmental Overview" (2002-11-25). Accessed 11 November 2003: <http://www.pao.gov.ab.ca/aboutpao/overview/index.html>.

⁵¹ The Government of Alberta uses the concept 'performance management' to describe individual performance assessment within the Alberta public service. For further information, see Personnel Administration Office,

4.0 Performance Measurement in the Government of Alberta: Technical and Political Limitations on Providing the Truth

In this section of the paper, the results of interviews conducted in 1999 and 2000 will be discussed as they relate to performance measurement and reporting. The purpose of this section is to demonstrate the technical and political challenges of performance measurement faced by the Government of Alberta.

4.1 Methodology

There were many themes that arose from the interviews; however, this section will focus on comments directly related to performance measurement and specifically, performance reporting. In 1999-2000, eighty individuals from ten departments were interviewed who were associated with business planning and performance measurement in the Government of Alberta. There were few individuals in the Government of Alberta who were able to respond to questions on performance measurement. All of the individuals interviewed were aware of what performance measurement does and how it is one of the components of the business plan but approximately 70% of the respondents were unable or did not feel comfortable responding to questions directly related to performance measurement. Hence, the following analysis of the interview results is representative of those individuals who were directly involved in the development of business plans and performance measures in the respective departments.

4.2 Technical Challenges: The Truth Given the Circumstances – Responses from Civil Servants

One of the most popular themes that arose during the interview process was the challenge of developing a performance measurement framework from ex nihilo. Where other jurisdictions conducted extensive research before implementing their performance measurement systems,⁵² Alberta developed its framework in a relatively short time with little background research done. Several of the interview respondents stated that one of the lessons learned from Sir Roger

Government of Alberta, "Performance Management in the Government of Alberta." Accessed 03 March 2004: <http://www.pao.gov.ab.ca/performance/perfmgmt/index.html>.

⁵² Julian Nowicki, Deputy Minister, Executive Council, "The Practical Realities of Performance Measures Implementation in Government," Embracing the Future: Sustainability and Measuring for Success, A Conference on Performance Measures. Institute of Public Administration of Canada. Edmonton, Alberta (October 27-29, 2003), CD-rom.

Douglas' visit to Alberta in 1993 and his book⁵³ that was distributed to all MLA's in the early months of power, was that it was important to implement change quickly rather than in an incremental manner.

While it was recommended to make changes swiftly, what became particularly challenging for civil servants was that in the mid 1990s, numerous significant changes were taking place within the Alberta public service and with the institutional structures and processes in general. Coupled with this rapid change in structures and processes was that the number of civil servants in the Alberta Public Service was being reduced and especially hit were the policy and planning divisions. The quest to restructure the planning processes in a quick manner in a bureaucracy that was being significantly reduced had an impact on those who were left to implement business plans and performance measures. Interview results suggested that although in the first year, Treasury provided a one-page suggestion sheet on how to develop a ministry business plan, there was not enough direction and consequently, many of the civil servants interviewed for this study stated that the early performance measures could have been 'better' had they received more input and direction. In an interview with three employees employed by Treasury at the time business plans and performance measures were first being established, this type of approach was deliberate. Since business plans and performance measures were a new way for governments to publicly report on their performance, Treasury was looking for the departments to provide creative and innovative approaches to this endeavour. Furthermore, this type of approach was deemed to be a 'bottoms up' approach to planning where ministries were more empowered to develop plans and measures specific to their line of service.⁵⁴

As noted, during the early years of the Klein government, it was the departments that first developed their business plans and performance measures and afterwards, the government business plan was written. This process changed in the late 1990s and now the government business plan is written and ministries are required to ensure that their ministry business plan and performance measures complement and support the overall vision and goals of government. Given that there are a set amount of goals, each ministry has to ensure that at least one of their

⁵³ Roger Douglas, *Unfinished Business* (Auckland: Random House, 1993). Sir Roger Douglas was Finance Minister in New Zealand's Labor Government from 1984 to 1988. Sir Roger was responsible for one of the most comprehensive restructuring program ever attempted by a government and included cutting income tax rates in half, deregulating wide sectors of the New Zealand economy, ending farm and business subsidies, and restructuring and privatizing most state owned enterprises.

