Volume II

Toward Citizen-Centred Service Case Studies

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Foreword

Early in the Task Force's work, it became clear that taking the citizen's point of view as a starting point for rethinking government activities and services and for adopting an integrated approach to citizens' needs was breaking relatively new ground. Not surprisingly, we found little documented experience or formalized research to aid our deliberations. Therefore, we undertook an ambitious work program of case studies, discussion papers and enquiries into questions we needed answered to help us rethink the government-citizen relationship in terms of citizen-centred service.

The 34 case studies undertaken by the Task Force resulted from an active search for examples of services built around citizens and their needs. We found relatively few examples of citizen-centred approaches that did not succumb, during implementation, to the relentless forces of territoriality and hierarchical needs. Noteworthy exceptions were Service New Brunswick, Ontario's Clearing the Path (Business Registration Access Program) and Prince Edward Island's new Health and Social Service System. As reflected in the final report, we were able to find, in the case studies, many individual elements of citizen-centred service, such as clusters of services and clients, citizens' involvement, organizations building citizen-centred cultures, and partnering among service providers and communities.

One of the things that the Task Force observed was that significant change toward citizen-centred service usually started with a clear picture of the current state of affairs. Therefore, this volume first presents the citizen's point of view on a number of government services. It then explores a number of real-life partnerships and arrangements, ranging from special arrangements with other sectors, governments and communities. It follows with some examples of operational improvements to services and a survey of services clustered around citizens in a number of other countries. Finally, this volume examines four cases that illustrate the challenge of moving toward a citizen-centred service culture in a government organization and reflects some of the many ongoing efforts in the public service.

The Task Force found these cases helpful in thinking through some of the issues around government services to citizens and exploring some of the numerous innovations and experiments currently underway. It is my hope that these cases will be a starting point for further analysis and that the amount of examples and shared experiences will grow over the next few years.

Dr. Janet Smith
Chair, Task Force on Service Delivery

Introduction

Ultimately government is in the business of selling government, or rather selling "good government." Citizens must feel confident that the sacrifices they make — paying taxes, obeying laws — contribute to a civil society that reflects their values and needs. Good products and good service are the basics of winning any committed clientele. One way government can do this is by improving how it deals directly with citizens by centring service on them. Another is to hone its skills as a responsive instrument for carrying out government policy, upholding the law and dealing with issues of public concern. This requires flexible thinking to reconcile contending interests in a way that is fair, efficient and that serves the public interest.

Research undertaken by the Task Force suggests that government faces a crisis of public confidence. It has either not done a good enough selling job or the good government it offers falls short of public expectations. High taxes, indifferent levels of service, major budget cuts and apparent impotence in dealing with the "big issues" of the day — unity, jobs and growth, the environment, the debt, etc. — have been undermining the traditional confidence Canadians have in government. They do not think they are getting "value for their tax dollars." As well, in this emerging "service age," the public is less willing to tolerate indifferent, let alone poor, service.

Research undertaken by the Task Force suggests that government faces a crisis of public confidence.

Many government organizations have taken up the challenge. A decade of budget restraint, Program Review and debate on the limitations of government have prompted many departments and agencies to rethink what they do and to experiment with new forms of service delivery and governance. This volume presents a number of examples of these innovations. The Task Force seeks to take from these positive experiences lessons that can help others seeking to innovate in their areas of responsibility.

The volume begins with some views from the public on their experiences in dealing with the public service. In some instances, however, these views may not be an accurate reflection of the services provided. In the cases documented in this volume, too little is heard from the people who actually benefit from government innovation. The views presented in the Prologue are a reminder that we are dealing with real people and that government service can make their life a misery or go a long way to helping them satisfy their needs.

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The Partnership and Arrangement Section presents a number of examples of innovation conducted by federal, provincial and municipal departments, on their own or in partnership with other entities. They reflect new approaches to doing government business. Some of the cases are vignettes, while others provide a more in-depth look at particular innovations.

In many departments, there are examples of specific reforms in operations that have resulted in improvements in service delivery. The section on Service Operational Improvements reports on three such examples. These examples are followed by a survey of national and international experiences in "clustering" services for efficiency and better service.

The next section looks at departments undergoing cultural change. The cases show how some departments are working to transform themselves to fulfil their mandates in a new cost-effective and citizen-centred manner.

The volume concludes with some observations on the experiences reported and some of the common general lessons that might be drawn from them.

Prologue:
The Citizen's
View
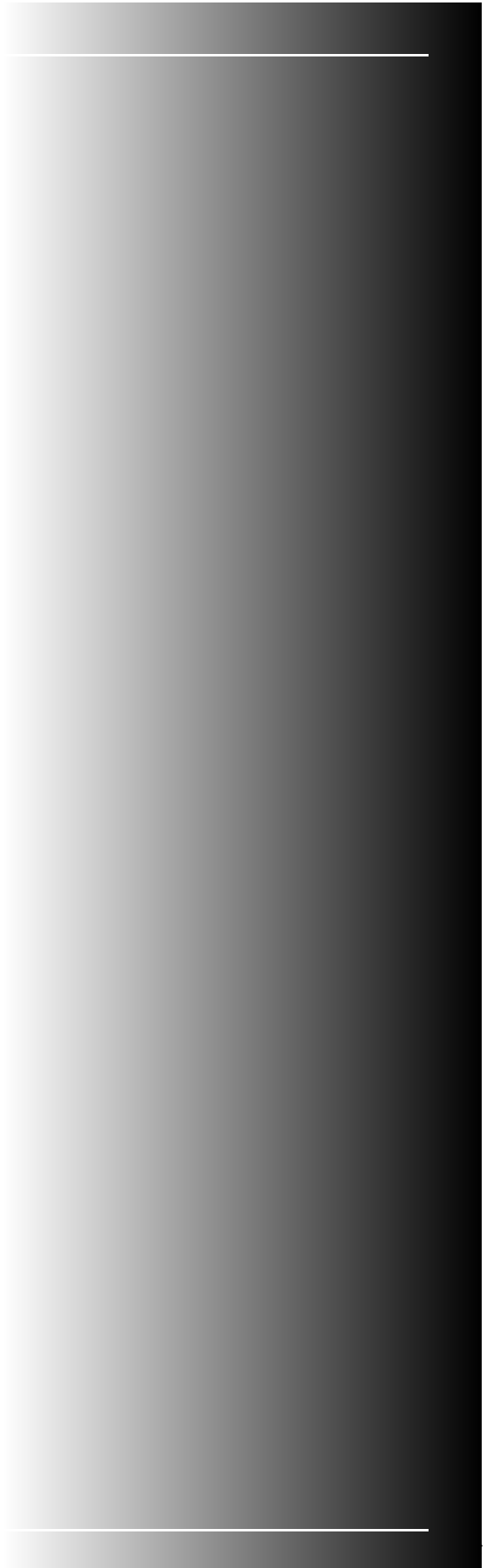
Unemployed People

Overview

As more Canadians find themselves out of work, they look to Canada Employment Centres (CECs) not only for their UI cheque, but also for a range of services to meet their unique and ever-changing needs. Canadians want to get back to work. The array of government services shows a serious commitment to facilitate this process, but the gulf between the unemployed and the jobs they seek is vast.

Among the services offered by CECs around the country are a computerized Job Bank, an Electronic Labour Exchange (ELE), counselling services and a wide variety of informative literature. Provincial and regional governments also offer training and retraining programs, but most of these are only available to those requiring social assistance.

What seems to be a common cry among people looking for work is that they are generally treated as "less thans." Many still feel the stigma of being unemployed. If you can't get a job, you're not part of the system. You're a nobody. This feeling is reinforced throughout the job search because people looking for jobs tend to get short shrift.

In addition, unemployed people report that services are hard to find. One stressed Canadian looking for work says, "There seems to be no one referral centre where a person can find out everything you need to know. And once you do find a service, either you don't qualify or the line-ups are terrible."

One thing that has changed over the years is that the unemployed no longer represent armies of unskilled or seasonal workers. These people are still looking for work, but joining them are unemployed people who never imagined they would be looking for work. Many are educated, many are middle-aged or older, and many are young and disillusioned.

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Alan

Government services attempt to do a lot of things but they don't seem to get you a job.

Alan, 38, lost his position as manager of a health care project when provincial funding was cut. Since then, he has run the gamut of services provided by his former employer and other sources. He was given private outplacement counselling as part of his termination package and found it very helpful:

"... lots of personal contact, which is missing at the CECs." Alan learned a lot and bolstered his confidence, but the counselling has not yet helped him get a job.

His former employer also provided him with access to HS TAP, a training-adjustment program especially designed for people in the health-care sector. Handled through community partners, the program was very helpful with a lot of face-to-face contact, counselling, skills assessment and more. Yet it still didn't result in a job.

His experience at a CEC was not very helpful. "The problem is that the centres are so UI-oriented. They're not employment-oriented and they're not service-oriented. There needs to be someone guiding you through. Jobs are about people."

Alan had also tried to tap some of the jobs advertised through the CEC Job Bank, but found that most were at the entry level and the long line-ups to use the Job Bank were discouraging. "I can spend my time better doing some networking."

There seem to be two forces at work in the job search game. One is the UI route, which for many is still a symbol of failure. Activities around UI — applying for it, receiving it, taking part in some of its ancillary services — really signify the dead end of the job hunt for many.

And yet, on the other hand, people have to be positive, muster their courage, put their best foot forward and pound the pavement looking for a new job. "You need confidence for that," Alan says. "And where do you get the support you need?" It is a valid question, given that most employment services are not really service-oriented unless they're private. Alan adds, "With the great push towards service, in business and in health care, it's weird that the UI centres seem to just perform their functions."

Alan is not unlike countless others who feel they've been shuffled through the system only to find that they're clearly out on a limb. It is a challenge to keep your spirits up when so many doors to the future seem closed.

Dave

I look around the UI office and I can't believe that I'm here. You feel so alone.

A former software developer, Dave, 53, was terminated when the company he worked for was bought by a multinational.

His job was declared redundant. "I'm still in shock," Dave says. He has been the route of most of the CEC services and feels, "If CEC's goal is to get people off UI, there needs to be more personal service. The system needs to be more human."

Dave reports that he found all of the services through his own reading and stresses that, "... not everyone has reading skills or the patience to follow up."

One of the services he took advantage of was seeing a CEC counsellor, but the experience didn't help him much. He felt that in spite of the counsellor's politeness, the goal was to get the interview over with as quickly as possible. Dave asked all the questions and was answered with one-word responses.

Undaunted, he tried a new service called the Electronic Labour Exchange after hearing about it on the radio. "I found it very frustrating. It asks what kind of job you want, then what your education and experience is, and then leaves you there. You have to start all over again for each possible match."

Dave found much more comfort and better support from the Senior Employment Bureau, staffed with volunteer counsellors. "The people there really want to help and they understand what you're going through."

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What Dave finds missing most in the system is personal support. He has found a partial solution in an afternoon support group for unemployed people sponsored by a local church. "The group has been a real eye-opener. Now I know that this can happen to anybody." Group members support each other through every success and failure along the job search trail. They have guest speakers and some socializing. "It's been a real boon to me," Dave says.

Dave is not alone in feeling disconnected. It is common to many who are out of the work force and, perhaps, most keenly felt by women who want to re-enter the work force after taking a few years off to raise a family.

Barbara

I'm not on family benefits. I'm not on UI.
I'm just out of luck.

A 40-year-old mother of two, Barbara is re-entering the work force after a ten-year break in which she raised her children. While she had a rewarding career as a teacher at a community college before her children came along, she finds there are no jobs for her now. And in terms of government services, she feels she just doesn't fit.

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"There is no place for me to benefit from government services. I'm completely out of the loop."

Barbara called the Ontario Training Adjustment Board (OTAB) 1-800 number and found that although there are a lot of services, she qualified for none. After checking the Job Bank at her local CEC, she found that most of the clerical jobs were open only to recipients of UI. She feels that she contributed to UI all the years that she worked before having children, but now the system is penalizing her for staying at home to raise her family.

Barbara tried the ELE but found no jobs on it that fit her profile. With long line-ups, she was discouraged from looking for other possible matches.

On the positive side, Barbara found the Women's Career Centre to be the most helpful. They provide a weekly afternoon information session and then a group session on either career orientation or job search. After that, individuals may qualify for counselling sessions. However, there are long waiting lists and no child care provided for the afternoon sessions.

Summing up her frustration, she says, "I want a job. I know about résumés and job searches. I'm not sure there's anything more to learn. It's the jobs I'm interested in, or maybe counselling to set me in a new direction."

Barbara really has to rely on her wits and her courage. It's hard to get to the people who make hiring decisions. It's hard to know if you need retraining and, if so, in what areas. It's a game of instinct and confidence, and one where the rules are constantly changing.

Kevin

> *After you've given out 50 résumés in one day*
> *and been told "We're not hiring" 50 times, you*
> *just want to hang around your apartment and hide.*

At 21, Kevin has been employed off and on for the two and a half years since he completed high school. All of his jobs have been unskilled, such as kitchen help, stock clerk and construction clean-up. He tries to fit a university course in when his work schedule allows for it, but finds it difficult. He is very familiar with UI and all of CEC's ancillary services. "Applying for UI is depressing. You sit there in a room for three or four hours with about 100 other people, all with the hope of getting a cheque for less than half your wages."

He echoes that the process is lacking in a sense of humanity. "The staff are all polite, but basically they just want to know if you're defrauding the system. You're just a number."

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Familiar with computers and their capabilities, Kevin has used the Job Bank with little success. He found the process too slow and also found that there weren't enough local employers on it. He is trying to get access to "Ingenia," an Internet job search which he hopes will be more specific to the local area.

Many of Kevin's friends do better financially on social assistance than on UI, but he adds that the process is even more depressing than UI. "At the Welfare office, the staff is behind a glass wall."

In reviewing his experiences, Kevin reflects the old platitude, "It's who you know." He got every job he's had by knowing a "friend of a friend."

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When job opportunities are dwindling and business and government are operating under new lean-management philosophies, everyone feels under pressure. It's not that government services don't exist, but they don't seem to be accomplishing the goal of getting people back to work. It is difficult for people to know what services are available and how best to use them. With the introduction of the new employment benefit programs through the proposed employment insurance legislation and the changes to the delivery of employment services, there is hope for change.

Unemployment and the problems associated with it are not going to disappear. It's tough finding work, and it's difficult to provide the specific services that people need. Perhaps Alan reflects the feelings of many: "In the end, it all comes back to the individual. We have to find a job and most of us end up doing it on our own."

Weeks Later

Since talking with us, Barbara has visited another CEC and found the services there very helpful. She attended a workshop, which to her surprise attracted a number of other people like her. Barbara found the workshop on job-search techniques very useful. She was scheduled to meet with an employment counsellor when, through her renewed efforts and networking in her community, she found a three-month contract working at a local university.

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Citizenship Applicants

Wanting to Contribute His Vote: Richard's Story

Overview

Richard and his wife spent a vacation in Canada 17 years ago and fell in love with the country. Soon after, Richard took a position as professor at one of Canada's universities and the couple left their American home. They still love the country and Richard has wanted to become a citizen for some time.

I truly love this country. When my wife and I came here for a vacation in 1978, we fell in love with the natural beauty of the land and the gentleness of the Canadian people. We felt it would be the best place to have a family, to raise our children.

We moved here in 1979 when I accepted a position as a professor at a major university. I also consult internationally, which helps me stay current and keeps my teaching relevant.

About four years ago I began thinking seriously about becoming a Canadian citizen. I don't really have to be a citizen, because as a landed immigrant I can work, I pay taxes and have just about the same rights as a Canadian citizen. But it has bothered me for a long time that I can't vote. I am proud that Canadians take their elections seriously. I know that voter turn-out here is much greater than in the States where I come from. And with so many issues at stake in Canada right now, I really want to vote.

So in 1993 I filled out all the papers and applied to become a citizen. What upset me is that I was told I would be called to stand before a magistrate at any time during a three-month period. I explained that a good part of my work takes place out of the country and that for the foreseeable future there would never be a three-month period in which I could be "on call," so to speak.

I would be called to stand before a magistrate at any time during a three-month period.

I was told by Immigration people that, if I was called and didn't appear, it wouldn't look good for me. I asked if they could narrow the timeframe so that, for example, I could be called in a specific three-week period. But they said that was impossible.

So I decided that I would withdraw my application to become a Canadian until I could see a time free of travelling for at least four or five months. However, this hasn't happened in the two years since I applied.

You would think that the system could be more open in cases like mine. I am an educated person who would make a thoughtful choice in voting, if I were granted citizenship. I have been completely established in my community for a long time. I pay taxes like any other Canadian. A little flexibility could go a long way.

Waiting to Be a Canadian: Shirley's Story

Shirley came to Canada from the Philippines seven years ago. She was sponsored by a family to live with them and care for their three boys. Shirley is now 40 years old. She is a caregiver, housekeeper and mother. Shirley is proud to be a Canadian.

My husband died when the children were young. My boy was only five and my daughter, ten. It was hard for us, especially in the Philippines.

