
Equity Statements: A New Approach to Public Accountability

by H.E. McCandless

Public accountability is not just about enhancing standards of public answering; it is about installing them. This article assumes that elected representatives want to make a difference in fairness outcomes for people; that they can see how holding to account is key; and can overcome partisan tendencies and set about installing standards for public accountability. Elected representatives will make fair trade-off decisions when they have time to think, are adequately informed and put the public interest first. Their own answering to citizens means elected representatives must be well informed, which requires them to have sound processes for informing themselves.

The personal initiative of each elected representative at every level of government is needed to bring about a standard of public accountability in Canada. It is often easier for people simply to hope for the best and then look for someone to blame when things go wrong. To the extent citizens abdicate their civic duty to hold to account, yet successfully ignore it as fact, elected representatives are free to do the same.

Consider some obvious examples of lack of public answering in safety protection. An important common denominator in lethally contaminated blood distribution, sub-standard drug testing, the U.S. Challenger disaster and Westray mine operations is the failure, by those having the responsibilities, to apply the precautionary principle. It says, "Don't go ahead unless there is reasonable assurance that it's safe." The principle has long been embodied, for example, in the drugs safety intention of the federal *Food and Drugs Act*, and is only now being applied to responsibilities such as

environmental protection and fish stocks. We allowed practice to be the opposite, which is, "Proceed unless some 'loose cannon' publicly and conclusively proves it's unsafe."

The Meaning of Accountability

Academics will say that accountability is some combination of responsibility and answering needed to prevent abuse of power. They will usually be thinking at the macro level of governments and legislatures. Public interest groups will say that accountability is synonymous with government's and corporate executives' responsibility to make fairer decisions affecting citizens that the interest groups are most concerned about.

In the campaign for the 1997 federal election, the brief accountability segment of the party leaders' televised debate showed a lack of common understanding of accountability and the lack of norms for public answering.

Some elected representatives may understand that accountability implies reporting of some kind by somebody. But realizing when they take office that they had less influence than they thought they were going to have, many tend to view government accountability as something that can be left to legislative auditors. Yet

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auditors stand outside the accountability relationship. Rank and file public servants, trying unsuccessfully to serve both the wants of those in power and the public interest and perceiving themselves led by superiors who don't "walk the talk," know they are no longer expected simply to comply with spending directives. But they are not sure what public and organization accountability should mean, or for whom. Their superiors are not answering for their own performance. The problem for citizens concerned about equity is that people in all these groups bandy about the term "accountability" pretending that everyone already understands what it means. Some propositions about accountability can help:

- Responsibility is the obligation to act.
- For every important responsibility there is accountability, the obligation to answer for responsibilities. Confusing accountability with responsibility obscures the obligation to report on the discharge of responsibilities.
- Public accountability is the obligation to answer publicly for the discharge of responsibilities that affect the public in important ways. The answering is both before and after the fact. "Transparency" simply means that something is readily visible; it does not mean answering for responsibilities.
- Reciprocal accountability is the obligation of people in senior posts in organizations to answer to members of the organizations for what they intend to bring about, for whom, and what they contribute.
- Holding fairly to account means getting the needed answering at the time it is needed, and using the answering fairly. It does not mean voting in elections. Election campaigns have narrow aims of persuasion and are not effective or timely means of answering to the public or of holding to account.
- Identifiable people as directing minds account, not intangible things like "corporations" and "governments."
- The principal aim of public answering is to tell citizens whose needs or wants decision-makers in authority intend to honour, why, and how, so citizens can act to approve, alter or halt the intentions.
- Answering to a standard means that those in authority state what they plan to bring about and the reasoning, their specific achievement objectives (not just activity intentions) and

performance standards such as those for the precautionary principle (which clarify their intentions), the outcomes from their effort compared to what they intended (with the variance explanations), and the learning they gained and how they applied it. This helps prevent the abdicating stance of, "Let's put it behind us" whenever something goes wrong.

