

THE POLITICS OF BUDGET CONSULTATIONS



Schulich
School of Business
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Executive Education Centre

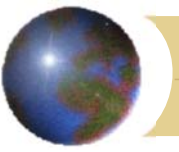
JOHNSON
SHOYAMA
GRADUATE SCHOOL OF
PUBLIC POLICY

Regina: 28 February 2013

20/03/2013

John Wilkins: Executive in Residence

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Outline

*The beauties of nature
come in all colours.*

*The strengths of humankind
come in many forms.*

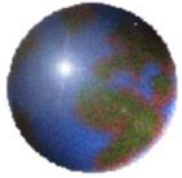
*Every being is wonderfully
unique.*

*All of us contribute in
different ways.*

*When we learn to honour
our differences, and
appreciate the mix,*

We find Harmony.

- ⊕ The Budget Process
- ⊕ Rationale for Consultation
- ⊕ Consultation in Practice
- ⊕ Lessons Learned



The Budget Process

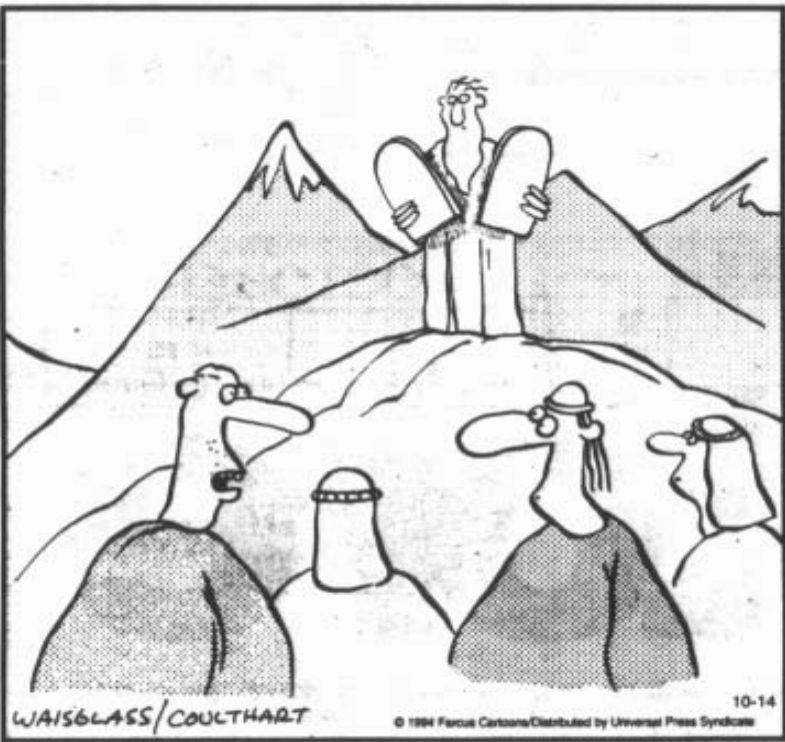
Make

*Whatever you can do, or dream you can do, begin it.
Boldness has genius, power, and magic in it.*

Goethe

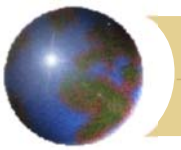


Alignment and Collaboration



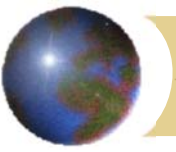
“Geez, not another mission statement.”

- ➊ Mandate
- ➋ Strategy
- ➌ Budget



Objective

- ✦ To allocate scarce resources among competing demands:
 - ▣ Making choices
 - ▣ Setting priorities



Management Cycle





Process Determinants

- ⊕ Type of process determined by budget environment:
 - ⊠ Fiscal – willingness to borrow
 - ⊠ Political
 - ⊠ Economic
 - ⊠ Control orientation – centralized versus decentralized
 - ⊠ Organization structure
 - ⊠ Technology
- ⊕ Funding availability most important factor:
 - ⊠ More limited resources, more complex and difficult process
- ⊕ Growth versus restraint