⁵⁴ Group interview with three civil servants from Treasury, Government of Alberta. Interview by author. Interview notes. Edmonton, July 1999.

ministry strategies supports one of the goals in the government business plan. In other words, it is essential that the goals, strategies, performance measures of the ministries reflect the overall goals of the government. In this sense, an integrated approach to planning and performance measurement is presented to the public instead of a chaotic form of planning where an intricate knowledge of government is needed to decipher the plan. While the early challenges of direction have been overcome, according to the interview results, there were still other challenges to overcome.

When performance measures were first being introduced into the public sector, there was little expertise and experience about the development, monitoring, and reporting of performance measures. One of the biggest challenges was determining what measures to use and finding the data to support a measure since this type of information may not have been kept or researched in the past. For example, one of the senior public servants commented on the need to find data to support performance measurement in his department:

We were one of the first governments to do this. There is a lot that we still need to do and a lot we need to develop. We have to get better at our measures and we have to get better at our data. Our data in some cases is not good as we are using a lot of proxies. We have never seen a need to collect that data because there has never been a purpose in collecting it...The idea of population, who ever cared about the population in your region, until suddenly you got funded on your population - now people pay attention to population...As we have gotten better with measures, expectations, and accountability, we have gotten better with some of those other skills, but we are still learning.⁵⁵

To a certain extent, this problem still existed in departments at the time of the interviews. There were a few instances where performance measures were dropped for a variety of reasons and respective departments were then, in some cases, required to develop a new measure. Again, if information was not being collected to support a measure, then the measure's target may be deemed to be 'under development' or according to several interview respondents, the measure remained internal until proper methodology was created and implemented. Furthermore, a few civil servants commented on the lack of available data from Statistics Canada to support the establishment of baselines and ongoing measures and a few civil servants also commented on the timeliness, and hence relevancy, of this data.

Related to the quest for valid and timely data was the fear of duplication and 'tiring out the survey respondent.' Several of the interview respondents made comments about how citizens

⁵⁵ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, June 1999.

complained about getting too many surveys about government services and programs in the early 1990s. Since all of the departments were required to develop performance measures at the same time, one of the most popular ways of getting information was to survey direct clients of services and programs provided by a department. Civil servants were concerned that because there was a widespread need to gather information for all of the departments to support performance measurement, citizens may experience ‘survey burnout’ and not want to participate in surveys, even if it meant greater transparency and improved accountability in the long run. Further, interview respondents also stated that surveying was a new methodology for many departments and again, this was another skill, if not contracted out, for civil servants to learn in the midst of downsizing and restructuring. Other problems such as only being able to survey clients they have information on and the inability to survey citizens who do not use the services were other problems they faced and continue to face for those departments that rely on survey methodology to support performance measurement.

As previously mentioned, another challenging aspect of performance measurement is choosing which performance measures to report on in the business plan. Paul Thomas, in his recent paper on performance measurement, found that:

The pragmatic response of most governments has been to focus on a select number of indicators and to draw on administrative data collected on a routine basis... The practice of reporting on only a few indicators exposes governments to the disease “aggregationitis,” a condition in which a great deal of relevant information goes missing through the process of aggregation. Another consequence of cost constraints may be the measurement of the measurable only, rather than of what is truly important. For example, quantity is usually easier to measure than quality, but without quality considerations outcomes measures will be distorted. Cost considerations may also lead to a short-run concentration in measurement, since time-series data is expensive to maintain.⁵⁶

Further research needs to be conducted to determine whether all of these challenges in choosing a performance measure existed and continue to exist in the Government of Alberta. Despite the need for further research, all of the interview participants who were able to respond to the performance measurement questions in this study commented on the difficulty of choosing which measures to include in the business plan. One civil servant notes:

What are the right things to measure? If somebody could somehow wave the magic wand and tell a department, branch, or division in government or the

⁵⁶ Paul Thomas, p. 29.

government as a whole, these are the ten things you should be measuring...that this is the right thing to measure, you could probably make a million dollars. I'm still not sure that we are measuring the right things but we are getting there. Anyone who thinks this can be done overnight is living in a dream world, because we have been at this for 4-5 years and we are just now getting to the point where we are measuring the right things.⁵⁷

Another civil servant stated that it was typical for a department to choose between two or three measures in a program area and then determine which measure is one that they know they do really well at and then choose that measure for inclusion in the business plan.⁵⁸

When questioned about what the consequences would be if the 'wrong' measures were put in a business plan or if a department did not meet its target, the responses varied. The consequences varied depending on the personality of the Minister and the senior management although it was also stated that there was some 'leeway' in the first couple of years since this was such a new process for any government to undertake. This consequential aspect will be further explored when discussing the performance management (individual performance) framework established by the Government of Alberta in the late 1990s.