My mother's sister was already in Canada. She said I should come and stay with her. She would help me get started. I had to leave the children with my mother. I never knew it would be so many years before I saw them again!

It took a long time to get my papers ... five years. Some of my friends got their papers faster and they had started after me. The system changes. It is not fair. It cost me a lot of money to become a Canadian!

There was the waiting. Some days I thought I would never get through. I did everything I was told. I had a job. But it took a long time and every year I had to pay more money to keep my file open. Money to get a new medical check up. Don't they know we send our money home to our family? We don't have extra money to pay for new medical papers because the laws have changed. I had to wait another year. That's what they told me.

They made us line up outside in the freezing cold only to pick up a form.

I remember the line-ups, the early morning line-ups so that I could get the form I needed. I had to get up at 4:30 in the morning to get there and then to work on time. They made us line up outside in the freezing cold only to pick up a form. We didn't even have to talk with anyone!

Services. What services? All I remember was line-ups, cold mornings on Rideau at 6 a.m. with lots of other people waiting in line. Sometimes I would speak with someone. Sometimes I wouldn't. Sometimes I would have to leave to go to work because the lines moved so slowly. Then I would have to come back the next morning and line up again.

The people gave me information, asked me questions, filled out forms and took my money. They didn't care about me. They didn't care that my children weren't with me. I was simply another number and if I was good and didn't bother them, I would eventually be able to proudly say, "I am a Canadian."

If you wanted to ask a question about your file or know why things were taking so long, you didn't dare call the people at Immigration. Why, you ask? Because then they would take your file and put it further back in the line. There were always lines and always waiting. I don't think they really care about us.

In my first year I had to do volunteer work every week. That was required. I didn't mind because I liked helping the old people. There was no pay for this work. Does everyone have to volunteer before they can get their papers? I don't know. I was just told that I had to do this and so did my friends.

Finally, I got my landed immigrant status. Now it was time to start the paper-work so my children could come here. There was a lot of waiting, a lot of sadness. They changed the laws and I was told that I would have to wait longer. Don't they care about us?

I never watched romantic or funny movies during those years because then I would cry. I really missed the children. I always watched violent shows and mysteries to make me tough and able to hold on, no matter what happened.

No one cares, only your friends who are going through the same misery. You have to look after each other. You have to be tough.

Today, I am a Canadian and my children are with me. I am glad those years are over for me. Now I can help others who get depressed and sad while they are waiting to become a Canadian.

If you wanted to ask a question about your file, you didn't dare call the people at Immigration. Because then they would take your file and put it further back in the line.

Becoming a Canadian
Requires Patience and Time: Marie's Story

Marie came to Canada as a student and the wife of a Canadian. Acquiring her landed immigrant status proceeded smoothly, but when she decided to become a Canadian citizen, the process required much more patience and flexibility.

If you want to be a Canadian citizen, then you have to be patient, persistent and willing to wait. Getting an appointment is the first challenge.

When I decided to apply for my citizenship, I had already been in Canada for a number of years. I was a landed immigrant, married to a Canadian, bilingual, educated and the mother of two Canadian-born children. I hadn't thought about getting my citizenship very much until I wanted to apply for a job. Jobs are for Canadians, first. I also decided that I wanted the right to vote and have a say on issues that affect my life and the future lives of my children.

So, one day towards the end of September, I naively called the citizenship number in the phone book and expected to make an appointment to start the process.

To my surprise, I heard a recording at the other end of the line that said all appointments had been taken for the month and I should phone back. There was no way to speak with anyone to confirm that I had called the correct number and was following the correct procedure to apply for Canadian citizenship.

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I waited a month. I decided to call back closer to the beginning of October, expecting that my chances would be better. I heard the same message! What if I was calling the wrong number? I still didn't know.

November arrived and right away I called. This time I was asked to hold and placed in a waiting line, so at least now I could hope to speak with someone. Finally, a voice came on the line and I was given an appointment to meet with an official in March of the following year!

I wondered how people who needed their citizenship faster coped. I was fortunate that the delay did not affect my life drastically. Thinking back, it was lucky that I could phone any time during the day and any number of times just to get that first appointment. What about the person who did not have easy access to the phone because of work or other reasons?

Before the March appointment, papers came in the mail for me to fill out. They were not too demanding. Then March came and I went for my appointment. I met with someone who only seemed interested in confirming that I was who I said I was in the papers that I had filled out. With a few questions, I was told that I would write a test and have a follow-up interview in June. It was done. I had waited this long to briefly meet the official and get a date set for the test! I went away in disbelief.

When June came, I was nine months pregnant. But I managed to make it to the test and everyone was very helpful. I wrote the test, which was multiple choice and not too difficult. They sat everyone apart to make sure that no one sat close to others who might help them. That was a problem for some whose English was limited. They had hoped that a family member could have helped them.

I was the first to finish and after they had corrected my test, I was interviewed by a judge. I passed and was told that the ceremony would be in August. I wouldn't be here in August so I became a Canadian citizen in September. It was a big ceremony and very formal.

I knew that my life was not going to change very much now that I had my citizenship, but for others that ceremony was a big deal. It was very emotional for them.

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Seniors

Overview

Seniors are not an easy group to serve: their needs are as numerous and different as the individuals who make up this group. Not only do they vary in age, but their levels of education, income and health are also quite diversified. While some seniors are still active and alert, others need more assistance and care. Finding the right tone when communicating with them and providing exactly the right type of service can be difficult. Some are indignant about "being treated as stupid just because they are old" while others proclaim they "will just hang up if it is a machine that answers the phone." Most seniors, however, welcome efforts to make services more accessible.

One thing is clear for governments designing and delivering services aimed at seniors: this segment of the population is going to increase over the next few years as the baby boomers reach retirement age. Prompted by this knowledge, governments and community organizations have started searching for ways to deliver services in a manner that is both more efficient and more sensitive to the specific needs of seniors. The results are starting to be felt in some areas.

The First Step — Making Seniors Aware of the Services Available

"When my mother-in-law moved back to Ottawa from the States after her husband died, I had no idea where to go to get information about the various services she was going to need. I thought there were some support programs for seniors and financial help they could get, but how and where?"

Laura Down is not an isolated case. Seniors and people helping them with their affairs are often at a loss when they want to find out about the programs and services available. "Lots of seniors are not aware of grants or other supplements to pensions. We see that when we are helping them with their income tax," reports the Senior Citizens' Service Centre of Rideau Township.

"Seniors also have difficulties finding out where the services are available. I used to work for the federal government and I still have a hard time keeping track of what department the Canada Pension Plan is in. I doubt whether my sister in Moose Jaw, for example, would know that Income Security Programs is no longer with Health and Welfare," explains Bill O'Hallaran. "It's hard to know which office to phone or go to," he adds, summing up a common frustration among seniors.

Seniors and people helping them with their affairs are often at a loss when they want to find out about the programs and services available.

Laura Down turned to her primary source of information — her phone book. The blue pages were a challenge. "I ended up reading the whole blue pages almost line by line to find some of the phone number I needed. Are these offices trying to hide from clients?"

Research is under way in Manitoba to make the phone book easier to use for finding government numbers. The Quality Service Network is looking for ways, with Manitoba Telephone's help, to list the programs offered by the various levels of government, by functions (housing, income support, health, etc.) to allow people to find the information they are looking for without needing to know which department and government provide the service. Other improvements are required to make the blue pages usable to seniors. As pointed out by one seniors' organization, the print needs to be larger and "the contrast has to be at least 65% to be readable by the majority of seniors. It is less than that in the blue pages."

Making Information about Services More Accessible

The white and yellow pages list a number of organizations dedicated to seniors. This is how Laura Down, after making a number of calls, found out about the local Senior Citizens' Council. Aware of the difficulties encountered by seniors when they look for information and of the fact that, even when they have this information, they have a hard time retrieving it, the Council publishes a bilingual *Directory of Resources for Seniors.* Updated yearly, the $4 book is packed with useful information organized under general headings such as finances, health, home support and meal services, seniors' organizations and funding for programs.

Laura Down later found out from an elderly neighbour that Health Canada's Seniors' Secretariat, the federal government unit looking after seniors' affairs, publishes a similar guide. *The Guide to Federal Programs and Services for Seniors* is mailed to all seniors when they enter "seniorhood" and lists information on the various federal programs and services under headings such as health and fitness, income security/pensions, consumer services.

As the national organization, Helping the Aging, points out, however, "You need to have an address and a social insurance number to receive the guide. "The statistics on poverty suggest that many seniors might not be reached by this information: "Let's not forget that 18% of males and 48% of females in the 65-to-69 age group have an annual income under $10,000, when the poverty line is around $13,000."

It seems that very few people besides community services professionals, know about Ontario's network of Community Information Centres (CIC), funded

jointly by the government, the city and United Way. They publish a *Directory of Community Services*, referred to as "the bible" by professionals, and lease a database of resources. Whether seniors need their driveway shovelled, their late pension cheque located, their grocery shopping done or a visiting nurse, the CIC can tell them where to go. The national seniors' organization, One Voice, would like to see the database used by all the places where seniors might go for information:

> Seniors will ask the city, the police, the phone company, the hospital — any place they can think of — when they need to find out about a service. If the people in these places had the database in front of them, they could answer all the questions very easily.

The CIC points out, however, that some financial and logistical difficulties, such as incompatibility between computer systems and the need to constantly update the database, are slowing down its distribution.

Unlike their children's generation, seniors are not used to searching for information. "The best tool for circulating information among them remains word of mouth and that can take time. Take the example of direct deposit for pension and old-age security cheques: they did a mega advertising campaign but it still took a long time for seniors to find out about it and accept the concept. In the end, it is word of mouth that worked," comments one city's Senior Citizens' Council.

Unlike their children's generation, seniors are not used to searching for information.

It is not a reflex for seniors, assuming they can see well enough to use the phone book, to let their fingers do the walking. Some of them would go to look to their local library but, as pointed out by One Voice, illiteracy is a major issue among seniors: "About 64% of seniors cannot handle any kind of reading material and 50% of the totally illiterate people in Canada are seniors." This makes it difficult for them to get access to information.

Integrating Services Helps Seniors

> Five years ago, my father had a stroke and I found myself having to reorganize his life so that he would receive the daily help he needed, as well as some medical services such as physiotherapy. There were many options, but what struck me is that all these services were offered in different places. Everything was fragmented.

Helen DesChamp explored the various options and found out that home support services, including housekeeping, grocery shopping, light home maintenance and meals, are fairly easy to obtain from the regional municipality (the only possible complication being a sometimes long waiting period, as priority is given to the most urgent requests). Additional similar services can be obtained

for a fee from private agencies, and residential needs, should a senior need to move to a long-term-care facility, are looked after by both the provincial and the municipal governments. "I had to talk to so many people, fill in so many forms ..."

Helen DesChamp was amazed to find out that there were different laws, different levels of services and different modes of payment for the three types of facilities: nursing homes, charitable homes and municipal homes.

"We have made good progress since then," explains a program supervisor in charge of long-term care for the Ontario Ministry of Health. "A new law was passed in 1993 to unify long-term-care facilities and things are much simpler now. The services and the modes of payment are now equivalent and there is a placement co-ordination service in each region," he adds, which explains why Ron Schneider's experience was so much more positive:

> *Everything went smoothly when I started looking for a retirement home. My daughter took me to the co-ordination office and the lady there explained to us what the various options were. She made arrangements for us to visit the two places I was interested in and once I made up my mind on the place I wanted, she put my name on the list and said I should get in before the end of the winter.*

Other measures that would greatly simplify clients' access to services have been studied by the Ontario government for several years. One option proposes that the 1,200 community support organizations presently in operation in the province would be combined under one regional organization co-ordinating access and referring clients to organizations. It would include home-care services, community support and social services, and day programs for seniors. Seniors would be able to deal with one single office instead of four or more. (As of December 1995, no decision has been announced.) In some regions, community support agencies have designed one application form that is being used by all the agencies to simplify the application process.

In some regions, community support agencies have designed one application form that is being used by all the agencies to simplify the application process.

Bringing Services under One Roof

> *Every time I need to go to an appointment, I have to make arrangements with my daughter or my grandson to take me because I still live on our farm and there is no public transportation. It is so frustrating when you find out you also have to go to such-or-such other office, and I hate being a burden for my family like this. Wouldn't it be possible to have the various offices looking after seniors in one place?*

Lois Humbert's wish is being granted to some seniors: various pilot projects are under way to allow Canadians to access several federal government departments in one building, with one window and one phone number for

each department. The Brandon Infocentre has been receiving rave reviews from seniors who enjoy the convenience of having Revenue Canada, Veterans Affairs and Income Security Programs, among other departments, within ten feet of each other. They find the Infocentre provides faster and more accurate service and many of them enjoy the opportunity to solve their problems face to face with a service agent, although they could also do it over the phone.

Concerns, however, have been expressed by One Voice over the fact that many seniors feel uncomfortable when having to wait for services sitting beside people from very different walks of life, who may look to them like the thief they imagine stealing their wallet on the way out. Care should be taken, they recommend, to separate waiting areas for the various departments as soon as possible after clients pass the entrance door.

Redesigning Income Security Programs: A Huge Step in the Right Direction

The most common complaint seniors have regarding the quality of services is the difficulty they encounter trying to get service: it often seems that there is insufficient staff to deal with all the requests, for both in-person and phone services. Income Security Programs (ISP) is frequently mentioned as one of their worst nightmares: "Every time you try to reach them, you get a busy signal and when you are so lucky to get through, you are put on hold for ever. There is definitely room for improvement in the way they serve their clients," laments Rita Rapini.

ISP no longer deserves such bad press, having introduced several measures that have resulted in tremendous improvements. To respond to a rapid deterioration of the level of services due to shrinking resources and a rapidly increasing client population, ISP Redesign was launched in 1988. A significant portion of the project deals with quality-of-service issues. Extensive and regular consultations of seniors, national and local seniors' organizations and front-line staff have been conducted, including surveys and focus groups to first develop a "client service delivery network vision" and then assess performance and progress.

"About once a year, a survey is conducted to assess the overall level of satisfaction, find out why people were in touch with ISP and give them an opportunity to give their feedback regarding the level of services," says Barbara Howatt, Deputy Project Manager for ISP Redesign. "There has been lots of interaction with seniors' groups. It is a way to get their reactions, but also to inform them and get them to promote what ISP is doing," comments Project Manager Dennis Kealey.

Redesigning the Interactive Voice Response System

He explains the type of process followed for the project, using the example of how telephone services have been redesigned. An Interactive Voice Response (IVR) system has been put in place to handle calls regarding simple, general questions in order to free service agents for more complex cases. Following the protests of a group of seniors against this system, a first series of focus groups was conducted to test the concept. The reactions were positive and participants gave a number of useful suggestions.

A second series of focus groups was organized to test the message and get seniors' input. Again, lots of important suggestions came out of these groups:
✔ Inform seniors in advance of the system you are putting in place and how to use it; send them written instructions they can keep by their phone.
✔ Have the message read slowly and in a clear loud voice, with a second after the various items.
✔ Say at the very beginning that people who have a rotary dial phone or want to talk to a service agent just have to stay on the line and an agent will be with them.
✔ Give the option of repeating the options at all times.
✔ If you use the * or # buttons, indicate where they are located on the phone.

These suggestions were followed to design the message and most seniors have expressed their satisfaction with the IVR. Although change is always somewhat frightening, especially for this age group, seniors also seem pleased to be t reated as intelligent individuals who are able to learn something new. ("When banking machines were first introduced, we felt the same way and now we use them without even thinking," commented several members of the focus groups.) Most of the seniors who prefer to talk to a "real person" are willing to go along with this new technology, as long as they always have the option of getting to talk to a service agent and as long as it is a way to free staff to deal with more complex questions.

A second pilot project is now under way at the Ottawa telephone centre to test the use of IVR to leave information on changes of addresses. "It started two weeks ago and we received 16 calls the first day. One of them was a tremendous satisfaction for us as it showed the system can really work. It was a 95-year-old lady who was calling to change her address. She followed the instructions and everything went well. The message includes an option to leave comments and she explained that she was not particularly comfortable with this method but, if it worked, it was fine with her. Her change of address was done by the next morning," Barbara Howatt says.

Most of the seniors who prefer to talk to a "real person" are willing to go along with this new technology, as long as they always have the option of getting to talk to a service agent.

She acknowledges that there will always be people for whom IVR will not work, either because they do not have the right equipment or because of their aptitudes or attitude. She also points out that many seniors are looking for human contact and would be happy to chat for half a day. "Unfortunately, we cannot deliver our services like this. It is not realistic or cost-efficient," she adds.

Other service improvement measures include the increased automation of the system, training programs for staff, a telephone system making it possible to roll calls over from a busy centre to another one that is less busy in order to minimize the number of abandoned calls, and the electronic hook-up with walk-in centres to allow interviews to be scheduled. "There have been improvements in the quality of services but we are only half-way through the implementation. The full effect will not be seen before another 18 months," Dennis Kealey reminds us. Barbara Howatt attributes the favourable response to the redesigned services to the fact that clients were involved in the design of services. "It makes a big difference when people are involved. A high-level of consultation helps create a no-surprise environment," she adds.