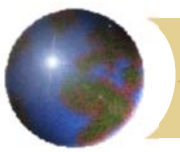
Critical Success Factors

- ⊕ Policy direction
- ⊕ Fiscal framework
- ⊕ Formal process
- ⊕ Baseline costing
- ⊕ Strategic decision points
- ⊕ Alignment with accounting policies



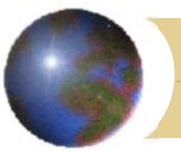
Common Strategies

- ⊕ Across-the-board cuts – arbitrary, focused
- ⊕ Wage controls and rollbacks
- ⊕ Reorganizations and consolidations
- ⊕ Business process reengineering – ICT, TQM
- ⊕ Cost recovery and user fees
- ⊕ Reviews – program, strategic, functional
- ⊕ Alternative service delivery – SOAs, P3s, outsourcing, privatization



Trends

- ⊕ Accountability – legislated framework, balanced budget requirements, reporting
- ⊕ RBM – outcomes, integrated system
- ⊕ Strategic management – business plans, performance-based budgeting
- ⊕ Medium-term horizon – multi-year budgeting
- ⊕ Accounting standards – accrual, IPSAS
- ⊕ **Public consultations**



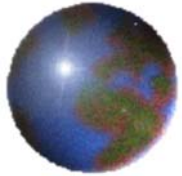
Performance Framework

- ✦ Budget as powerful performance tool:
 - ✦ What is being achieved by organization with resources allocated?
 - ✦ Are key programs achieving stated objectives?
- ✦ 'Performance Budgeting' and 'Public Expenditure Reviews':
 - ✦ Is there strong linkage between funding and analysis of performance?
- ✦ Annual evaluation of budget results:
 - ✦ Has organization done what was intended?
- ✦ Long-running programs key part of performance review:
 - ✦ Do programs run on with incremental change, even though fundamental justification has eroded?
- ✦ Scope for evaluating and terminating programs and reallocating resources to higher priorities:
 - ✦ Does incoming government want to make 'room' for new programs and priorities?



Observations

- ⊕ No standard approach:
 - ⊞ Every jurisdiction has its own process
 - Create 'made-at-home' process
- ⊕ Constantly changing:
 - ⊞ Dramatic change over recent decades
 - Accept reality and evolving imperfect process
- ⊕ No one solution:
 - ⊞ Requirements definition and environment
 - Learn from others



Rationale for Consultation

Shake and Bake

Opinions cannot survive if no one has a chance to fight for them.

Thomas Mann



Representation and Participation



"Those, sire, are the uncommon folk."