Related to choosing appropriate measures, an additional challenge for civil servants was determining what type of measures they thought the public would be able to understand and care about. For example, one civil servant notes that, "It is hard to pick one that we can even measure and that is easy to measure. The other thing is it should mean something to the public and it should be something they can understand."⁵⁹ One of the key persons behind the development of the performance measurement framework states that it was important to develop and report on measures that the public really want to know about. He further stated his test for a performance measure that was to be included in a business plan was, "do the stakeholder groups, legislators, and media find these things useful for public understanding and are they part of the grand scheme of things to make the world better?"⁶⁰

One of the most challenging aspects of performance measurement in a public sector environment is attribution. An issue that was frequently discussed amongst the interview respondents when talking about attribution was teenage pregnancy. One of the civil servants stated it was essential that this be considered an important societal indicator for the Government

⁵⁷ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, June 1999.

⁵⁸ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, July 1999.

⁵⁹ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, July 1999.

⁶⁰ Ibid.

of Alberta. At the same time, it was also important that each level of government, and possibly other organizations, identify their level of responsibility towards that indicator. Further, it was argued that one specific government should not be politically punished if an indicator of this nature produces negative results; instead, a dialogue should exist between the responsible organizations to determine the change in results and to focus on solutions, and not finger-pointing. One of the government members expressed the need to work with other levels of government, especially the federal level, to discuss the responsibilities of each level of government regarding performance measures that cross jurisdictional boundaries.⁶¹

Another example civil servants would often discuss as it relates to attribution is the crime rate. Despite the concern about what jurisdiction should be accountable for what, the interview participants also recognized the need to measure and report on these ‘boundary-challenged’ measures. One of the civil servants argued that:

...in reporting, you have to get over the hurdle of reporting things that you only try to influence as opposed to control. I think, generally speaking, the government is on side. So, if you are looking at what is an indicator of success in crime rate – is it a decrease in crime rate? What is our contribution? How much do we contribute to our programs so that they decrease? It is a very difficult question.⁶²

Further challenges to attribution and performance measurement are the breadth and scope of the chosen performance measures. For example, one of the senior civil servants notes that “If your indicators are so broad and so global that you have no idea what, if any influence, you have on them, then it may be interesting information but it is not performance measurement.”⁶³ On the other hand, the civil servant argues if government sticks with what it can directly control, then the government may not be measuring the right thing. The interview participant responded to this conundrum by stating, “It’s a matter of balance.”⁶⁴ Unfortunately, some of the broad societal indicators a government may use may not fit well with the current electoral system. For example, if a government is required to have an election within five years of its mandate, some indicators, such as family violence, impaired driving, and health will take a longer time to realize the impact of government policy and programs on the performance measurement system. One of

⁶¹ Member of the Legislature (Conservatives), Government of Alberta. Interview by author. Tape recording. Edmonton, July 1999.

⁶² Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, July 1999.

⁶³ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, August 1999.

⁶⁴ Ibid.

the civil servants stated at the beginning of the Klein mandate, “Fiscally, it was easy to have a quick outcome, but measuring the social impact of government is going to take some time.”⁶⁵

Related to determining what performance measures to report on is the ability to change performance measures if they are deemed to immeasurable and if a better measure is apparent. When the interviews were conducted, the business plans and performance measures had been in place for 5-6 years. During this time, interview participants stated that there had been some criticism by Members of the Opposition and the media about missing information in the business plans concerning performance measures and targets and the fact that performance measures were removed or replaced without any explanation.⁶⁶ Although performance measures still get removed and baselines and targets are still being developed for some measures, one civil servant argued, “We are getting to the point where the measures are a lot more consistent and we are not changing what we are measuring every year, so we are a lot more consistent. We have finally landed on what the important things are and we are going to measure these. We now have no hesitations in saying ‘this isn’t really doing anything let’s drop it’ because we want the best measures possible.”⁶⁷ The criticism regarding changing measures is that it makes following a government’s performance difficult if there is nothing to compare it with and it therefore makes it difficult to hold them to account.

Finally, and perhaps the most controversial within the Alberta legislature, are the challenges concerning the development of appropriate targets for each of the performance measures. Noting the political environment to which the measures and targets were being developed, one of the civil servants stated that there was a “fine art to choosing the target.”⁶⁸ For example, if a department is consistently meeting the stated targets, it would be important to raise the bar or you would risk being viewed as not being a risk-taking department. At the same time, it was important “to not do ‘pie in the sky’ either.”⁶⁹ Another civil servant articulated the complexity of choosing the ‘right’ target:

A department has to develop a formula and do it the best you can but to suggest it is flawless or easy, would be foolish. You don’t always achieve.