Steady Improvements

Governments and community organizations are becoming increasingly sensitive and responsive to the needs of seniors, as results are showing. Some of the main obstacles to the efficient delivery of programs and services are being removed. The people at Ottawa's Seniors' Employment Bureau are optimistic. They stress that the new technologies needed to handle the growing number of seniors will become an accepted part of their lives by the time baby boomers reach old age.

There have been improvements in the quality of services but we are only half-way through the implementation.

Small Business

Straight Talk from Small and Medium-Sized Business

Overview

Small and medium-sized business owners and operators have little in common with each other except an entrepreneurial spirit and a w i l l i n gness to work hard. Their experiences with government vary widely, depending on the size and type of their business. Yet certain themes emerge as their opinions offer some kudos, present many challenges and provide food for thought.

Help for Self-Starters

Many of the people interviewed for this study praised the variety of government services that exist to help individuals get started in small business. An owner of a successful bed-and-breakfast found a good deal of help from her regional Business Centre. "The staff gave me good advice on things I would have to think about and steps I would have to take. We talked about financing and then explained the importance of preparing a business plan." The Centre also directed her to inexpensive courses designed especially for start-up small business ventures.

A young man looking to start his own small business found it convenient that he could get information from three levels of government at the same location. "I only wish this place was advertised better so that I could have known about it sooner," he says, adding, "It's great to be able to use the Centre's computers to register my business and to access the Internet. I can't afford my own computer yet so this really helped."

An established small business owner recalls that one of the most useful pieces of information he received in his early days was a booklet put out by one of the provincial governments and given to him by his accountant. "I didn't have a clue what a cash flow was and this booklet explained it and showed me how to do one, step by step," he says.

The staff gave me good advice on things I would have to think about and steps I would have to take.

I only wish this place was advertised better so that I could have known about it sooner.

International Trade Opportunities a Boon

Another area in which government has been praised by small and mid-sized business is international trade. One Canadian exporter says that Canada's generally favourable reputation and profile has helped a lot in Asia. He goes on to explain that it is extremely important for Canada to take an active international trade role to ensure a strong foundation for small business exporters. "A recent Team Canada trade mission I went on was fabulous. It generated great exposure for Canadian companies. Our phones didn't stop ringing all week."

The people at Industry Canada were helpful and on the ball.

A training company was also helped in its search for business opportunities outside of Canada. "Industry Canada organized a mission to Mexico and we were one of the companies that went to explore the potential there. The people at Industry Canada were helpful and on the ball."

Another exporter has found Canadian embassies overseas to be very helpful. "Still today, we find that the Canadian embassy can add real value to our efforts. One very important element is to gain credibility from the good will that our embassies have developed." He explains that Canadian trade commissioners in various parts of the world also help with everything from arranging high-level meetings that are often essential to business success, to organizing important banquets.

However, when it comes to market intelligence, the consulates and embassies often rely on the specific business community for information. The exporter adds, "We're in the business and we're in the field full-time, so we should know more."

Government-assisted financing programs can be crucial to the success or failure of some Canadian exporters' ability to secure foreign business. Many exporters express a strong desire to see the Export Development Corporation become more competitive in its financing programs, as this would help to increase their business significantly.

A Cry for Regulatory Relief

An experienced retailer believes that the role of government in small business is to provide an atmosphere that helps Canada compete globally. Yet he feels that small business is hamstrung by government regulations. The federal government needs to recognize the impact of its huge regulatory burden. He goes on to explain that certain programs exist to help small businesses, such as lower tax rates, but what small business really needs is breathing space from government regulations. For example, small businesses are expected to provide the same level of detail in their accounting as huge firms with large

What small business really needs is breathing space from government regulations.

accounting departments, and this can be almost impossible for a small staff. A spokesperson for the trucking industry, one of the most regulated sectors of our economy, speaks about the complexity of regulations. "We have to deal with at least 15 different departments [of government] just at the federal level, and then there are the provincial and municipal players."

He speaks of the need for change — not to do away with important safety regulations, but to simplify and make more efficient the way regulations are carried out. Some of the regulations are outdated and need to be changed. "We find that it is an endless job trying to bring about these changes. Many of the outdated regulations cost us money and time which could go back to the shippers if the regulations better reflected today's business."

A company owner explains that while government does listen to members of his industry, and even has a sympathetic ear, change is slow in coming. It is important to regulate certain aspects of business, but better ways have to be found for government to work with the industries so that complying with regulations doesn't completely thwart success.

The Need for Fairness Is Felt in All Sectors

A common theme across all sectors is the need for fairness in how regulations are enforced. A small building contractor complains that he is continually losing contracts to competitors who don't bother to pay taxes or respect other government regulations. "For these guys," he says, "The underground economy is booming. I just wish the government would pay more attention to keeping them in line so the honest guys don't finish last all the time."

The contractor goes on to complain, "Before the GST, customers never asked me to take cash for jobs. Now everybody does. And they don't realize that the guys coming in at the lowest price usually don't have insurance and they're not paying Workers' Compensation, CPP or UIC." He adds that government needs to understand how the underground economy is consumer-driven. Honest contractors are losing jobs because they have to charge more in order to comply with government tax and safety regulations, workers' compensation, etc. He implores government to find better ways to penalize and deter offenders. As one business owner says, "The underground economy is like a low-grade fever."

A feeling expressed by a retailer is that the North American Free Trade Agreement (NAFTA) has not helped Canadian businesses or the Canadian economy. The harmonization of standards and regulatory review that should have resulted in a "level playing field" never took place. He feels that, as a result, an American business shipping a product from Ogdensburg, New York, to Ottawa can charge less to the Canadian consumer than the Prescott, Ontario, business can in shipping the same product.

Many of the outdated regulations cost us money and time which could go back to the shippers if the regulations better reflected today's business.

A common theme across all sectors is the need for fairness in how regulations are enforced.

The transportation industry is plagued by the need for enforcement as well. "Sixty per cent of the trucks you see on the road are private and not all of them follow the rules," says an owner of a mid-sized trucking fleet. "Trucking is a complicated business and safety is important. Of all the regulations, most are for safety. We need consistent enforcement to get the bad guys off the road. They give us all a bad name."

He continues, "We also need them [government] to enable us to compete fairly with the United States. Our regulations restrict us while we bend over backwards for the United States. I know the government is working on this, but in the meantime it is hurting our business."

Efficiency: A Necessary Goal

Business owners talk about the need for reduced complexity and increased efficiency in dealing with government.

Many small and medium-sized business owners talk about the need for reduced complexity and increased efficiency in dealing with government. One mid-sized owner says, "With the significant use of computers in our business, we can be more efficient and we have more information available sooner. So with all the sophistication of technology in our industry, we have surpassed the need for some regulations. For example, our drivers must fill out trip logs to conform with a number of regulations. This is time-consuming and costs us, when, in fact, the log is no longer necessary because all the information is available on computer and could simply be downloaded to the authorities."

Another director of a management consulting company and supplier to government complains about lack of efficiency causing wasted time and resentment. In one case, the consulting firm was asked to respond to an access-to-information request about a contract. "I had 20 days to respond. When I delivered the letter that had taken me a good half day to prepare, I was told that it was no longer required. I run a small business. I don't have time to waste. The bureaucrat didn't even think of letting me know that the request was dead and, in fact, said, 'I didn't think of it.'" He stresses that government must learn to respect how businesses operate and respond more effectively.

Government must learn to respect how businesses operate and respond more effectively.

"Contracting with the government can quite often be a challenge for us," says the president of a small consulting firm. "In an effort to ensure that the process is fair and competitive, the collective cost of preparing the bid can often be greater than the overall value of the contract. We can't afford to bid on many contracts because of the process."

She adds, "The government is good at identifying the companies that can deliver the product or service they need, but when the proposal process begins, that's where we get frustrated. The competitive process encourages secrecy and often little information is provided. Sometimes a department will

have contracted a preferred vendor to prepare the request for proposal and then the same vendor bids on the work. Consequently, proposals are not as good as they could be because you don't want to give away your ideas, especially if you know who is likely to win."

Another supplier to government points to the fact that internal problems hamper the efficient carrying out of a contract. "We find that there are often internal problems that can play themselves out during the contract. Usually there are so many meetings and so many different players involved that it is often difficult to know who is one's client and then whose directions to follow. In these cases, the supplier needs to make certain that her company is working with the right group or person to ensure that they don't get scape-goated for internal problems. This can happen in any contract, and we've found through painful experience that one must be very careful or else a great deal of time and money can be spent without a deliverable. It is very hard for a small business to be productive in an arena where complex games are being played. Government has no sense of the bottom line," she adds.

It seems that in all of the experiences with government described by small and medium-sized businesses, things work best when government knows and understands how the specific business works. In the competitive global market of today, government and business better serve the needs of all Canadians with frank and open two-way communication. When they work together effectively, the ability of any company to run a competitive and profitable enterprise is enhanced.

In the competitive global market of today, government and business better serve the needs of all Canadians with frank and open two-way communication.

Partnerships and Arrangements

With the Private Sector

Commercializing the Air Navigation System, Transport Canada

Overview

This case presents the commercialization of Transport Canada's Air Navigation System (ANS) and its transfer to NAV CANADA, a non-share-capital corporation under Part II of the Canada Corporations Act.

"Commercialization" describes the process of placing a government service or trading entity into a corporate structure to operate along commercial lines.[1] The term "non-share capital" means the enterprise retains any surplus money generated. NAV CANADA prefers this term to "not-for-profit."

This initiative provides a useful service delivery model because the transfer of ANS to NAV CANADA, and its consequent commercialization, achieve the following:

- Illustrate a government divestiture of service delivery to a commercial enterprise.
- Provide a structure which represents the interests of the client/user and on which all stakeholders are able to agree.
- Address monopoly privilege and the public interest.
- Increase ANS flexibility to meet changing demands and new technology while ensuring safety.
- Result in reduced cost to the taxpayer.

Background

While remarkable advances in aviation have been made over the past 85 years, the fundamentals of flying have not changed. An aircraft climbs into the air from a point on the surface, navigates to its destination (with due regard for the weather and other aircraft), and then returns to a point on the surface.[2]

Canada's Air Navigation System, one of the world's largest, permits the safe, efficient movement of aircraft from take-off, along in-flight paths to landing. It is comprised of:

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1   International Experience of ANS Commercialization. Discussion Paper No. 4, The Study of the Commercialization of the Air Navigation System in Canada. Transport Canada Aviation.

2   Principles and Options for Commercialization. Discussion Paper No. 1, The Study of Commercialization of the Air Navigation System in Canada. Transport Canada Aviation.

> ✔ An air traffic control system for domestic and international airspace,
>   which controls timing and space for airport take-off and landing
>   operations and for in-flight pathways.
> ✔ A flight information system providing services such as weather
>   briefings for pilots and airport advisories.
> ✔ Hundreds of coast-to-coast electronic navigation aids.
>
> These services are delivered through seven area control centres, 45 air
> traffic control towers, 95 flight service stations, a national radar system
> and various communications systems. The ANS handles approximately
> 6.8 million aircraft movements annually. It employs about 6,400 staff,
> who are represented by nine unions.
>
> The greatest challenge for civil aviation administration is operating and
> maintaining a safe, efficient air navigation system. This requires acquiring
> new technology, as well as continually improving and upgrading the
> ANS infrastructure.[3] A few years ago, members of the aviation industry
> believed the navigation system was not providing an acceptable level of
> service, despite its safe operation and many successes.

The Client/User Perspective

In the mid-1980s, the government initiated a major downsizing program
across the public service, which included a hiring freeze. A 40% increase in
air traffic resulted in a shortage of air traffic controllers. Enormous air traffic
delays quickly occurred, costing the airline industry tens of millions of dollars.

The government resolved to make no exceptions to the downsizing program.
Organizations representing commercial airlines believed this decision
demonstrated the government's inflexibility regarding the delivery of critical
services.

In addition, the aviation community characterized the ANS as underfunded
and hampered by government policy. Of particular concern were slow, costly
procurement procedures and inflexible employment practices for staffing,
training and labour relations.

The Transport Canada Perspective

By the late 1980s, some Transport Canada (TC) managers believed the ANS
should be separate from government. Since 1985, the number of air traffic
controllers had been seriously reduced despite a substantial increase in air
traffic. As well, other countries had already commercialized their systems.

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3   "Keeping Pace", The Study of the Commercialization of the Air Navigation System in Canada. Transport Canada
    Aviation, 1995.

In 1992, the Ministerial Task Force on Aviation Matters concluded, "We believe as long as the ANS operates within the existing civil service environment, it will continue to lag behind user needs. As well, it is likely to operate at greater expense and with less efficiency than an organization removed from this milieu. This is not the fault of the people who manage and operate the system, for we have been most impressed with their effort and dedication in providing a safe and effective aviation system."[4]

(Please see Exhibit I — ANS Commercialization Timeline, and Exhibit II — The Players)

The Case for Commercialization

The Client/User Perspective

The airline industry realized the growing federal deficit meant government would increasingly employ "user pay" methods to cover service delivery costs. If users were to pay 100% of the ANS cost, accountability should be shifted to them from government. Commercialization would provide a structure for this new accountability and address the issues of slow, costly procurement and inflexible employment practices. Private sources would fund the system.

The TC Employee Perspective

Staff and unions support commercialization. A newly structured ANS provides for changes in salaries, benefits and job security –– and an expected increase in job satisfaction and morale.

The TC Management Perspective

ANS commercialization is being driven by the client/users of the system, largely commercial airlines. Users believe government downsizing is incompatible with the dynamic needs of the industry.

Stress on the ANS would be reduced in a commercial environment where managers have greater operational freedom and access to revenue, allowing them to respond to changing requirements.

TC's new role would be to develop policy and legislation, formulate and enforce standards of safety and security, and continue to ensure reasonable service to remote communities and people with disabilities.[5]

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[4] Ministerial Task Force on Aviation - Final Report (Extracts), March 1992.

[5] Transport Canada's New Direction and the 1995 Budget, Transport Canada, 28 February 1995, pp. 5, 9 and 13.

The Choice of the Non-Share-Capital Corporation

The Client/User Perspective

To users, the ANS is simply one of many services used by the aviation industry. Users want this service to be as efficient and safe as possible, responsive to their needs, and obtained at the lowest price. Their interests are addressed in a non-share-capital (NSC) corporation, as it uses any surplus generated to lower user fees and improve infrastructure.

The Crown Corporation (CC) option was discarded as being too vulnerable to government policy, control and political pressure.

The Employee Perspective

Unions dislike a for-profit company with individual shareholders, believing profit to be the wrong management motivation behind the provision of ANS services.

Some unions preferred the status quo or a crown corporation while others, primarily the Air Traffic Controllers Association (CATCA), advocated the NSC model. However, all unions stated they could accept an NSC. Arrangements for transfer of union staff to NAV CANADA, as demonstrated by the tripartite memorandum of understanding (MOU), have been developed in full agreement with the directly affected unions. (Please refer to Exhibit II.)

The TC Perspective

TC management initially thought a CC would provide a suitable alternative service delivery model which could *later* be sold or privatized. They believed the risk of changing from a government department to a fully commercialized business would be less if done incrementally. Once the business functioned well, a decision could be made to sell.

TC held wide consultations, during which stakeholders pushed hard to remove the CC step. They feared losing the opportunity to move out of government.

NAV CANADA: Creation, Structure and Resources

Client/users supported a corporation with no shareholders or equity capital, financed 100% by borrowing from capital markets. A coalition formed with several user groups and one of the key unions, CATCA, grew until most of

the aviation industry supported a non-share-capital entity. When the Liberals were elected in 1993, a TC minister was appointed whose beliefs echoed the users'.

NAV CANADA was created out of this coalition. The Board of Directors of NAV CANADA draws its 15 members from client/user groups, labour, and federal appointees who neither hold elected office nor are government employees. Ten board members form a "core" representation: four from the commercial industry, representing most of the revenue of the corporation; one from private aviation; three government appointees; and two from unions. These ten select four independent directors at large.

Currently, the commercial industry directors are choices of the Board of the Air Transport Association of Canada (ATAC), a body with wide representation from the aviation community. The interim chair is the President and Chief Executive Officer of ATAC. The appointment of a NAV CANADA Chief Executive Officer is expected in 1996.

The Board of Directors of NAV CANADA and Transport Canada are negotiating the terms and conditions which will govern the transfer of the ANS from government to NAV CANADA control. The federal government will receive "fair market value" for the ANS and the two parties have agreed to a selling price of $1.5 billion. In the future, airlines and other users will pay NAV CANADA directly for ANS services. NAV CANADA will fully recover expenses and capital asset acquisition from users, including debt servicing costs and any contingency funds required to manage the corporation's affairs. The government will not guarantee any debt incurred by NAV CANADA.

The federal government will receive "fair market value" for the ANS.