- Local
- Regional
- National
- International



Citizen-Centred Government

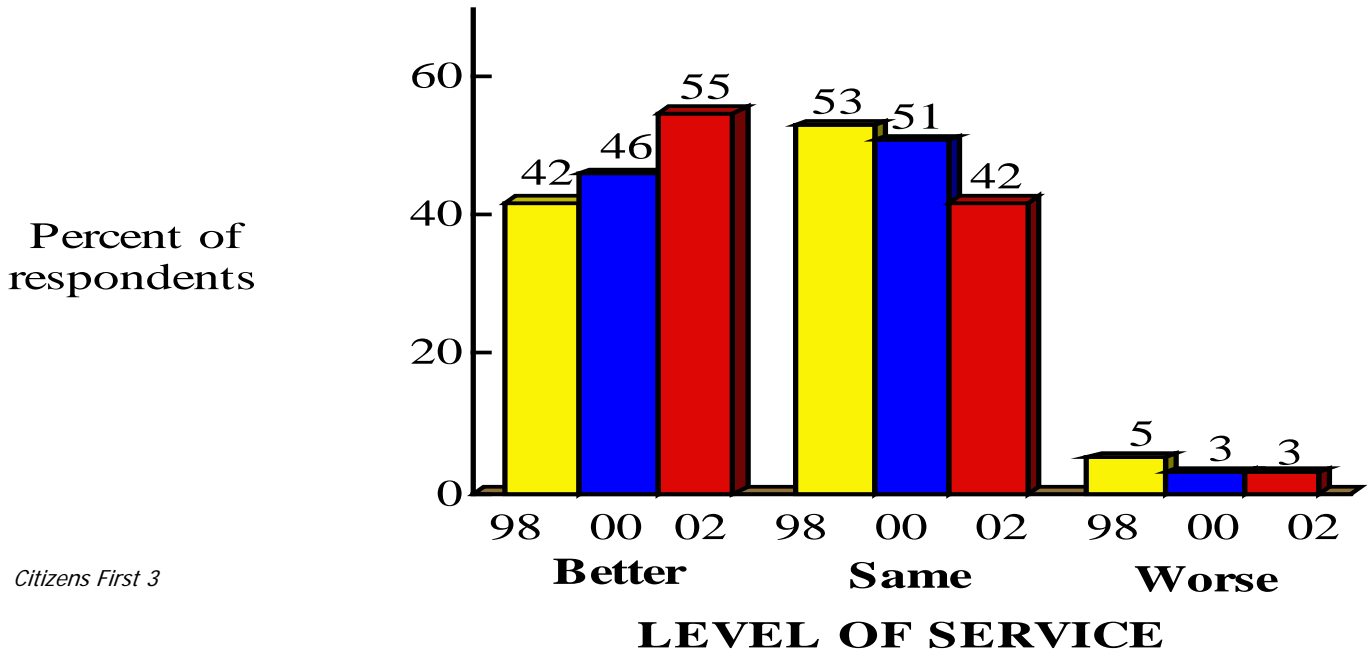
*" ... focuses downward, toward citizens, rather than upward toward elected officials. It forces them to shape their behavior by looking **outside** government for **outcomes** rather than within government for processes."*

Don Kettl: *Sharing Power.*



Expectations of Government Service

What quality of service should you get from government compared to the private sector?



Citizens First 3

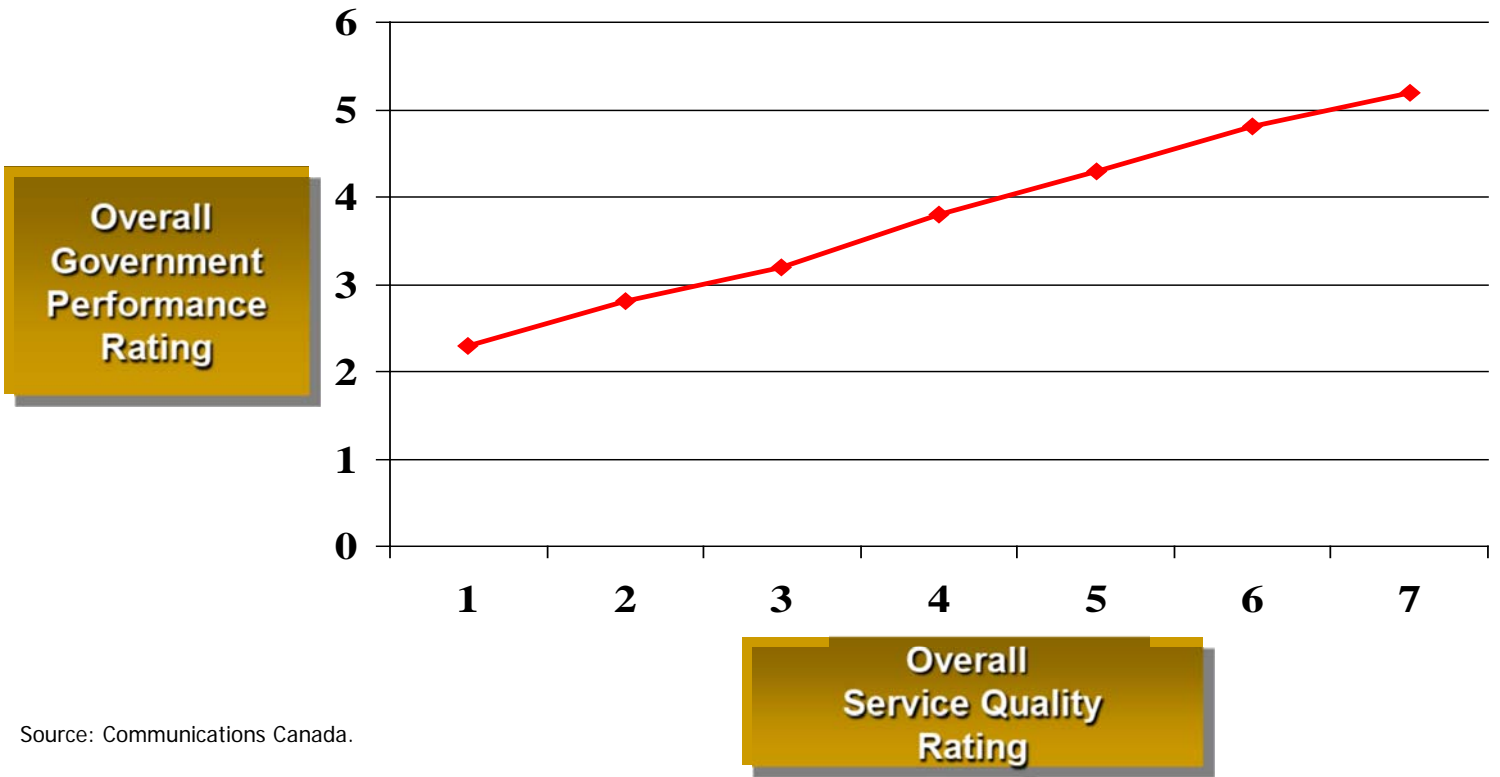
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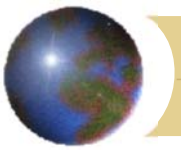
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Confidence in Government