⁶⁵ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, July 1999.

⁶⁶ The comments made by numerous civil servants were also supported by interview results with members of the Opposition, Opposition staff, and members of the media. Interview by author. Tape recordings. Edmonton, June 1999-September 1999.

⁶⁷ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, September 1999.

⁶⁸ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, August 1999.

⁶⁹ Ibid.

We didn't achieve in our department in one or two areas but we set our goals high, because you have to work harder to get to that goal, rather than to set your benchmarks or goals at low level and then achieve them every year.⁷⁰

Many of the civil servant interview respondents noted that the many issues surrounding targets sparked the most debate within the internal business plan discussions. Further, the interview participants who were government members, Members of the Opposition, and media stated that the targets seemed to get the most attention in the press, legislature, and in committees.

4.3 *Technical Challenges - The Watchdog – Feedback from the Alberta Auditor General*

The role of the Alberta Auditor General has changed significantly since the development of business plans and performance measures. Traditionally, the role of this Office has been to assess financial statements and not on management or operational functions. In the early and mid 1990s, the Auditor's office had to adjust its traditional auditing and reporting practices to reflect the new planning and measuring tools the Government of Alberta was now using. It was not until the 1997 that the Auditor General conducted a specific audit on each of the ministry's performance measures and he chose to wait until 1997 so "to allow both the reporting and auditing of performance measures to develop [and]...it was important for a set of common standards to be developed."⁷¹ Further, he comments that the Auditor General had been working with other jurisdictions and the Canadian Institute of Chartered Accountants in developing standards on performance measurement reporting. In the following year, the Alberta Auditor General "noted with satisfaction that an increasing number of ministries are integrating their performance measurement reporting into their day-to-day management procedures."⁷²

The comments from the Auditor General concerning performance measurement and reporting have been consistent throughout the last decade. One of the major themes since performance measures and business plans were required from each of the ministries is the concern about performance measures in arms-length agencies, boards, and commission. For example, in the 1996-97 Annual Report of the Auditor General, the Auditor notes that it is important for government and its boards and agencies to improve the performance measurement cycle. In other words, it is important for these bodies to identify performance expectations of

⁷⁰ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, August 1999.

⁷¹ Alberta Auditor General, *Annual Report of the Auditor General 1995-96*. Accessed 02 April 2004: <http://www.oag.ab.ca/>, p. 20.

⁷² Auditor General of Alberta, *Annual Report of the Auditor General 1996-97*, Executive Council section. Accessed 02 April 2004: <http://www.oag.ab.ca/>.

their stakeholders, management, and politicians. The Auditor argues: “I believe there is a need for greater focus on setting performance expectations. The discipline of setting expectations identifies needed information, which in turn clarifies management information systems development, and thereby the means to improving performance.”⁷³

Another theme throughout the annual reports from 1995-2000 is the struggle with establishing effective performance targets. Performance targets are typically defined as the “specific and intended result to be achieved within an explicit timeframe and against which actual results are compared and assessed.”⁷⁴ Further, as argued by the Alberta Auditor General, “performance targets are to be balanced between being challenging and being achievable.”⁷⁵ In the 1996-97 Annual Report, the Alberta Auditor General stated:

In my view, targets should be established when programs are designed. As more information becomes available, targets can then be refined. Having targets, even at a preliminary level, would encourage partners to strive for improvements in the achievement of the results. This information would also be useful for program evaluation and allocation of resources.⁷⁶

Between 1995-2000, there are numerous examples throughout the reports where the Auditor General comments on the lack of effective targets in the ministry business plans. Indeed, in many of the Government of Alberta’s early business plans, there were numerous targets missing and the excuse was that they were ‘under development.’ As well, in the 1995-96 Annual Report of the Auditor General, the Auditor notes:

...people devote disproportionate effort to the mechanics of reporting on performance and neglect the key prerequisite— establishing the target. Without clearly articulated, measurable and understood performance expectations, there is unlikely to be sustainable improvement in programs and services.⁷⁷

For example, specific to Alberta Agriculture, Food and Rural Development, the Auditor General observes:

The criteria being used to measure the performance and impact of the Farm Income Disaster Program (FIDP) are adaptations of previously developed performance measurement criteria for safety net programs. In some cases, however, these criteria are

⁷³ Ibid., p. 11.