In 1994–95, ANS expenses exceeded revenues by $200 million. This shortfall is made up from government appropriations.[6] However, on November 1, 1995, new fees were charged to international flights which enter Canadian airspace, but neither originate nor terminate in Canada. The Canadian aviation community wishes to go after overflight fees, which are charged by most European countries, Australia and New Zealand.

Overflights represent about a third of ANS activities and will initially add approximately $150 million a year to NAV CANADA coffers. They will provide a reasonably secure revenue source to help bring NAV CANADA to about 100% cost-recovery when it begins business.

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6   Air Navigation System (ANS) Commercialization Project, Internal Document, Transport Canada 1995.

Core Issues

Safety

TC will continue to ensure compliance with safety regulations by inspecting, certifying and auditing NAV CANADA operations.

Before commercializing the ANS, all necessary regulations will be in place to maintain high safety standards in the new operating environment. NAV CANADA will have an internal safety management function based on sound quality management practices.[7] NAV CANADA will also be required to demonstrate that service reductions will not jeopardize safety, and the government can direct it to provide new safety services without compensation. Service providers and safety regulators will be clearly separate.

Labour Relations and Human Resources

Some 6,400 personnel will transfer to NAV CANADA. Labour continues to be actively involved in the consultation process.

TC, NAV CANADA and union representatives have agreed that current collective agreements will move to NAV CANADA with ANS employees. The unions consented to removing the work-force adjustment directive from the collective agreements before they cross to the private entity. The corporation will offer the early retirement incentive and the early departure incentive, just as TC would. With NAV CANADA, employees will be under the Canada Labour Code instead of the Public Service Employment Act, and air traffic controllers will gain the right to strike.

Technology

Users wish to decommission old technology and install new satellite

Becoming an NSC corporation is expected to create a more dynamic corporation that is responsive to changes in technology. Users wish to decommission old technology and install new satellite technology once international standards are obtained and aircraft can be equipped.

As a commercial enterprise, NAV CANADA will use retained surpluses or raise money from market sources to fund technical improvements to the ANS. It will not have to compete for scarce resources from a tight treasury.

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7   Transport Canada's New Direction and the 1995 Budget, Transport Canada, February 1995, pp. 14 and 40.

Accountability

The government will introduce legislation setting out the powers, duties and obligations of NAV CANADA. It will include an approach to economic regulation which will ensure transparency of information, mandatory consultation, a notice period for changes to user fees or services, and an appeal process for redress of complaints about user charges.[8]

It also includes a requirement to "grandfather" services in the North and remote sites. Any changes to services in these areas will require approval by provinces or territories and/or the Minister of TC. NAV CANADA will hold public consultations before undertaking any service realignments at sites not covered by the northern and remote policy.[9] Some by-laws, such as those respecting changes to governance and accountability, will require written authorization from the Minister of Transport Canada before changes can be made.

Airport operators and third-party users will be co-located with NAV CANADA personnel, including air traffic controllers at municipal, provincial or federal airport facilities. The legislation will provide NAV CANADA with the commercial freedom to interact with these groups.

Economic Regulation

When supply is dominated by a single provider under monopoly conditions, regulation becomes a concern of public, or social, policy. This concern exists for NAV CANADA, which will function as a single commercial monopoly in the delivery of most ANS services.

The government will provide a legislative regulatory framework to protect consumers from potential monopoly abuse without unnecessary regulatory intervention and cost.[10] It will also ensure transparency of information, mandatory consultation, a notice period for changes to user fees or services, and an appeal process for redress of complaints about charges.[11]

When supply is dominated by a single provider under monopoly conditions, regulation becomes a concern of public, or social, policy.

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8   News Release: Agreement-In-Principle Reached for Transfer of Air Navigation System, Government of Canada, 8 December 1995.

9   Ibid

10 The Need for Economic Regulation of a Commercial Air Navigation Organization. Discussion Paper No. 3, The Study of the Commercialization of the ANS in Canada. Transport Canada Aviation, 1994. Executive Summary.

11 News Release: Agreement-in-Principle Reached for Transfer of Air Navigation System, Government of Canada, 8 December 1995.

The Transition Process

The earliest possible target transfer date is April 1, 1996, given that legislation must be proclaimed before the transfer can be authorized. NAV CANADA must also get job offers to employees.

On December 8, 1995, TC and NAV CANADA completed an agreement-in-principle on the terms of the transition, including an Employee Transfer Agreement. A major part of these terms, it will ease the transition for ANS employees. Working conditions, benefits and pensions will be identical or similar to those with TC, making unions better able to sell the commercialized entity to employees and ease the transitional process.

Lessons Learned

✔ Political will is essential, regardless of the department or function. The Minister of TC placed the commercializaton of the ANS on the political agenda.

✔ A ministerial deadline is a real motivator. The Minister has said if agreement isn't reached in time, negotiations will stop and other options will be pursued. Meeting deadlines requires working excessive hours, leading to exhaustion.

✔ A secure revenue source, approaching 100% of outlays, is essential in selling the ANS as a going concern.

✔ From the beginning, an open, inclusive and comprehensive consultation process enabled all parties to reach crucial agreements.

✔ An effective board of directors representative of stakeholders is key to transfer negotiations and ensure the credibility of the new entity.

✔ The difficulty lies in reconciling the need for confidentiality with the need to keep employees informed.[12]

✔ Identify paying customers and other key stakeholders who will influence how the entity will operate.

Recognize the difficulty of reconciling government social and economic policies with specific commercialization objectives.

✔ Rely on outside, independent business people, who are experienced in large transactions and deal-making, when undertaking a large commercialization process with departmental personnel.

✔ Central agencies allowed the ANS initiative a fair amount of freedom. However, it would be useful if these agencies had general guidelines covering sensitive issues such as human resources. Without such clear guidance, inconsistencies occur in messages sent to unions and stakeholders.[13]

✔ Recognize the difficulty of reconciling government social and economic policies, such as services to the North, with specific commercialization objectives.[14]

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[12] Commercialization of the ANS, Briefing Notes, Transport Canada.

[13] Ibid.

[14] Ibid.

Summation

Commercializing the ANS is an excellent example of an alternative service delivery innovation. Government does not need to own or operate the ANS to ensure that the public interest is met. It can use legislation, regulation, transfer agreements, financial arrangements and other means,[15] while divesting itself of major operational responsibilities and costs, including capital assets, contract obligations and personnel. In addition, a payment of $1.5 billion will be forthcoming for ANS assets and $200 million in tax appropriations will no longer be necessary. Not least, the model meets important objectives for each major stakeholder.

Government objectives of a reduced civil service and a lessening of demand on the tax base are met without increased unemployment or a reduction in the quality of service. On the contrary, employees can enjoy greater career potential, management can exercise greater flexibility, and service to users will be improved while ensuring safety. The model will also increase the ANS's ability to respond to changing demands and new technologies.

NAV CANADA has been whole-heartedly accepted by the aviation industry. It is representative of stakeholders, and the industry will have meaningful input into the use of ANS revenues, the setting of fees, long-term expenditures and service standards.

Overall costs are expected to be reduced within two to three years as private sector management principles take hold, subsidies are phased out and regulations streamlined. The travelling public should also benefit from eventual reductions in delays and costs to airlines.[16]

Employees can enjoy greater career potential, management can exercise greater flexibility, and service to users will be improved while ensuring safety.

Exhibit I — ANS Commercialization Timeline

1985	Government begins a major downsizing initiative, which includes a hiring freeze. Air traffic increases by 40%.
November 1991	The Air Transport Association of Canada makes a formal proposal to TC to commercialize air traffic control.[17]
March 1992	The Ministerial Task Force on Aviation recommends ministerial review of an independent status for the ANS.
November 1993	ATAC, CALPA, CATCA and CBAA submit a proposal to the Minister of TC, recommending creation of a not-for-profit utility corporation responsible for all ANS operations in Canada.[18]
February 1994	TC is directed to study ANS commercialization. At about this time, the ANS Commercialization Steering Committee, comprising federal government interests, is formed.
April 1994	The ANS Commercialization Advisory Committee of Stakeholders is established.
August 1994	Canada-wide consultations begin.
November 1994	Six principal users and all affected unions demonstrated support for commercialization in a letter to the Minister of TC.
February 1995	The budget announces that commercialization of the ANS will proceed. The news release states that an interim board of directors is to be appointed to negotiate the terms of transfer to a not-for-profit corporation, and legislation is to be drafted and introduced into Parliament in fall 1995. Consultations are completed, with remarkable consensus achieved among government, business and labour on a proposal to transfer the ANS to a NFP corporation with user representation.[19]
June to December 1995	Government and NAV CANADA negotiations.
September 1995	The signing of the tripartite MOU on employment issues related to the ANS commercialization.
November 1995	Final government review of negotiated agreement, including economic regulatory regime.
November 1, 1995	Overflight charges in place, to be collected by the British Civil Aviation Authority.
December 8, 1995	Announcement of agreement in principle to sell the ANS to NAV CANADA for $1.5 billion.
December 1995 to February 1996	Legislative process continues. New safety regulations scheduled for publication in the *Canada Gazette* in December or January.
April 1, 1996	Operation of the ANS by NAV CANADA begins.

17 How to Spin Off Air Traffic Control, R.W. Poole Jr. The Reason Foundation, Policy Study 166, Los Angeles, August 1993.

18 Air Navigation Services, A Better Way. A Proposal. ATAC, CALPA, CATCA, CBAA. September 1993.

19 Transport Canada's New Direction and the 1995 Budget: Transport Canada, February 1995.

Exhibit II — Commercializing the ANS — The Players

ANS Commercialization Steering Committee

A consultation forum with senior TC officials and senior representatives from central agencies and federal departments with which the Aviation Group works closely.

Transport Canada:
  Assistant Deputy Ministers:
  Aviation (Chair), Policy and Co-ordination, Personnel, Review, Airports.
  Directors General:
  Public Affairs, Financial Management, Air Navigation System, Aviation Regulation, System Safety.
  Project Manager, ANS Commercialization.

Central Agencies:
  Privy Council Office, Department of Finance, Treasury Board Secretariat.

Other Federal Organizations:
    National Defence, Atmospheric Environment Service.

The Commercialization Advisory Committee

Senior review forum representing the aviation community.
Membership from industry, user groups and employee associations.
Chair: ADM, Aviation.

ATAC	Air Transport Association of Canada
CBAA	Canadian Business Aircraft Association
CALPA	Canadian Airline Pilots Association
COPA	Canadian Owners and Pilots Association
AQTA	Association québécoise des transporteurs aériens
AGAQ	L'Association des gens de l'air du Québec
AIAC	Aerospace Industries Association of Canada
TSB	Transportation Safety Board of Canada
CAC	Canadian Airports Council

The Affected Unions

AOGA	Aircraft Operations Group Association
CAPRO	Canadian Assoc. of Professional Radio Operators
IBEW	International Brotherhood of Electrical Workers
PIPSC	Professional Institute of the Public Service of Canada
UCTE	Union of Canadian Transport Employees
APSFA	Association of Public Service Financial Administrators
CATCA	Canadian Air Traffic Control Association
PSAC	Public Service Alliance of Canada
SSEA	Social Science Employees Association

All the unions signed the tripartite MOU on employment issues related to ANS commercialization with TC and NAV CANADA in September 1995.[20]

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20 ANS Commercialization Project, B-2, B-3.

6

National Capital Commission Employee Takeover Corporations

Overview

In the fall of 1994, all federal departments and agencies undertook a program review as part of the national deficit reduction program. In order to meet its target reduction of $21.4 million, or approximately 24% of its appropriations, the National Capital Commission (NCC) laid out a plan to divest land, reduce programs and reduce payroll through commercialization.

The NCC's Strategic Action Plan was prepared for program review and accepted in the February 27, 1995, federal budget. The plan outlines the commercialization of all NCC property and land management functions, with attendant reductions in support and administration over a three-year period, beginning April 1, 1995. It will affect about half the NCC workforce throughout the corporation.

The Commission's executive management decided to commercialize through Employee Takeover Corporations (ETC), thereby preserving the NCC's mandate and responsibility to manage and maintain the physical Capital.

This approach mitigates the impact of layoffs on the local economy, contributes to the diversification of the National Capital Region's economic base, preserves the expertise and experience of NCC employees, and reduces the cost of the NCC program to the federal government.

Preserving the NCC's mandate and responsibility to manage and maintain the physical Capital.

The NCC's Employee Takeover Corporations
- ✔ A service delivery model intended to address dramatic reductions in appropriations while continuing to deliver the core mandate and preserve government employee expertise.
- ✔ The management of complex human resource issues over prolonged downsizing.
- ✔ The issues faced by an organization charting new territory through the implementation of a new service model in the absence of a standardized government framework and/or previous examples.

Background

The National Capital Commission is a Schedule III, Part I, crown corporation, and is a legal entity separate from the Government of Canada. It receives parliamentary appropriations to augment its revenue-generating activities and offset its expenses (78%:22%, respectively). Although it performs its daily operations at arm's length from government, it is subject to the Financial Administration Act and up to 40 other federal acts and regulations. The Commission is a separate employer and is accountable to Parliament through the Minister of Canadian Heritage. Its Board of Directors represents all parts of Canada. The NCC submits a corporate plan each February, and produces a corporate plan summary and an annual report for public consumption each June.

The Commission and its predecessors were created to ensure a Canadian Capital worthy of its role. The National Capital Commission, created in 1958, put into place most of the elements of the Gréber Plan commissioned by Prime Minister William Lyon Mackenzie King. As a result, the parkways, the Greenbelt, Gatineau Park and the urban open spaces took form over the following 30 years. Until the early 1980s, the NCC was a land-focused organization, concentrating on creating and developing the physical Capital. In 1981, a gradual shift emerged towards defining a purpose for the NCC's land holdings with a more overt link to its role in Canadian unity. The 1958 National Capital Act was amended to formally recognize this role in 1988. The NCC's expanded mandate and role received further approbation in 1992–93 with the move from Public Works Canada to the Canadian Heritage portfolio.

Mission and Mandate

The NCC's mission is to promote the National Capital Region (NCR) as a source of pride and unity for all Canadians. Its mandate is to make the Capital a meeting place for Canadians, to support national reconciliation, to highlight and communicate the Canadian national identity, and to safeguard and preserve the Capital's physical assets.[1]

Responsibilities

- Prepare plans for and assist in the development, conservation and improvement of the NCR.
- Organize, sponsor and/or promote public activities and cultural events in the NCR.

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[1]   Corporate Plan Summary, 1995/96 - 1999/2000. National Capital Commission, p. 2.

- Co-ordinate government and departmental policies and programs concerning public activities and events related to the NCR.[2]
- Optimize the land portfolio for maximum revenue return and minimum cost.

Operational Sectors

- Planning the NCR: This sector plans, designs and guides the physical development and use of federal lands.
- Real Estate Management and Development: This sector manages and protects NCC's property assets on behalf of Canada.
- Promoting and Animating the Capital: This sector presents the Capital as a stage to encourage Canadians to experience Canada's heritage, culture and achievements.[3]

Support Sector

Corporate Services: This sector provides the NCC's centralized services (finance, human resources, strategic/corporate planning, information management, procurement, materiel management, access to information and privacy, legal, audit, etc.).

Budget and Staffing Cutbacks

Budget Reductions 1985 to 1994

In the mid-1980s, the NCC began to experience annual budgetary reductions. Programs and marginal activities were cut, land was sold and 250 staff positions were abolished. An overall corporate strategy was required to absorb the reductions. As well, the unity mandate, introduced in 198l, was unfunded. By 1994, the Commission had lost almost 40% of its purchasing power.

Funding Pressures in 1994

The NCC has three parliamentary votes: operating, capital, and a budget for property tax payments. The summary of the Real Asset Management (RAM) strategy provides insight into why the capital budget was not available to meet the program review cuts. The tax budget is a fixed and legal obligation. There was no flexibility other than in the operating budget, 60% of which is salaries.

Real Asset Management Strategy

In 1989–90, the Commission undertook a complete study of its land and built-property holdings, costing every aspect of owning and managing its inventory. The result was the Real Asset Management strategy, which was approved by Treasury Board (TB) in 1991. Five years of implementing this strategy helped the Commission balance its budget, but it was evident that this area could not be heavily cut.

The NCC needed to develop a corporate strategy when it began to experience annual budgetary reductions in the mid-1980s.

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[2] Ibid, p. 2

[3] Ibid, pp. 4 and 12.

The Commission has always had a structured land-use planning hierarchy which begins, at the highest level, with the Federal Land Use Plan (a framework for all federal property within the National Capital Region), and ends with site-specific plans which guide the rehabilitation and development of Commission lands. In between, there are master plans (Gatineau Park, Greenbelt) and sector plans (Lac des Fees). The NCC also defined the key land holdings required to carry out its mandate through the National Interest Land Mass (NILM), which was approved by TB in 1988.

The RAM strategy is complementary to land-use planning. It was conceived to rationalize land holdings, increase revenue, decrease costs and link the land-use planning functions (e.g., official plan zoning applications) to market transactions and divestitures.