- The standard of answering imposed must reflect what is fairly within the control of those asked to answer.
- Citizens and public interest groups must assess the fairness of proposed public answering standards and the answering. When the responsibilities are important, the reporting is validated by audit. Audit assesses whether the answering is fair and complete.

Those holding to account must identify the accountable directing minds for the responsibilities. They must apply the precautionary principle themselves, which is to say they must require adequate answering from those in authority as the basis for trusting them. The directing mind responsibility includes the quality of the control systems needed to produce safety, environmental protection, probity, compliance with the law and value for money. Inquires into blood, mining and military operations are examples of safety responsibilities and accountabilities that should not have been substandard.

Answering publicly tends to exert a self-regulating effect on those in authority because publicly-stated achievement objectives must be seen as praiseworthy, and misleading reports on the actual achievement can be exposed by audit – whether by public interest groups or professional auditors. At the same time, answering in good faith calls for a fair response from those holding to account. Having to assess and respond helps prevent elected representatives and citizens from denying reality and avoiding their duty to act. Public interest groups must do more than simply lobby and fight. They must hold fairly to account on behalf of citizens.

Holding to account is working smarter, not harder.

Installing public answering from those in authority should not be daunting. For one thing, public accountability is politically neutral. It is certainly a public policy issue, but if people argue that accountability is a politically-partisan matter, what political party would say they are against public answering to a reasonable

standard for the discharge of responsibilities that affect the public in important ways?

Moreover, holding to account does not tell decision-makers in authority what to do. It simply requires them to disclose, before the fact, what they want to bring about and their reasoning, and later to state their accomplishment. But we can expect powerful decision-makers who do not want to account publicly to try to keep the meaning of public accountability foggy, or to cause the term to be overused and have everyone tired of hearing the word.

What is the duty of legislators? It is reasonable to expect elected representatives, who make fairness decisions on behalf of citizens, to state to their constituents:

- what they see as reasonable public answering from those they oversee in their role of a governing body acting on citizens' behalf,
- what action they personally intend to take to install public answering to a reasonable standard in their jurisdiction, and
- what they see as their own public answering for their own responsibilities.

Disclosing Proponents' Intentions: the Equity Statement

The greatest failure in public answering has been the lack of exposure to public challenge of the specific outcomes intended by those in authority, and the reasoning. Money budgets and results do not supply the fairness reasoning. Central to the disclosure of the reasoning is the explanation of who would benefit and who would bear the costs and risks. This imperative was pointed out by University of Toronto Emeritus Professor Ursula Franklin, in her 1989 Massey Lectures, *The Real World of Technology*. Whenever someone talks to you about the benefits and costs of a particular project, don't ask "What benefits?" ask "Whose benefits and whose costs?"

But how do we apply this principle to government's answering to the legislature for its program and project intentions — and to corporations' proposals to government for benefits to the corporations that affect fairness and the public purse? We make the "who" question specific. We make it specific enough to have the answer guide elected representatives' decision-making. This means that for each significant proposal for legislators' and citizens' scrutiny, the proponents set out:

- Who would benefit, and why,
- How they would benefit,
- What their immediate benefits would be
- What their benefits would be in the future

- Who would bear the costs and risks, and why,
- What their costs and risks would be immediately,
- What their costs and risks would be in the future, and
- Who would be accountable to whom, for what.

We can call this type of briefing statement an equity statement.¹ It can be made standard practice in legislative review of proposed programs and projects, including legislation review by the Senate. Proponents produce an equity statement as a publicly-accessible document for every important proposal that should be put before the legislature or its committees.

Citizens seldom know whose needs are being honoured in the intentions of those in authority.² The equity statement says, in effect:

Here is what we propose, and why. These are the people or groups who would benefit, immediately and in the future, in the ways and extent we describe, and these are the people who would bear the types and amounts of costs and risks we describe, immediately and in the future, and this is why we think they should. And here is who would be accountable to whom, for what. This is our view of fairness.