⁷⁴ USAID, “Glossary of Terms.” Accessed 15 March 2004: <http://www.usaid.gov/pubs/cbj2002/glossary.html>.

⁷⁵ Auditor General of Alberta, Annual Report of the Auditor General 1997-98. Executive Council section. Accessed 02 April 2004: <http://www.oag.ab.ca/>.

⁷⁶ Auditor General of Alberta, Annual Report of the Auditor General 1996-97. Accessed 02 April 2004: <http://www.oag.ab.ca/>

⁷⁷ Auditor General of Alberta, *Annual Report of the Auditor General 1995-96*, Accessed 02 April 2004: <http://www.oag.ab.ca/>.

not stated in measurable terms or targets. For example, one such criterion is the increased use by farmers of risk-management tools such as contracting and hedging. Yet there is no defined way of computing such an increase, nor a target for what would be considered a satisfactory increase. Another performance criterion for FIDP is the decrease in the number of farmers whose income levels fall below the 70% reference level. Here again, there is no target for what will be considered a satisfactory decrease.⁷⁸

Further, the Auditor General was also concerned about one of the targets in the Department of Advanced Education and Career Development business plan:

The Department is in the process of establishing outcome and output targets as certain baseline information is gathered. The only measures used to compensate Career Designs Inc., and presumably to determine the success of the Program, were the number of program graduates and employment placements. Perhaps incremental improvements, such as increases in the employability of clients, could be assessed and tracked. As well, the costs of achieving these outcomes should be determined and reported.⁷⁹

One of the reasons given on why the Department has not established output and outcome targets is that there are different partners involved in this Program, and there is not a consistent view between the partners of the criteria for success.

Another issue concerning the Auditor General is finding the balance between accountable performance measurement and administrative burden. For example, in the 1996-97 Annual Report, specific to Alberta Economic Development, the Auditor General states in relation to the Alberta Tourism Partnership Corporation (ATPC):

Fewer performance clauses would reduce the administrative burden on both the Department and ATPC. For instance, presently the monthly status reports prepared by the Department contain 30 performance measures or Agreement deliverables. The administrative and clerical effort required to produce these reports is considerable. Performance measures should be limited to those that are key to program management, and for measuring success.⁸⁰

Most of the civil servants during their interviews also commented on the challenges of determining the appropriate number of performance measures to be developed for a Ministry. Indeed, finding the balance between performance accountability and performance burden was a struggle for civil servants.

While the Alberta Auditor General has had numerous concerns about the way performance measures and targets are established and implemented, the Auditor has also made

⁷⁸ Auditor General of Alberta, *Annual Report of the Auditor General 1996-97*. Department of Agriculture, Food and Rural Development, Accessed 02 April 2004: <http://www.oag.ab.ca/>.

⁷⁹ Ibid., "Department of Advanced Education and Career Development"

⁸⁰ Ibid., "Department of Economic Development."

it clear that it recognizes the challenges of establishing a government-wide performance measurement system with a vertical and horizontal reporting framework. Further, the Auditor General has also praised the Government of Alberta and its efforts. In his 1997-98 Annual Report, the Auditor General stated, "Albertans now have the most informative set of public accounts in Canada."⁸¹ The Office further notes that "This is a significant achievement, and it represents the culmination of many years of effort by many public servants. Those responsible for this achievement should be commended for their efforts and the results of their work."⁸²

4.4 Performance Reporting in Government: Subjective Truth

Publicly reporting on a government's performance on an annual basis is a risky business in a political environment. Paul Thomas argues, "poor reports can damage ministerial reputations and negatively affect the position and resources of departments and programs. In short, there are risks involved with the collection and the publication of performance information."⁸³ For example, the media, the Opposition, and interest groups, think tanks, and citizens currently not in favour with the government in power may not be tolerant of negative results. Thomas further comments:

When performance reports flow into the wider political area, the focus is most likely to be on the deficiencies of performance rather than providing a balanced picture. Opposition parties in legislatures have a stake in denigrating the performance and reputation of governments. Moreover, members of the public derive their impressions of government performance from the kaleidoscopic images provided in the mass media, based on "the horror stories" which are featured so prominently, the public concludes that nothing works. These are not "problems" for which there is a "managerial solution," rather they are "conditions" of political life that would have to change for performance measurement to work in the idealistic way that is intended.⁸⁴

While recent management trends have encouraged 'continuous learning' and 'learning organizations,'⁸⁵ these concepts tend to be more tolerated internally than externally. For example, Members of the Opposition may not agree with the current performance measures

⁸¹ Auditor General of Alberta, *Annual Report of the Auditor General 1997-98*. Accessed 03 April 2004: <http://www.oag.ab.ca/>.