The Real Asset Management Strategy

1. Set standards for land maintenance in various zones of the Capital and determined optimum unit costs for various tasks.
2. Produced condition reports on built properties and civil structures, and determined the size and shape of the backlog of asset rehabilitation work. Identified an eight-year capital works program and funding strategy to catch up on the rehabilitation backlog (together with plans to divest, develop and devolve assets), thereby reducing the rehabilitation need over time.
3. Studied every NCC holding to determine the original purpose of acquisition, the current use, the proposed vocation, interim use and final disposition.
4. Refined the National Interest Land Mass as that group of holdings which must be held on behalf of Canadians in perpetuity.
5. Identified land and other assets (traders) which could be used as a balance sheet with local governments to further the NCC's mandate goals.
6. Identified municipal-like assets to be devolved to local governments based on use by the local population and because they are contiguous to regional road systems; and the ideal window of opportunity, given lifecycle and other considerations.
7. Identified a list of Non-National Interest Lands to be divested at market value.
8. Identified a list of National Interest Lands to be acquired within a stipulated priority sequence.
9. Established portfolio management principles in the management of both built and land assets.
10. Called for a formal lifecycle process to be established within the NCC for land and built assets.
11. Identified development plans for key assets to put out to the private sector (e.g. Chambers).

Once Treasury Board approved the RAM strategy in 1991, the Commission began to concentrate on its implementation and to work through the unfunded backlog of rehabilitation work on its capital assets. TB worked with the NCC to reprofile its budgets and augment its capital funding to support the asset rehabilitation program.

From 1991 to 1994, the Commission stabilized its programs; rationalized land holdings; integrated land use planning with other jurisdictions within the National Capital Region; brought the asset rehabilitation backlog under control through a program of capital works, divestiture, development and devolution; and increased revenue through market rents, sponsorships, partnerships and user fees. Innovative arrangements with local governments helped consolidate the National Interest Land Mass, allowing the trade of federal assets in order to finish parts of the Gréber Plan (e.g., the parkway network). For years, dwindling federal budgets had made completion of the Gréber Plan seem unlikely.

At the same time, a structured program of workforce recommitment training and corporate training was instituted. This program included training in coaching, productivity and leadership skills, and technology.

Program Review 1994

In 1994, the federal government's program review offered a further opportunity, within new guidelines, to examine the Commission's holdings, programs and workforce. It questioned whether the federal government was responsible for a function and what alternative delivery means could achieve the same or better ends.

The key elements of the NCC's Program Review Strategic Action Plan are the Real Asset Management Strategy, the National Programming and Marketing Plan, and the Employee Takeover Corporation initiative — all underpinned by an innovative Human Resource Renewal Program.

Despite the cost-cutting and revenue-enhancing programs, no single or collective strategy could produce the 24% appropriation reduction envisaged in the program review.

Employee Takeover Corporations

In the summer of 1994, the Commission took a bold step. In the four short weeks it took to produce the NCC's Strategic Action Plan, the corporation was forever changed.

In 1994, the federal government's program review offered a further opportunity, within new guidelines, to examine the Commission's holdings, programs and workforce.

Rather than look for the required 5% to 8% cut, the executive determined that the real-asset management function comprised the largest portion of the NCC's budget, and that salaries comprised almost 60% of the operating budget. Coupled with the inflexibility of substantial fixed costs (i.e., grants in lieu of taxes, utilities, rent, etc.), all indicators pointed to the realty sector as the only place to make heavy cuts. This would also allow downsizing in the support and administrative sectors.

The executive decided its mandate and key land holdings would remain intact but service delivery would be re-engineered.

After much soul-searching, the executive decided its mandate and key land holdings would remain intact but service delivery would be re-engineered. The required cuts would come from the operations budget through contracts tendered to, and negotiated with, employee-based private sector corporations. By privatizing the property and land management functions, the Commission could eliminate the support functions (warehousing, shops, nursery, greenhouses, fleet management, etc.), and a significant part of the administrative overhead (materiel management, hourly payroll, 70% of accounts receivable/ payable, etc.). The plan will cut the NCC's workforce in half, with little perceptible change in service to the public.

The reductions amounted to cuts of 24% of the NCC's appropriations. This strategic planning approach yields optimum reductions, not a minimum goal. The executive is committed to the approach, having conceived and defined it, and studied the risks involved.

The NCC Chairman advised his employees of these decisions the day after the federal budget of February 28, 1995. The federal government's requirement for discretion between the September 1994 date of the Strategic Action Plan and February 28 made it more difficult to manage the human resource and labour aspects of this pervasive organizational change. However, that discretion allowed the government to examine all the program review plans for potential conflict before formulating the budget.

The NCC's Employee Takeover Corporation (ETC) initiative, which respects Treasury Board guidelines, has a set of values, a proposal call process, an independent evaluation committee and mandatory criteria which ensure that the companies being formed are held and controlled by former NCC employees. The core issues, key success factors, lessons learned and summary portions of this case study reflect the main issues and solutions related to the NCC's ETC experience. The attached appendices provide supporting documentation on issues such as the proposal call process.

The Union Challenge

Following the NCC's change in status to separate employer, the Public Service Alliance of Canada (PSAC) was certified as bargaining agent for all its employees in January 1995. On February 3, PSAC served notice to bargain. On February 28, the federal budget confirmed the NCC's downsizing plan and on March 1, the NCC Chairman told his staff their future.

On March 24, PSAC filed two complaints with the Public Service Staff Relations Board (PSSRB), alleging anti-union animus on the part of the NCC in its downsizing plan and contravention of the Public Service Staff Relations Act. These allegations turned on whether the March 1 announcements made by the NCC constituted a fundamental change in the terms and conditions of employment while collective agreement negotiations were underway, and whether the NCC had targeted unionized workers in its reduction plans. The Commission agreed to put in place a no lay-off policy until the PSSRB made its decision, in exchange for continuing its ETC proposal call process.

On October 16, 1995, the PSSRB decision was rendered in favour of the NCC, whose case hinged on its ability to demonstrate that the budget reductions were directly related to deficit reduction. The NCC's evidence proved that a "prior pattern of the employment relationship" did include layoffs.

The Current Situation

The Commission has completed phases one and two of its ETC proposal call process and is in contract discussions with six would-be ETCs. A program submission to Treasury Board, outlining all aspects of the ETC process, received approval on December 17, 1995. A submission for the six contracts was put before TB ministers in February.

The Commission has completed phases one and two of its ETC proposal call process and is in contract discussions with six would-be ETCs.

Two packages were orphaned in the process as their proponents did not qualify in the detailed proposal stage. Property Management and Leasing were tendered to the private sector the week of January 15, 1995, and work is continuing on the Gatineau Park package with plans to tender it to the private sector this fall.

Core Issues

Part A: The Process Must Be above Reproach

The NCC ETC proposal call process was designed to achieve a number of things. It must ensure that the work being offered was available to all NCC employees; that the process was fair, equitable and consistent with commonly used government regulations; that it was at arm's length from the operational Vice Presidents, the General Manager and the Chairman; that an independent

committee of experts judged the proposals received from ETCs; that specifications were written so that a novice entrepreneur could bid; and that every type of support was provided to the proponents at each stage of the process so they could bid in an informed manner.

1. **The Directed Contract** Central to the ETC concept is the fact that the budding corporation will receive a directed contract from the government. The contract length is based on an estimate of how long it will take the ETC to stabilize as a business, to diversify its client base, and to adjust to private sector market and business demands. Once the initial period is over, the work will be tendered competitively on the open market.

2. **Specifications** The specifications for the ETC proposal call must be written to provide not only the necessary information but also to ensure that proponents who are unfamiliar with this bidding process understand their rights and obligations.

The detailed proposal call documents are broken into three distinct sections:
*   The mandatory requirements which, if not met, disqualify the bid.
*   The legal obligations, which the NCC suggested a lawyer review for the ETC.
*   The business plan, which was drawn up by a private sector accounting firm to guide the proponents through the bid requirements so no disqualifications would occur because of misunderstood specifications.

3. **Mandatory Requirements** The NCC's mandatory requirements include:
*   51% of the ETC's shares must be owned by former NCC employees for the duration of the directed contract.
*   51% or more of the workforce must consist of former NCC employees for one year.
*   The principals/owners must own at least 33% + 1% of the available shares.
*   All ETC employees may acquire and retain voting shares and participate in ETC profits.
*   Current NCC operating costs must be reduced by 20% to 25%.
*   The maximum number of contracts available to one ETC is one large and/or two small.

The expressions of interest (Phase One) and detailed proposal call (Phase Two) were evaluated by an independent jury of experts.

4. **Independent Experts** The expressions of interest (Phase One) and detailed proposal call (Phase Two) were evaluated by an independent jury of experts: a lawyer from the National Capital Region, a Vancouver real-estate developer, and a Toronto-based consultant who has experience with ETCs. They evaluated the proposals based on several criteria and their own expertise and experience; they interviewed the proponents; and they produced board reports recommending the viable ETCs. The NCC's

Executive Management Committee (EMC) could accept or reject the recommendation, but could not reverse or alter it in any way. The EMC accepted the jury's recommendations that six ETCs were qualified to enter into contract discussions with the Commission and two were rejected.

5. **Financial Support** During the detailed proposal process, the proponents were given financial support from the NCC. For large proposals, the proponents received up to $10,000, and smaller proposals received up to $5,000 to pay for lawyers and accountants.

    These figures represent a portion of the real cost associated with hiring such expertise. The NCC's decision to do this was crucial to the success of the proposal call process. The corporation wanted to even the playing field to ensure that the ETCs got advice and guidance to complete their bid and to understand their obligations and rights throughout the process. Without this intervention, the NCC might encounter difficulty in enforcing its ETC contracts, as recent case law indicates that the two parties to an agreement must reasonably be expected to have equal value and power.

6. **Banking Institutions** The NCC discussed the ETC initiative with the "big five" banking institutions. This may have helped ETCs to get an audience with their bankers, although the NCC did not offer collateral or other guarantees. The ETC business plan had to stand on its own merits. One of the NCC's risk management criteria was a promise of funding from a reputable banking institution.

7. **Closed Sale** ETCs will be allowed to participate in a "closed sale" to acquire the equipment and materiel they require — from NCC stocks, should they wish. The closed sale is similar to the NCC's twice-yearly auction, except it will not be open to the general public. The value of assets is established using methods long employed by the Commission to ensure that it is divesting of its used assets at a fair price. As well, a cash-and-carry outlet will make available new and used NCC assets and materiel at fair market value. This approach helps the ETCs with their start-up costs by reducing the need for upfront capital without subsidizing them, and it helps the NCC to divest itself of large assets.

8. **Ongoing Dialogue** An ongoing dialogue with the Chief of Procurement throughout the process helped proponents get answers to their many questions (several hundreds of questions were answered, in writing, during the 60-day proposal period). Formal addenda to the proposal call documents were issued for clarification and adjustment if an element of the NCC's specifications inadvertently ran counter to the overall corporate goals and values of the exercise. The ETC proponents showed considerable business acumen throughout the process.

The value of assets is established using methods long employed by the Commission to ensure that it is divesting of its used assets at a fair price.

Part B: Trade Law Consideration

The NCC's land management functions are exempt from the North American Free Trade Agreement, but the property management functions are not. Executive management chose to include that property function in the ETC process in order that it be equitable to all employees in the real-asset management sector, because it is not a very large package of work, and because the NCC building portfolio is difficult to manage. The problem became moot when the property management ETCs did not qualify in the detailed proposal stage.

Initially, the Agreement on Interprovincial Trade looked problematic, but the Department of Justice recently issued a notice which appears to accommodate the ETC process.

Part C: Accountabilities

The General Manager, Chairman and Executive Management Committee made the program review decisions and submitted the Strategic Action Plan to the government.

The Vice President of Strategic Planning and Information Management (SPIM), a staff position, was named as the manager of the NCC's entire Program Review process to ensure objectivity and to guarantee arm's length status for the rest of the Executive Management Committee.

The Program Review Implementation (PRI) Group, which includes about 10 NCC staff from all levels of the organization and vice presidents, manages the implementation on a daily basis.

Human resource issues are at the heart of the ETC strategy.

The group meets weekly for six to eight hours to discuss operational decisions. It also determines policy, direction, controls and audit trails, and examines organizational issues and structures related to Program Review implementation, particularly as these apply to the ETCs. The Junior PRIs — the working level of the group — meet frequently to implement the complex strategy. The full EMC approves policy decisions and receives regular updates from the VP of SPIM on behalf of the implementation group.

Part D: Human Resource Management

Human resource issues are at the heart of the ETC strategy. The NCC made a sincere commitment to treat employees in an equitable and humane manner, as reflected in a clear and transparent communication plan, through support to the ETC process for the proponents, and through information updates for the staff. Further, they provided outplacement services and job-finding support to all affected employees (reverse job fairs, electronic

employment board, job centre, counselling, financial advice, guidance, up to $2,000 for retraining, and formal outplacement services).

The NCC, as a separate employer, has its own version of the government's Early Departure Incentive. The corporation negotiated with Treasury Board for the same benefits as were available to civil servants. The NCC agreed that its overall buyout package would not exceed the benefits given to public servants. The NCC's original four-year Strategic Action Plan allowed the corporation to pay its own way, including all downsizing costs, because the financial plan called for more layoffs each year to cover the cost of the next year's departures. The government reduced the timeframe to three years, thereby reducing the amount of money available for buyouts, but offered $5.9 million to help cover the corporation's shortfall.

The NCC also negotiated for the Early Retirement Incentive because the corporation meets the criteria of a "most affected" organization, and because its employees pay into the same pension fund as do public servants. Treasury Board eventually agreed, thereby helping the NCC to downsize as people volunteered to retire early.

The Treasury Board guideline on Employee Takeover Corporations states that the principals/owners of ETCs not receive a buyout package on departure; they must resign in order to be eligible for an ETC contract. However, NCC workers who get a job with an ETC will still receive a buyout because they may not be offered comparable jobs. Rates of pay, pension and other benefits may not be within the means of a start-up ETC, and workers may lose income. The ETCs will not pick up all NCC employees, and in order to reach the 25% economy factor built into the NCC's proposal call, they will have to find efficiencies in every area.

Key Success Factors in the ETC Experience

1. Corporate Leadership

The organization needs the right leader at the right time. This person must set the course, take decisive action and hold the tiller steady. The leader must ensure there is an appropriate balance between support to, and viability of, the ETCs. He or she must put the right combination of talent into the transition and implementation teams, and must talk to staff at regular intervals so the organization knows the strategy is real and progressing.

2. Choices

Although it is possible to commercialize almost any function within an organization, success depends on the choices made and the amount of instability the organization can sustain. The organization should consider its

Although it is possible to commercialize almost any function within an organization, success depends on the choices made and the amount of instability the organization can sustain.

core competencies, and the initial and ancillary impacts of functions chosen. For example, does a function chosen for commercialization have a direct impact on a core competency and is that risk too high? Is there a logical sequencing to commercialization decisions? Is the ETC model most advantageous, or would outright privatization or contracting to the private sector better meet the goals?

3. Humane Treatment of Employees

The principle of treating people humanely must be posited early in the downsizing process. Management must walk the talk, follow through with promises and obligations, be consistent and err on the side of the employee. Central to the success of managing the "survivors" is the manner in which their colleagues are treated during the downsizing period. Survivor trust, loyalty and productivity are critical to the organization's stability.

4. Strategy Framework

The executive management group must have a strategy framework in place, state their value system and make difficult decisions quickly, based on operational, financial and human factors.

5. Staff Communication

The strategy must be disseminated to all staff at the earliest possible moment. Although executive managers determine the future mandate and structure of an organization, the senior and middle managers who will implement it must be involved early in the process. The organization must "hyper-communicate" throughout the process to dispel misunderstandings and to ensure compliance with and enthusiasm for the chosen strategy.

6. Union Relations

Unions should be involved in the process as early as possible.

7. Defensible Process

A clear, auditable process of strategy implementation must be in place. In the ETC model, this must include tendering and evaluation of the proposed ETC contracts which follow existing contracting regulations and which are above reproach. In designing and following this process, one must always consider the social and economic factors, as well as the stated objectives.

8. Proposal Call Documentation

Care must be taken to tailor the proposal call process and documentation to guide novice entrepreneurs through a very complex set of legal and technical requirements.

9. Independent Panel of Experts

It is crucial to keep the proposal call process at arm's length from the operations managers and the CEO/CAO. Once the organization has set out mandatory criteria, technical specifications and a business plan format, a group of independent experts can evaluate the proposals and apply their private sector expertise in the areas of business and banking standards. The panel must recommend which ETC teams should proceed to the contract discussion stage. Organizational experts then conduct the contract discussions as they would with any private sector tender call; there can be no illusion of subjectivity. The people who are going to manage the contract for the organization must discuss their expectations with the ETC proponents in order to sign the contract.

10. Proponent Support

It is imperative that novice entrepreneurs receive reasonable help and support on all fronts. They need clear, uncomplicated specifications and advice on their responsibilities and obligations; they need a reasonable amount of time off to complete their proposals; they need professional accounting and legal advice during the bidding process; and they need the understanding and support of their supervisors while they go through the process (alternative work schedules, etc.).