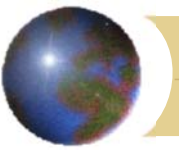


Source: Communications Canada.



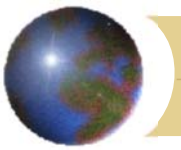
The Case for Public Consultation

- ✦ Allows public service to draw upon expertise and resources beyond public sector
- ✦ Makes for more transparent and robust decision making
- ✦ Pretests likely public reaction to policy announcements
- ✦ Enables policy makers to anticipate public concerns, shape communications, and smooth implementation
- ✦ Gives citizens better understanding of issues, and values their views in shaping things
- ✦ Increases public acceptance and support of new policies



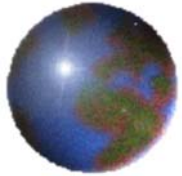
Stakeholder Consultation

- ⊕ Seek views and feedback from parties that policy would impact directly or indirectly
- ⊕ Engage stakeholders pre- and post-policy to help policy makers better understand, implement, and fine tune policies



Political Realities of Consultation

- ✦ Impetus and leadership from centre of government
- ✦ Wider and more diverse range of actors to consult
- ✦ Advice from special advisors, not just public service
- ✦ Greater citizen interest in governance, awareness of rights, and demand for quality service
- ✦ Growing demand for access to information from citizens, business, civil society, and media
- ✦ Increased use of ICT and social media to satisfy public needs e.g., Tony Clement



Consultation in Practice

Remake

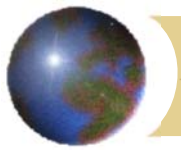
Never doubt that a small group of thoughtful, committed people can change the world ... indeed, it is the only thing that ever has.