⁸² Ibid.

⁸³ Paul Thomas, p. 10.

⁸⁴ Ibid., p. 34.

⁸⁵ For example, see Steven Rosell, "The Learning Organization" *Renewing Governance: Governing by Learning in the Information Age*. Toronto: Oxford University Press, 1999, pp. 60-85 and Frans Leeuw, *Can Governments Learn? Comparative Perspectives on Evaluation & Organizational Learning* (New Brunswick: Transaction Publishers, 1994).

selected to assess performance, the number of performance targets not being met, and the number of measures that change on an annual basis so that it is difficult to compare from one year to the next. While a government can argue that the process is relatively new and that they are ‘continuously learning’ how to improve performance measurement processes and structures, as observed by Thomas, those external to government tend to be more critical than forgiving.

Producing mass communication messages to citizens in whatever form can be challenging but it is deemed to be a necessary feature in a liberal democracy. Dennis McQuail argues, “effective decision-making in a liberal democracy requires that citizens have access to all the information they need to evaluate the conduct of incumbent governments, to judge the merits of competing candidates for public office, and to assess the case for and against particular policy options.”⁸⁶ The Government of Alberta’s mass communication messages are partially relayed via the business plans, annual reports, and the *Measuring Up* reports – all of which contain reporting on the government’s performance. While the information provided in these documents is deemed to represent the goals, strategies, and measures of the Alberta Government, the plans and reports may not tell the ‘entire truth’ given the political ramifications of negative performance. As Paul Thomas further elaborates on his earlier point in this section:

Ministers will seek to avoid the publicity and controversy that “bad news” brings—reacting defensively when something goes wrong. For their part, opposition parties can usually be counted on to interpret mistakes and shortcomings in performance in the worst possible light. When such clashes take place and are reported in the media, the issues involved become amplified and distorted. The whole process contributes to the public’s impression that nothing or little in government works as intended.⁸⁷

As related to the subject of this paper, citizens may then question the authenticity and accuracy of any government document if the perception is that ‘government doesn’t work.’

In the interviews conducted with the media and Members of the Opposition, the overall theme was that the Government of Alberta only provided information that portrayed the government in a positive light. For example, a Member of the Opposition questioned the use of linking the business plans and performance measures to the goal of improving accountability:

If they really wanted to make their government more accountable, they would have done it. I think it was much more a controlled public relations exercise to say to the public ‘look at how we manage and aren’t we wonderful?’ For the opposition,

⁸⁶ Dennis McQuail, *Mass Communication Theory: An Introduction*. Second edition (Newbury Park, California: Sage, 1987), p. 116.

⁸⁷ Paul Thomas, p. 10.

we used the business plan as a tool to measure – ‘Okay, you said you were going to do these 295 things and you only did 23 of them - what does this all mean?’ So, for me, business plans became largely a tool we used in Question Period. In terms of being accessible to the public, I’m sure they are available to anybody that wants to read them, but I’m not sure anybody reads them. I’m not sure what impact the business plans have had - they were a way to give some more numbers. They were supposed to be a way to listen to the public. Do they really have an impact on policy? I really don’t know.⁸⁸

One of the questions that was asked during the interview process was for the interview participant to comment on the impact of the business plans and performance measures on the public. As noted above and as found in the interview results, there was little information about the level of knowledge the public had about these processes and to what extent these processes impacted citizens (e.g. improve accountability). For example, one civil servant notes, “I don’t think the person on the street can understand what government is doing because the information is still too general. I don’t think it will really hit home until it permeates the organization. I don’t think most people are aware of our plans and measures.”⁸⁹

Related to one of the points made by the last interview respondent, another challenge of the business planning process is using the document to guide the ministry in its decisions and actions, which inadvertently questions the ultimate goal of performance measurement in the Government of Alberta. Most of the civil servants participants stated that their business plans still reflected only a small part of how decisions are made within the department. For example, one civil servant stated:

The struggle that we are having in government is to start using the information. We have plans and we are gathering and reporting information about whether we are accomplishing those plans but it is not impacting the decision-making process at all. Does the government sit down and read each annual report to decide on whether to make a change to a different department and do they actually use these reports to make decisions about where to go to next? I don’t see that happening. I see the exercise happening, a routine going on but I do not see an active integration with that information. It hasn’t been available to the degree that it needs to be as still part of the transition. I don’t see it happening the way it should. There is still resistance especially at the executive and senior management level. There is resistance to change - putting pen to paper and report on what you didn’t achieve. That disclosure element - I don’t see that happening in quite the open way that it is intended.⁹⁰

⁸⁸ Member of the Opposition, Government of Alberta. Interview by author. Tape recording. Edmonton, August 1999.