Employees need human resource management support during a major downsizing to help them through the transition (e.g. job-finding, résumé support, legal/personal financial advice, job fairs, etc.).

Lessons Learned

✔ **Working with Central Agencies** It is very important for organizations embarking on a downsizing process through the ETC model to have a mutually supportive, flexible and positive relationship with Treasury Board. The process requires many policy discussions and support from the senior ranks of central agencies.
The organization should determine its strategy, organize its implementation plan and present it to TB, together with case evidence of the value of the approach. It is not useful to ask permission from the Board each step of the way. Even within fairly prescriptive guidelines, each situation is different and requires a case-by-case approach with the central agencies.
✔ **PSSRB Decision** This decision could be useful to other government organizations because it validates the program review exercise. However, the NCC is a crown corporation which was in a collective bargaining stance at the time and therefore may have been in a unique position.

> *It is crucial to keep the proposal call process at arm's length from the operations managers and the CEO/CAO.*

✔ **Stabilization** Even if all phases and aspects of a massive downsizing plan are carried out on time and as planned, it is difficult to evaluate the secondary effect of the exercise on the people who conceived it, who implement it, and who are affected by it. Stress-related illness may proliferate. There is usually a brain drain of people with top skills who are not affected, but who dislike the discontinuity and want a more stable environment. Guilt, remorse and other strong emotions prevail, and the final toll is hard to predict.

Summation

The NCC has reached contract negotiations with six ETCs from its original goal of putting eight packages of work into the private sector through employee companies, making it one of the most advanced organizations in the federal government delivery model.

The NCC has avoided many pitfalls associated with ETCs by defining a clear model and process and adhering to it. As yet, there is no standard model for government. There is no question that simple contracting out to the private sector would achieve some of the goals established for ETCs, such as the provision of the same service level at reduced cost. However, contracting to the private sector cannot meet the "softer" social goals of the ETC model, e.g., maintaining government expertise; finding jobs for displaced workers; diversifying the employment base of the region in which the ETC is founded; and mitigating the ancillary economic impacts of a large, single-skilled group of unemployed workers.

From a human resource perspective, the ETC is not a panacea for budding entrepreneurs as statistically, less than 10% of the population is suited to entrepreneurial pursuits. Basically, an ETC satisfies that spirit within the people who form, fund and manage the ETC. The majority of those affected just want to stay employed.

The NCC's ETC experience has provided work for approximately 45% of its first wave workforce.

The NCC's ETC experience has provided work for approximately 45% of its "first wave" workforce. As such, it can be judged to have met the goals set by NCC executive management as it developed its strategy.

The issue of ETC competition with the private sector is an important one. In the National Capital Region, a group of business people from diverse backgrounds have bonded together to help ease the effects of federal government downsizing. The Regional Economic Diversification Opportunities (REDO) group reasons that, since the NCR is the hardest hit area in the country, the private sector will suffer from the fallout if they do not actively seek to integrate former public servants into the business community. A recent REDO paper tabled with Treasury Board indicates that

the business community considers the ETC model viable and acceptable. Their report offers suggestions to the evolving Employee Takeover Corporation policy currently being drafted by Treasury Board.

A Final Word on Balance

The success or failure of the NCC's ETCs will be determined by others.

The final chapter will be written after the first year or two of operation, after the first competitive contracting experience or after one of the ETCs grows successfully or fails. It is important for those who will evaluate the exercise to look for the balance between favouritism and viability. Without a rigorous process, mandatory criteria and independent evaluation, the NCC could not have judged the level of risk involved with the ETC model, nor could the corporation have withstood public scrutiny. Without a certain amount of guidance, counselling, employment advice, funding for expert support, bidders' conferences, site meetings, hundreds of questions answered, and consistent written communication throughout, the ETC proponents could not have prevailed.

The NCC attempted to strike the ideal balance between favouritism and viability in order to protect the corporation and the federal government from risk, while helping the ETCs begin their private sector careers.

The final chapter will be written after the first year or two of operation, after the first competitive contracting experience or after one of the ETCs grows successfully or fails.

Vancouver Airport: Making the Most of Local Autonomy and Authority

Overview

Why should profitable government-run operations be transferred to private-sector interests? Because, under the more flexible rules and creative approaches possible with private management, these enterprises can become more efficient, more profitable and more responsive to their clients. At the same time, they can remain a lucrative source of government revenues, a responsible corporate citizen and a secure employment base for the community. The Vancouver International Airport is a case in point.

Background

In 1988, the federal government developed Fundamental Principles for the Creation and Operation of Canadian Airport Authorities to prepare to transfer four airports — in Vancouver, Calgary, Edmonton and Montreal — to not-for-profit private sector interests. Negotiations were conducted with the Vancouver International Airport Advisory Group, supported in part by the Department of Western Economic Diversification; they were concluded successfully in July 1992.

The transfer of Vancouver International Airport involved approximately 250 public servants and a negotiated lease arrangement requiring the new Authority to pay the Government of Canada a base rent for the use of the airport, which remains the property of the federal government, and a sliding scale of additional rent based on the revenue generated by the airport.

Responsiveness to Client Concerns

They know they are dealing with the people who can make the decision.
— Frank O'Neill
Senior Vice-President, External Services

Making the Most of Local Autonomy and Authority

The Vancouver International Airport Authority demonstrates that profitable government-run operations transferred to private-sector interests can become more efficient and more profitable. At the same time, they can remain a lucrative source of government revenues, a responsible corporate citizen and a secure employment base for the community. The result can be private enterprise — in the public interest.

The case study suggest the following guidelines for creating an alternative service delivery model:
✔ Removing government-imposed constraints can make consultations and negotiations with client groups more meaninfgul.
✔ Private enterprises can take advantage of new flexibility in managing their business partnerships.
✔ Streamlined and localized decision-making can help improve operations and profitability.
✔ By treating improvements to assets as investments instead of costs, management has additional and critical flexibility in a profitable enterprise.
✔ With an appropriate ground lease arrangement, efficiency and revenue gains can benefit the Canadian public.
✔ Invest in your most important assets.
✔ Take a win-win approach to union-management negotiations if possible.
✔ Work for public policies that will support your efforts.
✔ Build on your comparative advantage.

We have business partnerships, with Transport Canada, the airlines and the public; this is not a landlord-tenant relationship as it was in the past.
— Richard Koroscil
Director, Airport Operations

The new airport Authority's board of directors includes representatives of the accounting, legal and other professions, the private sector, the cities of Richmond and Vancouver, and the Greater Vancouver Regional District. They must ensure that the airport is run with business acumen and in a way that is responsive to the needs of the region's people and industries. Airport management believes that this model is much more responsive to the community. The Director of Operations notes that people are interested in how their local airport is run and want to have input to major decisions.

The Authority has continued the work of local citizen committees established by Transport Canada to monitor noise levels around the airport and to address environmental concerns. While the Authority also consults with the public, the airlines and the vendors who lease space in the terminal — as did Transport Canada when it managed the facility — it is now able to do so with an independence and flexibility that was not available to the former government managers.

For example, when Transport Canada consulted with the airlines on the possibility of building a new terminal, Treasury Board's user-pay/user-say philosophy required Transport officials to have all airlines approve the plans. This meant that the department had to accede to last-minute demands by the airlines. Frank O'Neill, the Authority's Senior Vice President, External Services, notes that this meant the airport's managers could not always make rational business decisions: now the Authority's clients know they deal directly with the decision-makers. The autonomy makes the processes of consultation and negotiation meaningful and important.

Like any airport administration, the Authority negotiates the fees charged to airlines and to vendors located in the terminal buildings. The airlines have responded well to fee levels, perhaps because they now know that the fees stay in Vancouver. The vendors have also responded well to the requirement of selling their goods and services at street value, rather than at the inflated rates usually charged by airport vendors; they must also meet quality standards. In return, they are able to obtain longer leases than before, and access an expanding clientele.

Streamlined Decision-Making

> *Local authority gives a private enterprise the vigour to pursue projects that are important to the community.*
> — Frank O'Neill
>
> *It is much easier to get things done now. We don't have to spend months and years justifying each action and decision.'*
> — Richard Koroscil

The Authority is implementing a major building program to increase and improve its operations and is consulting with the airlines and the public in the process. One major improvement — the addition of a third runway — had been planned about 15 years before the Authority came on the scene, a time period typically required for such an undertaking.

The Authority completed the planning for a new terminal in record time. The terminal was needed five years ago, but constraints on government expenditures meant that Transport Canada could not build according to need. As a government-run operation, the Airport had not been able to seek bank financing to improve the facilities. Instead, the investment would have been considered an expense to be financed by public borrowing. In times of fiscal restraint, this is clearly a hard sell in government. Private bankers, in contrast, had to be convinced only that the expansion would enhance profitability in an organization that could afford to repay its lenders.

Vancouver's new terminal will be larger than Terminal 3 in Toronto but cost $200 million less. It will be completed by summer 1996, a rate much faster than Toronto's. The Operations director, a former public servant, feels that the quick decision-making and action on the new terminal were possible because "It is much easier to get things done now. We don't have to spend months and years justifying each action and decision." In the past, expenditure decisions on an airport expansion and improvement would have been balanced by regional equity concerns that could involve processes and interests outside the region: Why should Vancouver be upgraded if Toronto or Montreal or Calgary are not? The decision is now based on conditions in Vancouver alone, and is made by the Authority's management and Board of Directors. Decisions must be acceptable to the Board, be sound business actions and responsive to the needs and preferences of the community.

In the design of the new terminal, the Authority adopted the concept of a common-use facility for airline ticket counters, instead of the dedicated counters installed in airports across the country. The innovative design will provide the same level of service in 20-30% less space.

The Authority is also planning improvements to the existing terminal to bring it up to Code for fire and earthquake protection, and to remove asbestos. This $150-million investment is another expense that government could not afford.

Creative Financing — By the Authority and the Government of Canada

We've made a commitment to end user fees in seven years, when our loans are paid off.
— Gordon Lancaster, C.A.
Senior Vice-President and Chief Financial Officer

The Vancouver Airport Authority is making lots of money. While profits began improving significantly in the last year of Transport Canada administration, the steep rise is gaining strength under private-sector operations. The trend is evident in the airport's operating surplus and revenue per passenger, as described below.

A Steadily Improving Bottom Line

Vancouver International Airport's bottom line can be determined by subtracting its operating and other expenses from its gross revenue. Under both public and private administrations, the airport has paid fees to Transport Canada; these fees are added to the net earnings to obtain an adjusted surplus. Adjusting the publicly run airport's net surplus by adding the fees paid to Transport Canada for air traffic control services and for regional and national management services yields an adjusted surplus of $33 million for 1990 and $40 million for 1991. Similarly, adding the Authority's ground lease fees to its earnings from operations yields an adjusted surplus of $48 million for each of 1992 and 1993, and $53 million for 1994.

More Efficient Operations

Calculation of the airport's revenue per enplaned and deplaned passenger shows a similar pattern: the airport earned $6.74 per passenger in 1990 and $8.15 in 1991. Under the Authority, this revenue climbed to $8.67 in 1992, $8.50 in 1993 and $8.89 in 1994. This measure demonstrates whether operations are becoming more or less efficient by controlling for the impact on gross revenues of Vancouver's steady increase in passenger traffic.

As a not-for-profit corporation, the Authority is able to plough its earnings back into operations and airport improvements. In addition, the Government of Canada benefits from the $32 million a year — which will grow as the airport's revenues grow — paid by the Authority under the negotiated lease arrangements. The Chief Financial Officer estimates that the sliding-scale

arrangement will result in hundreds of millions of dollars being paid to the federal government over the next several years.

The Banks Finance and the Users Pay

The new corporate structure has given the Authority much more flexibility in financing the airport expansion. The Authority obtained a standard construction loan for part of the construction cost and a second bank loan for the balance. It may also be able to gain long-term financing for its plans by being rated, as a utility would be, on the Canadian bond market.

The Authority introduced user fees to finance the new terminal. All air travellers pay a $5 fee for travel in the province, $10 for travel within North America, and $15 for each trip elsewhere in the world. These fees generated about $32 million in 1994. Although they had been explained to the public in advance of their introduction, they brought howls of complaint. Indeed, during the first six months after their introduction, the Authority's senior managers were on call until midnight each day to respond to customer complaints. As the Authority has consistently explained that the money was being used only to expand and improve the facility, complaints have decreased to about 0.005% of the travelling public.

The new corporate structure has given the Authority much more flexibility in financing the airport expansion.

Why Are All Those People so Happy?

> *It's exciting now. It used to be just a job.*
> — Ron Gilroy
> Local President
> Public Service Alliance of Canada
>
> *We can promote from within or hire from outside; you don't get ahead now because you've been here a long time, you get ahead by hard work.*
> — Richard Koroscil

When approximately 250 Transport Canada employees transferred into the newly established Vancouver International Airport Authority, they had guarantees of two years without layoffs and fringe benefits comparable to those they enjoyed in the government. Three years later, they have substantially higher salaries, more extensive benefits and better training. The Authority is able to determine how much of its own revenues should be allocated to pay salaries and benefits; it is not tied to a national austerity policy or to a bargaining process managed by another government department in Ottawa. Instead, it was able to pay its employees market-rate salaries, comparable to industrial wages in the region. These wage rates are considered more appropriate to the cost of living in British Columbia's lower mainland.

We can promote from within or hire from outside; you don't get ahead now because you've been here a long time, you get ahead by hard work.

The former public servants also have more colleagues; the airport now employs about 285 people, a net increase of about 75 employees. And 41 fire fighters were transferred to the Richmond Fire Department, doing the same work for the airport at much better pay.

The President of the Public Service Alliance of Canada (PSAC) local says that the evident success of the airport and the sense that their jobs are secure has contributed greatly to people's satisfaction with working for the Authority. So has the Authority's professional management. Union-management relations were aided greatly after the 17 contracts formerly administered by PSAC were consolidated, through difficult negotiations, into a single four-year contract for all of the Authority's unionized workers. The union is satisfied that it was able to negotiate much better pay scales for its members than the frozen rates they received as public servants.

The union and management discuss problems as they arise, in formal consultative processes. They are also able to flag issues likely to be the subject of negotiations in the next contract round, scheduled for 1997. The union is focussing on a win-win negotiating style for these everyday matters and hopes that increased responsibility can be delegated from union headquarters to the local to determine the preferred working conditions for local members. The union supports management efforts to move toward multi-task trades personnel, to the extent that the training required to enable workers to be proficient in more than one trade makes each worker more valuable to the Authority and therefore more secure in his or her job. It is also asking for a performance review process that will focus on training and career development.

Can We Do This Elsewhere?

> *Smaller airports will have to develop their real-estate potential as well as air traffic to do well. Abbotsford Airport makes money this way; so do Nanaimo and Edmonton Municipal.*
> — Gordon Lancaster

The people who are so happy with conditions at the Vancouver International Airport Authority are also well aware that it is easy to be happy when one is making money and in a secure job. They acknowledge that smaller airports aren't reaping the same advantages from Canada's "Open Skies" policy and don't have the geographic advantage of being the gateway to the burgeoning Pacific Rim.

In an example of innovation to build on the inherent strengths of the region, the Vancouver International Airport Authority worked to have Canadian policy revised in a way that would benefit the airport as the gateway to and from the Pacific Rim. Working with representatives of the airline industry and officials from Citizenship and Immigration Canada, the Authority was successful in having visa requirements lifted for Koreans visiting Canada. This led to increased passenger traffic through Vancouver for people travelling from Korea to Canada and the United States.

The Chief Financial Officer points out that there are many ways for airports to make money. He suggests that other airports can benefit from being privatized if they find a profitable niche for themselves by being the air base for courier companies — for example, for just-in-time delivery of medical shipments and pharmaceuticals — or for other manufacturing and aircraft servicing.

Gordon Lancaster cites the example of Abbotsford Airport, which has become the base for Conair water-bombers, the pre-eminent provider of planes used in fighting forest fires. The revised conditions set by the Government of Canada for airport transfers will enable other airports to make money by such creative arrangements. Vancouver is constrained from doing so because of the high fees that would be payable to the federal government on alternative uses of airport lands, a set-up that was established for the first round of airport privatizations to protect airport lands from unreasonable and inappropriate development.

Frank O'Neill cautions that not every Canadian airport will be commercially viable. He considers that Canada probably has too many commercial airports and that some will be unable to survive on their operating revenues. He notes that the hinterland has more limited opportunities and that not every small airport will be able to find a profitable operating niche.

Smaller airports will have to develop their real-estate potential as well as air traffic to do well.

Lessons Learned

✔ By removing government-imposed constraints on consultations and negotiations, these processes take on additional meaning and significance in privately run operations.
✔ Private enterprises can take advantage of new flexibility in managing their business partnerships. Private sector operations can introduce potentially negative requirements, such as street pricing requirements for vendors, and make them positives by offering other benefits in return.
✔ Consider the impact of freeing operations from 'political' concerns that can constrain actions in government-run enterprises. Streamlined and localized decision making can help improve operations and profitability.