Margaret Mead

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Process and Results

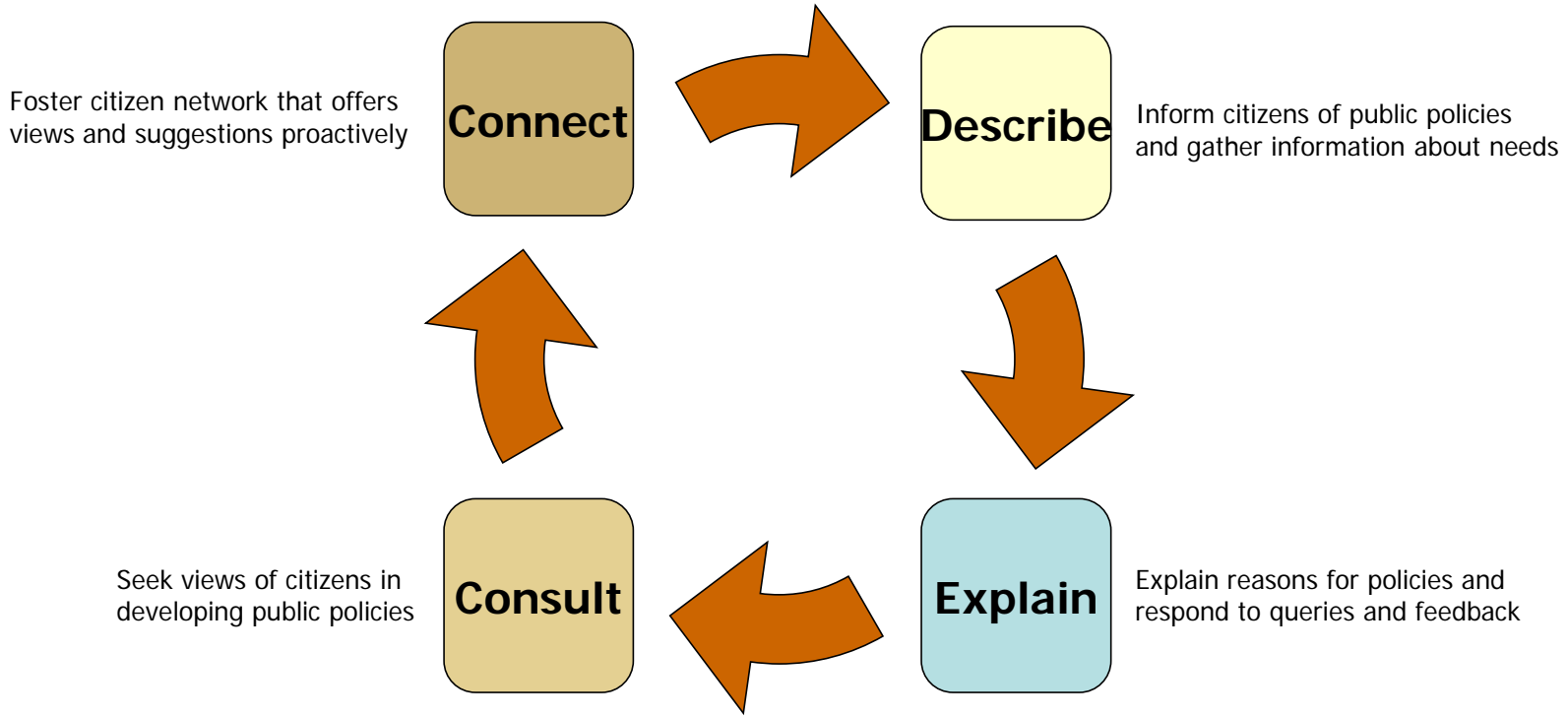


"Management wants you to set performance goals."