The main purpose of the equity statement is to make visible, for public inspection, the fairness trade-offs embodied in any major proposal or responsibility. Elected representatives at every level of government have the duty of making fairness decisions on citizens' behalf, but they must base their decisions on adequate information. They need a simple way of assessing trade-offs that serves as a counterweight to whatever biases or personal information processes they bring to their decision-making. Publicly-challenged equity statements would meet this need.

The advantage to citizens' groups of before-the-fact, publicly-accessible equity statements is that they are a basis for holding both proponents and elected representatives fairly to account for what is ultimately decided. Making equity statements accessible through the Internet (for example, through Web links from standard locations for program explanations) would be an enormous help. Concerned citizens could then form their own views on the trade-offs and take their views to their elected representatives.

Equity statements are useful for a broad range of proposals in society. Enabling Bills headed for legislatures are obvious examples. As a specific example of proposals having important effects on the public, government officials involved in the proposed federal/provincial/territorial national blood agency arranged to meet in late January 1997 with citizens

representing blood user groups across Canada, to discuss the proposed system. The participants in the Toronto forum had expected senior officials to explain in writing before the meeting the proposed powers, responsibilities and accountabilities of the national system and the agency, so these could be discussed. Instead, relatively junior officials went to Toronto mainly to explain activities and issues they had on their agenda. The user group participants realized that the meetings of the deputy ministers across the country at the senior public servant level, followed by those of the ministers of health, were to be completed by April 1997. So they were angry and frustrated. The officials were using words like "transparency" and "accountability," but asked the user groups to define them. In this case, the components of the equity statement that user groups wished to discuss and challenge were in effect components of an equity statement representing executive government intentions for the system and its accountability. But neither they nor the officials had put together such statements for options, as a basis for discussing proposals. As well, provincial and federal legislators must know the answers to the "who" questions for the blood system and who would answer publicly for the quality of the proposed management control system and audit for the system's safety and compliance with the law.

Similarly, in the case of Westray, proposed mine safety standards with accompanying action responsibilities, accountabilities and costs can be better understood if explained in the form of an equity statement.

Equity statements would be a logical way to present political parties' policy proposals for election campaigns. And beyond particular elections, the proposal to separate Quebec is an important example of the usefulness of the equity statement. Produced by federalists and separatists alike, equity statements would set out for public challenge their respective assertions about the "who" question. The equity statements would help clarify debate on the values and aspirations involved.

Internationally, equity statements apply to governments' and corporations' aims for policy instruments such as the World Bank, IMF, WTO, APEC and the new Multinational Agreement on Investments (MAI) – and to the intentions of these agencies within their discretion.

Use of the equity statement also applies to major environmental protection commitments – or their lack, since failure to act is itself a decision – and to the existence of casinos and tobacco companies. There are hundreds of important instances of decisions by people in authority that affect the public, for which the fairness and efficiency issues can be set out before the fact publicly, in a simple structured way. Equity statements summed across

government departments will show elected representatives and the public whether executive government policies are at cross-purposes, and whether there are gaps and overlaps.

As to the reporting standards, when the executive government has an intervention or regulatory role, proponents' equity statements can be reviewed and signed off by public servants for validity and completeness of the information, insofar as they can take this assessment. Given that the proposed action would significantly affect the public (in the sense that if people knew the effects, it could be expected to make a difference to their decision-making), the equity statements can be put out for public challenge by elected representatives in their role as consensus facilitators. Public challenge helps identify benefits and costs missed or suppressed in the proponents' assertions, and makes visible the quality of public servants' assessments of the fairness of the reporting.

Given that elected representatives have a due-diligence responsibility to be well informed for their decisions as a governing body, public challenge of equity statements should produce higher quality of decisions by legislatures and local government councils. It should also produce higher public acceptance of the decisions. The practice would be straightforward: no publicly-challenged equity statement, no decision taken by the governing body on the proposed action or legislation. And if, in the view of most stakeholders, the information in the equity statement points to decision X but the decision taken is Y, those governing-body members voting for Y can explain their reasoning to the stakeholders.