⁸⁹ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, August 1999.

⁹⁰ Civil servant, Government of Alberta. Interview by author. Tape recording. Edmonton, July 1999.

These comments by the interview participants show that there is still some cynicism and scepticism amongst those involved in the business planning process. As shown though, those who tend to give the more negative accounts tend to be those from the ‘outside looking in’ – those from the Liberal and New Democratic parties and the media. Yet there are still some civil servants who recognize the limitations of a public performance reporting system in a government environment.

While cynicism exists about the technical and political aspects of performance measurement, the final area that challenges the authenticity and legitimacy of the performance measurement framework is the link between achieving organizational performance targets and the Government of Alberta’s performance management framework. In 1998, a performance management framework was introduced that rewarded and recognized employees for the results they achieved. The structural framework is the following:

Department business plan goals link to the government business plan and cross-government priorities; performance goals and measures grow out of a department’s business plan; employee performance measures align with those of the organization; and departments, teams and individuals are rewarded and recognized on the basis of these measures.⁹¹

There are four components to the performance management framework: achievement of fiscal goals, achievement of business plan goals, demonstration of collaboration and support for corporate cross ministry policy initiatives, and demonstration and support for cross ministry administrative initiatives. While this topic could be a paper by itself, the importance of this link as it relates to this paper are the challenges of developing challenging targets when management’s pay depends on the success of meeting those public targets. Further, the achievement bonus for managers is available only if Government meets its debt reduction targets.

This framework upon first glance is difficult to criticize as it provides an integrated and cascading approach to performance measurement. Yet the question that begs to be asked is to what degree will those responsible for developing targets establish measures and targets that are unattainable? Indeed, to be blunt, what is the incentive for staff to develop measures and targets that prohibit the management in the department from obtaining their full bonus? The Auditor General further comments on this conundrum:

⁹¹ Alberta Personnel Administration Office, Government of Alberta. “Performance Management in the Alberta Public Service.” Accessed 05 April 2004: <http://www.pao.gov.ab.ca/performance/>.

There may be an incentive for staff to set target levels conservatively to ensure achievement of the bonus. Conversely, the reviews need to consider that if the targets are unattainable, the amount of positive encouragement derived from the targets may be dramatically reduced.⁹²

The probability that staff develop performance targets that consistently fail to meet the stated expectation are nil. While such unattainable targets may provide an incentive to improve services or programs, taking this approach may be what some have called a ‘career limiting move.’ To take a public choice perspective, where political actors are deemed to act rationally, in a calculating fashion to maximize their utility, the development and maintenance of performance targets that are not met is then an irrational act.

While there is scepticism about the message being relayed through business plans and specifically, performance measures, there are still some positive attributes of such a performance system. As noted by the Government of Alberta, the intent of a public performance reporting system is designed to enhance citizens’ understanding and support of public programs.⁹³ There may be elements of truth in the business plans as they inform citizens, to a certain extent, what are the goals, strategies, and measures for each of the departments. At least citizens can be somewhat aware of what goals the Government of Alberta is pursuing and the results achieved in meeting those goals. Prior to 1993, the only information, for the most part, that could be found on each of the departments was in the annual reports – a results-oriented document that commented on a previous year’s activities.

Moreover, the Alberta government argues that “a government that reports its own performance to citizens, rather than totally relinquishing that task to the media, has far more control over the manner in which information is disclosed and greater opportunity to describe its response to particular problems.”⁹⁴ Instead of citizens relying on the media to interpret government documents and announcements, by providing information to citizens themselves, the Government of Alberta can ensure that the message they want to convey is communicated in the manner they see fit instead of through the media’s interpretive lens.

⁹² Auditor General of Alberta, Annual Report 1997-98. Executive Council: Section 2. Accessed 05 April 2004: <http://www.oag.ab.ca/>.