- Baselines
- Targets
- Results
- Benchmarks



Public Involvement Framework





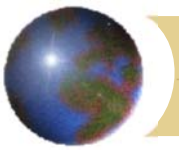
Canada

- ✦ Aim – to validate and endorse preliminary budget
- ✦ Consultation issues:
 - ▣ Regional coverage
 - ▣ Representativeness of audience and issues
 - ▣ Framing questions to fit answers sought
 - ▣ Planting partisan spokespersons
 - ▣ Reflecting versus shaping public opinion
 - ▣ Authentic process versus media event
- ✦ Case – Province of Manitoba



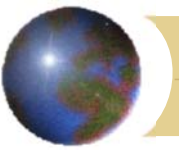
Caribbean

- ⊕ Aim – to promote informed policy making
- ⊕ Use of feedback depends upon:
 - ⊗ Urgency and context
 - ⊗ Minister/PS enthusiasm and interest
 - ⊗ Knowledge and quality of evidence
 - ⊗ Political contacts and shrewdness
 - ⊗ Political capital inherent in suggestions
 - ⊗ Ownership of policy process – Minister versus ministry
 - ⊗ Coordination between ministries, sectors, and jurisdictions
 - ⊗ Extent of citizen participation in communities
- ⊕ Case – Partisan radio talk shows (Guyana, St. Lucia)
- ⊕ Case – Town hall meetings, informal networks (Barbados, Grenada)



Kenya

- ⊕ Aim – to promote transparency and accountability
- ⊕ Constitutional impediments to public consultations:
 - ⊞ PFM system relic of colonial rule
 - ⊞ Hybrid parliamentary and presidential framework
 - ⊞ Weak budget oversight role for Parliament
 - ⊞ Limited space for citizens to directly influence Budget
- ⊕ OBS ranking #46
- ⊕ Case – Democratic governance



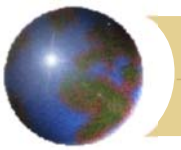
Malta

- ⊕ Aim – to deliver on government priorities
- ⊕ Conditions for effective consultations:
 - ⊗ Process quality – political and administrative champions
 - ⊗ Stakeholder fatigue – representativeness, access
 - ⊗ Adequate response times – planning, preparation, timetable
 - ⊗ Institutionalization of knowledge gained – contextualized research studies
 - ⊗ Balance of depth of approach, resources, and transparency – options, costs, benefits
 - ⊗ Management of concurrent exercises – communications, follow-up, transparency
- ⊕ Cases – Vision 2015, Electoral Program, EU Agenda



Romania

- ✦ Aim – to engage taxpayers in prioritizing spending
- ✦ E-participatory budgeting problems and responses:
 - ▣ Mystery of fiscal policy to citizens
 - Educate citizens
 - ▣ Lack of community participation in fiscal policy
 - Facilitate direct participation
 - ▣ Unclear government investment/development priorities
 - Analyze and understand data
- ✦ OBS ranking #49
- ✦ Case – *Bani Pierduti?* 'Missing/Lost Money?'



Singapore

- ⊕ Aim – to share big picture with public
- ⊕ Promotion of public participation through:
 - ⊞ Guidelines on public consultations
 - ⊞ Rigorous and robust debate
 - ⊞ Action and volunteerism
 - ⊞ Media perspectives on national issues
 - ⊞ Concurrent leadership and taking on board more views
 - ⊞ E-governance – virtual communities, online forums, web sites, e-blasts
- ⊕ Case – Pay-As-You-Earn Scheme



South Africa

- ⊕ Aim – to set priorities
- ⊕ Means of public consultation:
 - ⊞ Budget Council and Forums
 - ⊞ Proactive, deliberate communications
 - Citizens
 - Public servants
 - Domestic and international markets
 - ⊞ Community pilots, with country-wide roll-out on huge scale
 - ⊞ Sector and issue focus e.g., health
 - ⊞ Part of political process of nation building
- ⊕ OBS ranking #2
- ⊕ Case – *Batho Pele* 'People First'

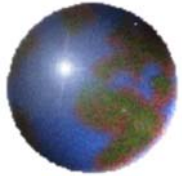
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United Kingdom

- ✦ Aim – to modernize and promote participation
- ✦ Modernization agenda:
 - ✦ Forward looking
 - ✦ Outward looking
 - ✦ Innovative and creative
 - ✦ Evidence based
 - ✦ Inclusive
 - ✦ Joined-up
 - ✦ Monitoring and evaluation
 - ✦ Learning
- ✦ OBS ranking #3
- ✦ Case – Participatory Budgeting:
 - ✦ Local people deciding how to allocate part of budget