By treating improvements to assets as investments instead of costs, management has additional and critical flexibility in a profitable enterprise.

✔ Efficiency and revenue gains can benefit the Canadian public. Through effective negotiations, the government can reap benefits for all Canadians even as a newly privatized enterprise makes a large profit.

✔ Invest in your most important assets. Invest in people by negotiating appropriate wage scales, and by offering training to increase workers' satisfaction and their value to the enterprise.

✔ Take a win-win approach to union-management negotiations if possible. While both sides must and will negotiate for their best interests, union and management can be partners in building a successful and profitable enterprise.

✔ Work for public policies that will support your efforts. Work aggressively to effect change in domestic and international policy that will help build your client base.

✔ Build on your comparative advantage. Find a profitable niche and exploit it by attracting new business that will benefit the airport and the community.

Conclusion

Private-sector management, governed by a board of directors that is responsive to the community and by operational principles that protect the public interest, can make profitable government enterprises more efficient. With provisions to compensate the Canadian government for its investment in the enterprise, that profitability can translate into increased revenues for the federal government. The result can be private enterprise in the public interest.

8

Forintek Canada Corporation

A Case Study in Federal-Provincial-Private Sector Partnerships

Overview

In 1979, the Eastern and Western Wood Products Laboratories of the Canadian Forest Service (CFS) were privatized. The federal government invited the provinces and the private sector to help underwrite a new, not-for-profit organization — Forintek Canada Corp. — which would carry on the work CFS had done in-house. Today, Forintek is recognized world-wide as a centre of excellence in forest and wood products research. It operates state-of-the-art research facilities in Vancouver and Sainte-Foy, Quebec, with satellite centres in Edmonton and at Carleton University in Ottawa. With a staff of 130 scientists, engineers and technologists, Forintek delivers high-technology services in both official languages to wood products manufacturers across Canada and to the federal and provincial governments.

In 1994, the wood products industry directly employed approximately 242,500 people (indirect employment is estimated to provide a further 727,000 jobs), shipped goods worth $46.9 billion and added $29.3 billion to Canada's balance of trade. Traditionally, the industry relied on the quality and abundance of the Canadian fibre supply to maintain a dominant position in world markets. For the past decade, however, product and process innovation have become key to competitive success. In 1995, Forintek's $15-million National Research Program accounted for nearly 60% of the industry's basic research and development work.

The Rationale for the Forintek Partnership

Forintek brings together a critical mass of technical and scientific talent. Few, if any, companies could maintain an R&D establishment of this size; nor does any single government require so large a research capacity. However, the research partnership generates significant economies of scale which allow the partners to draw benefits substantially in excess of their contributions.

Forintek Canada Corp.

✔ Forintek is a unique partnership which involves the federal government, six provincial governments and 150 private companies.

✔ The partnership delivers "private services" to corporate members and a range of "public services" to/on behalf of multiple federal and provincial government departments.

✔ The partnership has delivered value for money to the partners.

✔ The Forintek story holds useful lessons about privatizing government research facilities.

Over the long term, partnerships are sustained by delivering results which the partners value. A 1994 evaluation study commissioned by CFS clearly demonstrated that Forintek has met this test. It concluded, for example, that Forintek's research efforts have produced "several hundred million dollars in public and private benefits over the past decade" and recommended that "notwithstanding current government fiscal restraints, federal funding support for Forintek should be maintained."

The study also tried to gauge Forintek's performance from an industry perspective and found that more than 9 in 10 clients indicated they were either very (59%) or somewhat (37%) satisfied with Forintek's services. Further evidence of Forintek's ability to deliver results to the wood products industry is in its growing membership base and the successful implementation of a 35% fee increase in 1995.

There has been no formal evaluation of provincial government satisfaction with the Forintek partnership. However, their active participation in decision-making structures as directors and members of the National Research Program Committee and the five technical advisory committees, and the substantial capital contributions of B.C. and Quebec (more than $17 million) toward new laboratory facilities indicate that the provinces are getting what they need out of the partnership.

Wood Products Research: A Public Service?

Governments use Forintek to pursue a number of public policy goals.

At first glance, the connection between wood products research and "public service" may seem remote. However, when the end use of the research is taken into account, the public service dimension becomes quite clear. Governments use Forintek to pursue a number of public policy goals, including public safety, economic development, access to international markets and environmental protection.

Under its funding agreement with the CFS, Forintek is held accountable to discharge a range of legislative responsibilities established under the Natural Resources and Forestry Acts and to address other government priorities. For example, Forintek:

- Provides Canadian trade officials with the expert technical backing they require to negotiate trade agreements (e.g., the Canada-U.S. Free Trade Agreement and the North American Free Trade Agreement) and to defend Canadian interests in trade disputes, which may threaten export sales worth hundreds of millions of dollars.
- Develops, submits and defends the scientific test data required to achieve certification for Canadian wood products under foreign building codes (e.g., Japan and the U.S.A.), thus opening multi-billion dollar export markets.

- Establishes performance criteria for wood products under the Canadian and provincial building codes to ensure public safety and the quality of the building stock.
- Addresses federal and provincial industrial development priorities by transferring new technology to small and medium-sized enterprises.
- Assists wood products manufacturers to minimize waste and maximize value-added, thereby reducing pressure on the forest stock.
- Developed a leading-edge environmental assessment technology which gives governments the data necessary to align building codes, procurement and other policies with Canada's overall environmental priorities.

For examples of specific Forintek activities in support of government priorities, see Appendix I.

Many of Forintek's public service activities also deliver benefits to Forintek's member companies and may address provincial government priorities (e.g., industrial development, support to small business through technical services and training programs, consumer protection and environmental sustainability). This convergence of federal, provincial and private sector interests underlies the Forintek partnership and drives the National Research Program. The three partners share in both the costs and benefits.

For examples of typical member benefits of Forintek activities, see Appendix II.

Many of Forintek's public service activities also deliver benefits to Forintek's member companies and may address provincial government priorities.

The Decision to Privatize: Rocky Beginnings (1979–84)

In 1978, with its deficit pushing $13 billion, the federal government launched a $2-billion expenditure reduction program that would trim 5,000 people from the federal payroll. One line item in the announcement proclaimed the government's intention to "privatize Ottawa and Vancouver forest product development laboratories with supporting federal contributions, if necessary."

The plan called for a $4-million federal contribution in the expectation that the provinces and wood products industry would finance the remainder of the new Forintek Canada Corp.'s $7.3-million research budget.

The caveat "if necessary" proved to be not only prophetic, but seemed also to reflect a lack of strategic forethought about the whole exercise. There were no solid commitments from the provinces or industry to top up the federal contributions, nor did the seven months between the announcement and launch date afford sufficient time to deal with important issues such as the status of the 250 employees, tenure rights or the transfer of pension credits.

The federal government's initial sortie into privatization had the trappings of a technocratic exercise, planned at the centre by officials with little first-hand knowledge of the forest sector or the challenges of running a scientific research establishment. While privatization appeared to have some support in the private sector and the forest research community, there was no consensus on how it should proceed. Moreover, formal consultation with the proposed partners does not appear to have begun until after the announcement was made. This set the new organization on a rocky course.

Forintek's founding Board of Directors sought to fund the "partnership" through continuing federal contributions equivalent to roughly half of the total research budget, with the provinces and industry chipping in 25% each. Ottawa responded with a $4-million annual commitment through to 1984. Forest-dependent British Columbia committed to yearly support of $1.5 million. However, other provinces and, notably, the industry stayed largely on the sidelines. Less than $1 million was raised from the major companies represented on Forintek's Board of Directors. The company scrambled to make up the shortfall through a combination of contract research and cost-cutting. However, staff levels fell, morale declined and there were no funds available to upgrade obsolete capital equipment.

The Lessons of Hindsight

A number of factors contributed to Forintek's difficult transition from public to private ownership. Of these, two conceptual oversights appear to have been critical.

First, federal planners failed to account for the "commodity culture" of the wood products industry. Its success had been built on the quality and abundance of the Canadian fibre stock which let it pump low value-added products into a world market with a seemingly insatiable appetite for wood. There was no R&D tradition in the industry and hence little reason to expect that industry leaders would rally to the cause.

With privatization came the requirement to address the needs and deliver value to private sector members.

Second, there appears to have been little consideration given to the notoriously cyclical nature of the wood products market. While buoyant markets greeted Forintek in 1979, two years later the industry was mired in its worst recession ever. In this climate, the industry's lukewarm response to Forintek was understandable.

These planning errors were compounded by problems related to Forintek's culture and the background and attitudes of its staff. With privatization came the requirement to address the needs and deliver value to private sector members. However, having just turned in their CFS badges, Forintek personnel were understandably more attuned to government research

priorities than to innovations aimed at the bottom line. This orientation did little to overcome inherent industry scepticism about the value of R&D or the potential contribution which Forintek could make to their operations.

Perhaps the greatest weakness was a lack of prior exposure of key personnel to the rigours of the marketplace. As one former employee confided:

> When Forintek was privatized, senior management was as mystified as the staff on how to run a private organization. A lot of misery could have been avoided by getting a strong management team in place for the transition. The necessary skills and experience were probably not available in government.

With some experience in privatization and a more intimate understanding of the wood products sector, federal officials might have acted differently or moderated their expectations about industry support for Forintek during the early years. With its five-year funding commitment soon to expire, Ottawa served notice that it would pull the plug on Forintek if the industry failed to step up its contribution. Still, by 1983, despite some notable achievements on the research front, the hoped-for 25% industry contribution was still a long way off. The government's first experiment with privatization appeared to be on its last legs.

Laying the Foundation for Partnership

Fortunately, a number of factors began to converge in 1984 which offered Forintek a new lease on life. First, the building products market began to show some signs of recovery, but new competitors from Brazil, the U.S. south east and New Zealand, were beginning to appear on the scene and challenge the dominant position of Canadian wood producers. In addition, new product innovations were beginning to compete with the Canadian mainstays of plywood and dimension lumber. More ominously still, a number of Canadian wood producers began to experience fibre shortages. The traditional source of competitive advantage was disappearing.

By 1984, harvest restrictions and other conservation measures imposed by provincial governments were limiting access to prime stands of old-growth forest. However, Canadian mills, designed for a now-bygone era, could not profitably exploit the smaller and different species of trees that were now available. A technological transformation was required and more of the industry began to recognize a clear rationale for investing in basic product and process research and development.

The stage was now set for Forintek to become a relevant player in the wood products industry.

Perhaps the greatest weakness was a lack of prior exposure of key personnel to the rigours of the marketplace.

A number of factors began to converge in 1984 which offered Forintek a new lease on life.

With a new CEO at the helm, it took steps to capitalize on a more favourable business environment. First, a membership fee structure based on production volume was established so that members profiting most from Forintek innovations bore a greater proportion of developmental costs. Second, the research program was refocused on transferring new technology to help members cope with changes in the fibre supply. Finally, Forintek management began to engineer a much-needed change in the corporate culture. Research staff were pried out of the labs and put into the field, conducting technical audits, training employees in the use of new technology and custom-designing solutions to problems.

Further re-engineering was required to solidify the partnership and equip it to manage potentially difficult federal-provincial and regional tensions.

On the strength of this new orientation, membership increased and, in fiscal year 1984-85, the industry met its 25% funding commitment and helped to lever additional provincial funds into the research program. Although Forintek had turned an important corner, further re-engineering was required to solidify the partnership and equip it to manage potentially difficult federal-provincial and regional tensions.

Two organizational developments were particularly critical. The first was to reorganize the eastern and western operating divisions so they focused on different product sectors and reflected the significant differences in the forest profile and fibre supply, thereby meeting technology requirements in the two regions. A second innovation was to institute an advisory process with the mandate to define what research was important and why it was important, and to make project choices in line with those priorities. These decision-making committees included industry representatives, as well as federal and provincial government officials. The committees gave each partner an opportunity to shape Forintek's research agenda and secure an adequate return on their investment. This process was the foundation for the National Research Program Committee and technical advisory committees established in 1991.

By 1988, the Forintek partnership had evolved enormously from the arranged marriage which the federal government had engineered a decade earlier. In that year, the partners jointly financed a new world-class laboratory facility in Vancouver. The $22-million cost was borne by the federal government ($13.5 million from the Department of Western Economic Diversification), the B.C. government ($9.5 million) and by the B.C.-based Forintek members ($3 million).

In 1994, the transformation from a federally owned concern to a functioning three-way partnership was completed with the closure of Forintek's Ottawa facility and the opening of a new state-of-the-art laboratory in Sainte-Foy, Quebec. Here, too, the project was jointly financed by an $8.1-million federal contribution, matched by the Government of Quebec, and a $2-million investment from Quebec-based wood producers.

Planning for the Future of the Partnership

The Forintek partnership must continue adapting to meet the changing needs and financial capacities of its members and government backers.

As Canadian wood producers face growing competition and the available fibre stream changes in character, process innovation and product development will become even more key to the industry's success. Forintek must rise to this challenge with greater emphasis on the longer term research needs of industry and expanded member-service capacity at the mill level. At the same time, it must continue to address the trade, environmental and industrial development agendas of its federal and provincial government investors. To meet these needs, the Forintek Board has called for an increase in the National Research Program budget from $15 million in 1995 to roughly $20 million by 2002.

In view of the difficult fiscal realities, particularly in the federal public sector, Forintek has proposed a financial restructuring that will see industry contributions rise to 50% of total research spending by 2002, with the federal and provincial governments each contributing 25%. In absolute terms, the plan would see the federal contribution frozen at roughly $5 million per year, the provincial contribution rising to roughly $5 million per year, and the industry share more than doubling to $10 million from its 1995 level of $3.7 million.

Above all, to allocate research funds strategically on projects that will sustain the wood products industry in the next century, the partners must plan together to generate a stable income stream. This will require important changes in approach by both public and private sector backers.

Member contributions must shift away from being based exclusively on production volume toward a combination of production value and volume basis to reflect the fact that innovation now drives product quality, as opposed to quantity. Forintek must redouble its efforts to recruit new members and to increase member fees to levels consistent with the higher returns generated by R&D investments in today's wood products market.

Governments, too, must change their approach to funding the partnership within the context of their deficit reduction strategies. Where funding is delivered through a single department while benefits flow to several portfolios, a consortium approach may be necessary to permit long-term funding commitments. Furthermore, while investments in Forintek are appropriated as Grants and Contributions, expenditure managers must recognize the tangible services which flow to governments.

Forintek must continue to address the trade, environmental, and industrial development agendas of its federal and provincial government investors.

Governments must play a more active role in shaping Forintek's research priorities and allocate the necessary human resources to participate in managing the partnership. If they are silent partners and simply say, "If industry is happy, then we are happy," funding may be viewed as an industrial subsidy, making funding levels vulnerable to review by central agencies which are not direct recipients of services from the partnership.

Tests for Privatization

The federal and provincial governments maintain a wide range of facilities conducting research in fields as different as agriculture, construction methods and materials, health care and pharmaceuticals, and transportation safety, to name but a few. Some of these facilities serve purely internal government interests, while others are involved in work with broad commercial application. Indeed, they may conduct contract research which is purely commercial in nature.

Where there is a shared interest in research outputs, the partnership model for privatizing research facilities may offer governments an opportunity to deliver technology-intensive services to the public at a reduced cost to the taxpayer. Cost advantages are likely to accrue from scale economies and the greater flexibility in allocating human and capital resources which private sector mangers enjoy compared to their public sector counterparts.

At a minimum, three tests must be met if the Forintek-style partnership model is to offer a viable option for privatizing government research facilities:

1. There must be a clear, enduring rationale for each potential partner's involvement in the partnership. In the case of government, research outputs will ideally be tied to specific continuing policy objectives such as environmental protection, public health and safety, etc. In other words, there must be a strong policy interest in the research activities. At the same time, potential private partners must embrace research and development as a critical element in competitive success. In other words, there is a strong commercial interest in the research activities.

2. In order to generate economies of scale and scope, the research needs of potential partners must significantly overlap or complement each other.

3. Each potential partner's research needs (determined by policy or commercial interests) must be sufficiently flexible to permit power sharing. Post-privatization, no single partner will be able to dominate the setting of research priorities. In both government and the private sector, managers may well have good reasons for wanting to maintain exclusive control over research activities.

Lessons Learned

If these minimum conditions are met, the partnership model may offer a viable option for privatization, and government planners may wish to acknowledge the following lessons drawn from Forintek's experience since 1979.

✔ The government's intent in privatization must be clear, consistent and transparent to the business community. Privatization should not be used to disguise an off-loading or cost-reduction exercise.

✔ The government should articulate the rationale for continuing to underwrite a portion of the post-privatization operating costs in the context of its responsibility for building the national technological infrastructure (core competencies). In addition, the government should clearly state its expectations for the partnership and define the tangible benefits which various departments are to receive in return for continuing financial support.

✔ If the partnership provides services that impact on more than one government department's mandate, each should commit to underwriting a share of the partnership costs. As well, line departments must ensure that central agencies view contributions as a service delivery cost rather than a transfer to industry.