⁹³ Alberta Finance, Government of Alberta, Results-Oriented Government: A Guide to Strategic Planning and Performance Measurement in the Alberta Government (Alberta Finance, 28 September 1998), p. 6.

⁹⁴ Ibid.

One of the concerns raised by some of the interview respondents who were more sceptical of performance reporting was that performance measures were not integrated into the planning cycle and decision-making process in government. While the Government of Alberta seemed to have struggled with the integration of performance measures in departmental processes in the mid to late 1990s, there seems to some improvement in this area in recent years. For example, the Standing Policy Committees and the Legislative Assembly are now using performance measures as part of their respective reviews of plans and budgets. Further, the Public Accounts Committee is using the new ministry annual reports to assess and discuss the performance of ministries. While these improvements have been made, the Auditor General explains that, “the linking of cost to results information is one of the remaining steps needed to assist users such as the Pubic Accounts Committee to effectively discharge their duties with respect to the review of public accounts.”⁹⁵

Finally, perhaps the role of Alberta Auditor General diminishes the notion of business plans and performance measures as being propaganda tools of the Government of Alberta in their role as watchdog and critic. Further, the assessment of performance measures can also be conducted through feedback from citizens; feedback from the Government of Alberta, including Standing Policy Committees and Cabinet; questions or issues raised in the Legislative Assembly from the political parties not in power; and through departmental feedback via quarterly and annual reviews of departmental business plans.

3.0 Concluding Thoughts: Propaganda or Truth

There are few governments in the world who have developed a performance measurement framework as extensive, comprehensive, and integrated as the Government of Alberta. While this provincial government has been a leader in developing, implementing, and sustaining such a framework, as shown in this paper, there are still many technical challenges to overcome. Despite the challenges posed to any government developing a performance measurement framework, Paul Thomas argues that:

The most appropriate stance to adopt on performance measurement is realism about its potential and its problems. This will involve steering a reflective and practical, middle course between naïve faith in rational techniques and the cynical use of

⁹⁵ Auditor General of Alberta, *Annual Report 1997-98*. Accessed 06 April 2004: <http://www.oag.ab.ca/pdf/ar1997-98.pdf>.

performance measurement for purely symbolic purposes. It is my impression that most public servants strive to find this difficult, middle ground between commitment and cynicism.⁹⁶

As demonstrated in this paper, publicly reporting on performance in a highly political environment is a complex task. On one hand, the goal is to provide citizens with information to enhance transparency, openness, and perhaps improve accountability. On the other hand, if the government only communicates ‘good news’ or relays information that is not too damaging to a government’s power base, and finally links management’s salary/bonuses to achieving targets as outlined in the business plans, as shown by the interview results, it becomes difficult to seriously take this type of reporting as being credible and valid. Further, the technical challenges to performance measurement may further reduce the trust citizens have in the measures themselves. Yet the dilemma that remains is determining if indeed, it is possible for a government to produce information about their performance without the air of propaganda being applied to the dissemination and interpretation. Indeed, Donald Kettl argues that “performance based management is most fundamentally about communications, not measurement.”⁹⁷

While recognizing the limitations of performance measurement in a public sector environment, the Government of Alberta has established a framework where there is more information about the government’s performance than in previous times when no such performance framework existed. The interview results also demonstrated that the civil servants who were most involved in developing, implementing, and monitoring performance measures were committed to further improving the methodologies, images, and processes of performance measurement. Indeed, since 1999-2000, when the interviews were conducted, the performance measurement and business planning community has developed a more collaborative, integrated, and formal approach to performance measurement in the Government of Alberta. Further research needs to be conducted on an on-going basis to describe and assess the performance measurement framework as it continuously adapts to both internal and external pressures, trends, and directions.

⁹⁶ Paul Thomas, p. 38.

⁹⁷ Donald Kettl, “Building Lasting Reform: Enduring Questions, Missing Reforms” in Donald Kettl and John Dilulio, eds. *Inside the Reinvention Machine: Appraising Government Reform* (Washington, D.C.: Brookings, 1995), p. 64.

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* Due to the sensitive nature of the interviews conducted with civil servants in the Government of Alberta and the letter of agreement sent to each of the interview participants, the author cannot intentionally identify any of the interview participants. Interviews were conducted with civil servants (current and retired), politicians (current and retired), members of the Liberal and New Democratic political parties (both staff and elected), members of the media in Alberta (current and retired), and members of the business community that were involved in the development of business plans and performance measures. Interviews took place from June 1999-December 2000 in Alberta.