Lessons Learned

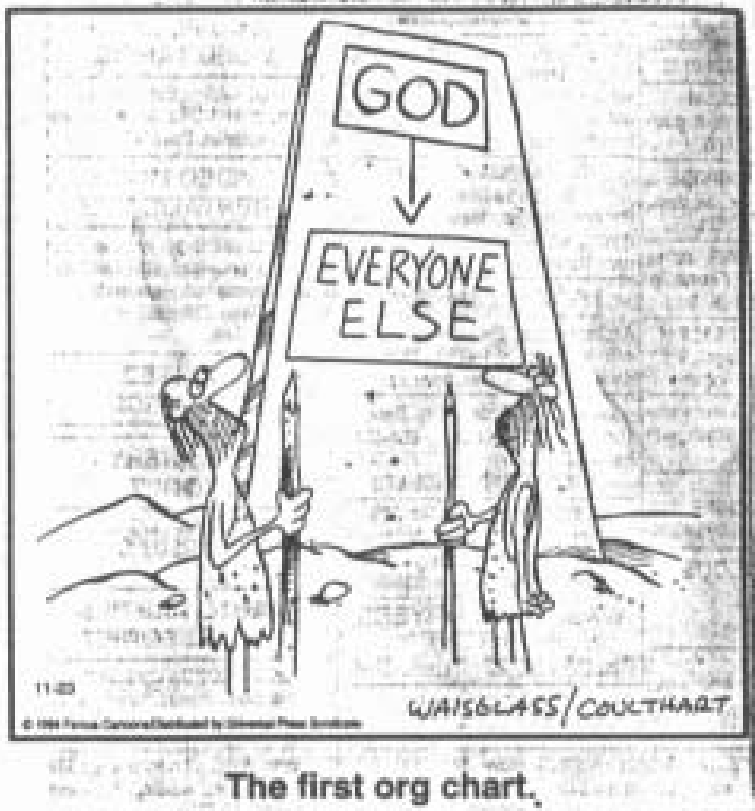
Good Practice

A new idea is first condemned as ridiculous and then dismissed as trivial, until finally, it becomes what everybody knows.

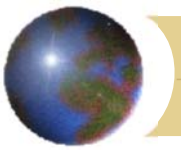
William James



Relationships and Humility

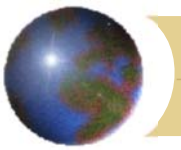


- Citizens
- Stakeholders



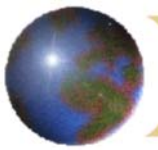
Challenges

- ✦ Managing government expectations and cynicism:
 - ▣ Usefulness of consultation
 - ▣ Outcome of consultation
- ✦ Managing public expectations and cynicism:
 - ▣ Consultation process
 - ▣ Closing the loop



Good Practices

- ⊕ View citizen engagement as part of 'Public Sector Service Value Chain'
- ⊕ Involve citizens in budget decision making and design to improve service delivery
- ⊕ Differentiate citizen (customer, taxpayer, voter), community, and stakeholder needs
- ⊕ Answer 10 questions before vaccinating against apathy, cynicism, or opposition
- ⊕ Assume 40/20/40 rule



10 Questions for Consultation

1. Who am I consulting: everyone or a targeted group?
2. What am I consulting them about? What discretion do I have to respond?
3. Why are we consulting: raise awareness, seek an answer, inform another decision?
4. When should it be done? At what stage in the political or management cycle should consultation take place?
5. How long will it take? Do those consulted know this?
6. Who owns the consultation: official or politician, individual or group?
7. Who fronts the work? Who, in the public mind, is appropriate?
8. What will you do with the answers? Are they of real use?
9. Are there any benchmarks? Check for reality.
10. Is the issue properly communicated and fed back?

Adapted from David Clark (2004), SOLACE.



Thank You

*We make a living by what we get,
but we make a life by what we give.*

Winston Churchill



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