Equity Statements As Support for Estimates

In our parliamentary system and in our local governments we already have the structures in which to house equity statements as briefing documents for executive government proposals. At the provincial and federal levels, we have the annual Estimates as the vehicle for governments to propose to the legislature what they plan to achieve, and why. At the local government level we have the municipal corporations' budgets, for the same purpose. Federally, the current reporting structure is even more amenable because the Estimates have been specialized since 1982 to facilitate each department and agency presenting their specific achievement objectives for their proposed programs, and their results (Part III of the Estimates).

Understanding the underlying intentions is important. For example, focusing on means and quality of the delivery stage of government services does not address

fairness policy: which citizens are to gain what, from what social justice benefits, and who would not benefit. Over-attention to service delivery quality can divert attention from the underlying issue of the fairness trade-offs intended as policy. The equity statement goes to the bone of fairness policy and makes visible what is proposed and the reasoning. To legislators having information overload and too little time to think, statements of what is proposed are of greater concern than descriptions of past activity or financial statements after the fact.

A second main benefit of equity statements is that they can be held open to present the full accountability loop in answering for specific programs or projects. Regardless whether the executive government's departmental Estimates are divided into before-the-fact "business plans" and after-the-fact reporting on achievement, equity statements can provide the running stories on particular program objectives or projects a legislator may be concerned about. The part of the equity statement stating intentions would include not only the intended outcomes and the rationale, but also the specific achievement objectives and key performance standards that clarify for legislators the executive government's underlying intentions. In addition to making intentions clear before the fact, equity statements are easily extended after the fact to include the actual results and the explanation of why the results were different from the agreed intended results when that is the case. As more specific information, the equity statements for each program or project can be drawn up to show intended and actual achievement for each of fairness intentions, efficiency, and compliance with the law.

The statements can be further extended to report the learning gained and applied from running the programs or projects. To date, reporting how learning has been applied from experience costly to the public purse has not even been discussed by governments or legislators as a required part of public answering.

Whether for program enabling legislation or project funding, equity statements would include proponents' assertions of who would be accountable to whom, for what.

If senior public servants and ministers say these proposals are too complicated and will cost too much, elected representatives can point out that the information to be reported is no more than those in authority need

themselves in any case, to do their jobs properly. What they know, they can report, in language one's next-door neighbour can understand. And if they are not well informed, it is their duty to be well informed.

Expectations for Parliament

Helped by equity statements, legislatures and Senate review of proposed legislation can specifically include the adequacy of provisions for public answering. Legislatures can require standard sections in Bills to deal specifically with the obligation to answer to a standard. It is not far-fetched or unconstitutional to argue that the Governor General and Lieutenant-Governors should say, "No debated public answering provisions, no signature."

The tenure of political parties as governing parties over the next decade will be decided in large measure by the quality of their public answering for their intentions reasoning as well as their results. The power of the few who govern each of the parties will increasingly be based on the quality of their own public answering for their responsibilities. If the answering is poor, backbenchers will distance themselves from the front bench. Without public answering installed to a standard and buttressed in legislation, trust in our institutions can be expected to fall further. That means society does not work properly. The idea is to increase public trust in our institutions, and adequate public answering is a large part of the means.

Notes

1. The equity statement was introduced in an earlier *Canadian Parliamentary Review* article, "The Elected Representative's Role in Public Accountability" (Spring 1994). In that article I used the term "equity schedule," which was too much an accountant's term for the purpose intended.
2. For example, in a June 1996 article in Vancouver's *Georgia Straight*, journalist Terry Glavin writes: 'For all the company-sponsored mob scenes over Ottawa's alleged surrender of salmon to Aboriginal people following the supreme Court of Canada's 1990 "Sparrow" decision, Weston and Pattison's share was greater than the entire sockeye allocation to all the Aboriginal communities of British Columbia combined. (Galen Weston and Jimmy Pattison being the owners respectively of B.C. Packers and Canadian Fishing Co.)'