✔ Planners must recognize that the priorities and operating culture of government research facilities inevitably reflect the needs of the owner and the interests of staff. Therefore, a strategy to change the culture of the organization must be part and parcel of the privatization process and should begin well before the transfer of ownership occurs.

✔ Planners must recognize that the key assets in any research facility are the scientific and technical staff who work there. They must be consulted before any formal announcement, and the privatization strategy must specifically address human resource issues including tenure and career planning, compensation, pensions and union representation.

✔ Planners must recognize that external recruitment may be required to build a management team that can operate comfortably in a market-driven environment. An objective, comprehensive analysis of management strengths and weaknesses should be undertaken and problem areas addressed prior to privatization.

✔ Expectations about private sector participation in the partnership should be confirmed through industry surveys and other market research techniques, in addition to a comprehensive consultative process prior to any announcement. A clear rationale for the long-term financial commitments of all partners must be established.

The government's intent in privatization must be clear, consistent and transparent to the business community.

Planners must recognize that external recruitment may be required to build a management team that can operate comfortably in a market-driven environment.

✔ In timing the launch of a partnership venture, planners must consider the general economic outlook and state of the business cycle in the target industry sector. It may be advisable to establish a contingency fund to stabilize cash-flow during the start-up period.

✔ From the beginning, mechanisms must be in place to give each partner a hand in shaping the partnership's research agenda. Decision-making structures must give all partners the opportunity to explain and pursue their needs.

Appendix I

Some Forintek Activities in Support of Government Priorities

The Pinewood Nematode Case

Policy Objective

To protect access to the European market for Canadian "green" lumber exports.

The Challenge

The Europeans consider Pinewood Nematode PWN as a potential threat to their coniferous forests and, in 1990, having detected PWN in some Canadian lumber shipments, the European Union (EU) took regulatory action requiring all lumber imports to undergo an expensive kiln-drying process. This action constituted a non-tariff barrier and initiated a trade dispute between Canada and the EU.

The Forintek Response

Forintek worked with Canadian trade officials to engage the EU in a joint research program aimed at finding a more cost-effective remedy for PWN than the kiln-drying process. The parties agreed that while the research was underway, the market would remain open to Canadian shipments of green lumber.

Within two years the researchers, led by Forintek, developed a heat treatment system which eradicated PWN from lumber shipments at a 75% cost advantage over conventional kiln-drying methods. Forintek rapidly transferred the technology to the Canadian industry.

Forintek worked with Canadian trade officials to engage the EU in a joint research program.

Economic Impact

During the two-year research project, the European market was kept open to $700 million of Canadian softwood lumber exports, thereby sustaining employment and profitability, as well as federal and provincial tax revenues in the Canadian wood products industry.

In addition, the heat treatment process has generated ongoing savings estimated at $30 million per year for Canadian exporters compared to the expensive, kiln-drying method of addressing the PWN hazard.

The Development of Building Codes and Standards

Policy Objectives

- To open new export markets for Canadian wood products to sustain employment and profitability.
- To ensure safe and appropriate building materials and practices in Canada.

The Challenge

In Canada and around the world, the construction of residential and commercial buildings is heavily regulated. In order to ship products into these different jurisdictions, building product manufacturers must furnish objective scientific data which demonstrate compliance with physical performance criteria established under their relevant building codes and standards.

Performance standards play a vital role in ensuring safe building practices which are appropriate to local conditions. In some instances, however, governments may use building codes and standards as a non-tariff barrier to protect domestic producers of building materials. In the wood products sector, Canada-U.S. and Canada-Japan trade disputes have focused on standards issues.

The greatest untapped market opportunities for Canadian wood producers lie in the area of structural products. In North American alone, the structural materials market is worth nearly $10 billion per year, although wood's share is less than 15%.

The greatest untapped market opportunities for Canadian wood producers lie in the area of structural products.

The Forintek Response

Under its funding agreement with the Government of Canada, Forintek is accountable for a research program aimed at securing acceptance for Canadian wood products under foreign building codes. In addition, Forintek staff participate in meetings of the Canadian Standards Association (CSA), the National Building Code of Canada (NBCC), International Standards Organization (ISO), the European Standards Centre (CEN), the American Society for Testing Materials, the Underwriters Laboratory (UL) and other organizations. Their role in these organizations is to ensure that Canadian wood products receive fair treatment and that data furnished by Forintek lead to acceptance of Canadian products.

F orintek also provides the technical support which Canadian trade officials need to support Canadian interests in trade disputes which focus on wood products. In 1995, for example, Forintek staff were involved in resolving a dispute under the Canada-U.S. Free Trade Agreement relating to the performance of Canadian plywood.

Economic/Policy Impact

- Forintek researchers have established performance specifications for wood products (plywood and dimensional timber) under earthquake and hurricane conditions. This has led to initial acceptance under the Japanese building code and broader acceptance under U.S. building codes, thereby opening potential billion-dollar markets for Canadian exporters.

- Forintek researchers have recently established comprehensive performance information for design-rated Oriented Strand Board (OSB). This permits the use of OSB in structural assemblies such as roofs and floor systems. The market potential for structural OSB applications is estimated at $5.6 billion in the U.S. alone. As a result, a significant expansion of Canada's OSB capacity is now underway, generating substantial new employment.

- Forintek researchers have determined the fire-resistance capacity for a wide range of wood products. This has created foreign and domestic marketing opportunities and established critical fire-safety standards under the Canadian building code. This work not only supports employment growth; it also saves lives!

Encouraging Sustainable Development

Policy Objectives

- To improve the utilization of Canada's forest resources through better forest management practices, improved fibre recovery rates and increased value-added activities.

- To demonstrate Canada's commitment to sustainable development of its natural resource and support compliance with international environmental commitments.

The Challenge

Canada faces mounting pressure, at home and internationally, to ensure that forest resources are exploited in an environmentally sustainable fashion. This creates a particular challenge for the provincial governments who, as owners of the forest, must balance environmental concerns with the job and wealth creation potential of the forest industry.

Canada faces mounting pressure, at home and internationally, to ensure that forest resources are exploited in an environmentally sustainable fashion.

Provincial actions to limit timber harvests or to set aside prime old-growth forest in parks and other protected areas have a direct impact on the wood products sector. Not only do fibre inputs become more expensive, the overall nature and quality of the fibre stream changes. Mills geared to processing large-diameter logs from prime species (e.g., Douglas fir) require significant re-engineering and new technology to profitably exploit secondary species of smaller diameter.

The federal government has a less direct involvement in sustainable resource development since its ownership of natural resources is limited to the Yukon and Northwest Territories. However, it has accepted a leadership role in promoting sustainable development practices and has made international environmental commitments (e.g., the Rio Treaty, the Montreal Protocol) to limit total Canadian emissions of greenhouse gases.

The Forintek Response

There is a clear environmental component to most research activities undertaken by Forintek. Much of the new technology it develops and disseminates to members (e.g., small kerf technology, and improved log management and drying procedures) has direct, positive environmental side-effects such as waste minimization and energy conversation.

Policy Impact

Forintek research helps the wood product industry adjust to provincial government policies which affect the fibre supply. The industry looks to Forintek for technological innovations which allow it to profitably exploit younger, lower quality fibre inputs. Thus, by investing in Forintek, provincial governments can partially reconcile environmental and industrial development agendas.

The industry looks to Forintek for technological innovations which allow it to profitably exploit younger, lower quality fibre inputs.

Forintek's work in the area of codes and standards also has a strong environmental spin-off. By helping to establish markets for products which use waste materials and inferior species (e.g., Oriented Strand Board, glulam beams, various veneer products, etc.) the industry can improve its overall fibre recovery rate and squeeze additional value out of every tree harvested.

Some Forintek projects have a specific environmental objective. In 1995, for example, Forintek unveiled an important breakthrough in environmental assessment technology known as ATHENA™. This is a computer model which allows architects and engineers to use wood, steel and concrete-based building materials in their most environmentally friendly combinations. ATHENA also provides governments with the information required to pursue environmental objectives through building codes, procurement and other policy and regulatory instruments.

Appendix II

Typical Benefits That Forintek Delivers to Member-Companies

1. The opportunity to set the direction of specific research projects.
2. The opportunity to guide specific research programs through participation in the five technical advisory committees.
3. Access to world-wide information base on process and product development through Forintek's staff and library facilities.
4. Preferred access to expert staff for technical advice, trouble-shooting and problem-solving on a confidential basis.
5. Preferential rates for proprietary work (e.g., evaluation of equipment acquisitions, research contracts).
6. Full and timely access to all technical results from the research program.
7. The opportunity to leverage human and capital resources and share risks.
8. Privileged access to training, seminars and technical fact-finding missions.
9. Preferred access to Forintek's facilities and equipment.
10. Royalty-free access to Forintek technology.

Some examples of technology transfer which produce bottom line benefits for Forintek members:

- **Thin-Kerf Saw Guides**

Thin-kerf technology improves lumber recovery, increases the production of wood chips which can be pulped and reduces waste sawdust.

Forintek developed and installed high performance thin-kerf saw guides for trials at an Alberta mill. Trials showed the potential profit improvement to be $10 per Mbf. For an average mill, the profit increase would be in the order of $400,000 per year.

- **Log Yard Management System**

Improved log storage practices, chiefly the monitoring of log-moisture content, increases the production of oriented strandboard (OSB) and results in improved product quality and lower costs.

An 18-month trial of Forintek's log yard management system at an Alberta mill reveals potential cost savings of $5-10 per 1,000 sq. ft. of production.

If major OSB mills in Alberta adopted this system, over $3.0 million per year in additional pre-tax revenue would be generated.

- **Kiln-Drying Procedures**

Forintek researchers developed new techniques to reduce product degradation, particularly through warping, and to improve energy-efficiency for mills which kiln-dry their lumber.

The information was disseminated through a seminar for mill operators and additional technical advice by Forintek staff. A survey showed that grade recovery improvements of 1% were common in mills which applied the new techniques. One mill reported recovery improvement of more than 10% after upgrading its kilns and applying Forintek's recommended drying strategies and schedules.

Mills which took advantage of the seminar program reported total additional lumber revenue of $1.5 million per year.

Delegated Administrative Organizations in Alberta

Overview

In downsizing, governments generally remove functions, cut funding for them or privatize the function. The objective is always the same: to reduce public expenditures.

The Alberta government has chosen a third option: Delegated Administrative Organizations (DAOs). These are private-sector entities that provide services for a fee while remaining under the policy control of government. Unlike crown corporations or other government agencies, the DAO funds itself. Sixty percent of the directors of a DAO are appointed by the stakeholders, compared with crown corporations, where 50% or more of the board is appointed by government.

Unlike crown corporations or other government agencies, the DAO funds itself.

Case Description

There is no single model for a DAO, although they all have several features in common. A DAO is a legal entity, self-funded through the fees it charges for services. Funds accruing to a DAO are not available to government. They operate as administrative and management organizations run by boards of directors under bylaws that are acceptable to government. The bylaws cover the duties to be performed by the DAO, the fee structure and other day-to-day operational requirements. Since they remain under the policy control of government, they are not a form of self-regulation.

Government/DAO Interface

The relationship between a government and a DAO varies from case to case. It is usually established by an Order in Council (or a Ministerial Order authorized by an Order in Council), a delegation agreement and/or in the bylaws. These instruments detail how policy is to be developed and define the roles, responsibilities and powers of the organization.

Delegated Administrative Organizations

DAOs reduce the cost of providing certain services while allowing governments to remain responsible for public policy. Since delegated responsibilities can be modified –– or even, in an emergency, retracted –– governments remain in charge. They retain the right to vary regulations and to monitor program and service delivery.

The DAO is meant not to replace advisory bodies, but rather to use their expertise and knowledge. The government retains the right to monitor the DAO's performance and to conduct formal audits at the program and policy levels.

Creating a DAO

In Alberta, DAOs are established in collaboration with stakeholders, who usually set up a support group that plays a lead role in the process. If the Minister supports the initiative, a project team is formed within the department. Together, the support group and the team develop a prototype DAO, which is then the subject of consultations with all interested parties. A final model is developed and presented to the Minister as a proposal. If accepted, the Minister then seeks approval in principle from the Cabinet to establish the DAO as a legal entity.

Human Resources

The Department of Labour encourages DAOs to use the expertise and special skills of existing government employees.

The DAO's Board of Directors determines what programs will be delivered, and how. It may deliver programs directly, contract a portion of the work to outside agencies, or combine the options. In any case, the Department of Labour encourages DAOs to use the expertise and special skills of existing government employees. The DAO could take most, some or none of existing provincial government staff. According to Robin Ford, Deputy Minister of Labour, Alberta has created twice as many employment opportunities outside government as it has abolished within government.[1]

Examples[2]

Alberta Boilers Safety Association

The boiler and pressure vessel industry, which comprises a significant part of the Alberta economy, developed a DAO proposal to address a shortfall between the services government provided and those required by the industry (e.g., detailed, on-time inspections and plan approvals). The Association is registered as a not-for-profit society and operates under a delegation agreement and regulation at no cost to the government.

Petroleum Tank Management Association

This DAO was launched as a result of government concern about how to regulate, without resources, the large number of underground and aboveground fuel storage tanks in Alberta.

Many of these tanks have been abandoned. Environmental issues related to site and soil restoration, as well as the potential for major lawsuits, encouraged industry to assume financial and operational responsibility with powers delegated from the departments of Labour and the Environment.

Public Safety Inspections

The responsibility for building, fire and other inspections was moved from the provincial level to accredited municipalities, which may in turn contract the service out to an accredited agency. Accreditation to either the municipality or an agency is provided by a council consisting of representatives from the municipality, industry, unions and education. The council operates at arm's length from government.

Pensions

The administration of pensions has been turned over to a DAO –– in this case, a corporation managed by a board of directors. Membership of the board is balanced between the pension industry and pension-holders.

Propane Inspections

All responsibilities related to the inspection of, and service to, propane gas users in Alberta has been delegated to the Propane Gas Association. At first, the Association supervised only the conversion of vehicles from gasoline to propane use, but these responsibilities were later expanded.

Lessons Learned

✔ Outside groups can deliver some services in a more relevant and cost-effective way than governments.
✔ Governments do not have to relinquish policy and quality control when they delegate the day-to-day delivery of traditional government services to DAOs.
✔ DAOs allow government to cut costs while maintaining or improving the delivery of essential services.

Governments do not have to relinquish policy and quality control when they delegate the day-to-day delivery of traditional government services to DAOs.

ARET (Accelerated Reduction/ Elimination of Toxics)

Background

By the end of the 1980s, the effort to control toxic pollution was bogging down. Thousands of man-made chemicals were loose in the world and testing them all for environmental impact was virtually impossible. Yet it was just that — chemical testing — that was required to regulate them.

Actually, there are two bottlenecks in the regulatory process. First, scientists have to screen toxic chemical compounds for adverse environmental and health effects, a huge and expensive undertaking. Second, they have to assess the risks associated with having this or that many parts per million in the environment.

The Canadian Environmental Protection Act (CEPA) is an example. It is based on compiling a priority substances list; scheduling substances as "CEPA toxic" after a scientific risk assessment; and taking regulatory action once a substance has been so scheduled. The first priority list of 44 substances was created and 25 of them were certified as CEPA toxic. However, as of 1994, only four had been regulated.[1]

It seemed like toxics regulation had come to an impasse. New industrial chemicals were coming on stream all the time and it was taking too long to screen them. Everybody was fed up, including the public, labour, environmental groups, industry and, if the truth be told, government too.

There had to be a better way.

A New Direction — ARET Is Born...

Late in 1990, 22 industry executives and environmental leaders met in what was called the New Directions Group. Among other things, they came up with two proposals to simplify the toxics issue: let industry and government agree to identify the most dangerous toxic substances *by consensus,* and then develop a co-operative strategy to reduce their use or phase them out without regulations.

The New Directions Group came up with two proposals to simplify the toxics issue.

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1   They are polychlorinated dibenzodioxins and dibenzofurans, pulp-mill effluent and 1.1.1-trochloroethane.

The federal Minister of Environment created the Accelerated Reduction/Elimination of Toxics (ARET) Committee to move the idea forward. Members came from health and professional groups; industry associations; federal and provincial governments, and environment and labour organizations.

By early 1992, the Committee had issued a "Strategic Plan and Decision-Making Framework." It called for industry, government and non-governmental organizations (NGOs) to co-operate in "*voluntary* action on toxic substances." This was a singular achievement considering the natural animus that existed between some of the members.

…And Nearly Dies Twice

Shortly after this, senior management at Environment felt the Committee, by pushing the idea of voluntarism, had done its work. They were set to recommend that the Committee be terminated. However, the Minister remained so enthusiastic that this recommendation was dropped before it was raised.

Work continued on an action plan to reduce toxic emissions but the Committee nearly came apart a year and a half later, riven by differences between the NGOs and labour on one side, and industry associations on the other. Six NGOs[3] pulled out in September 1993. The Canadian Labour Congress issued a press release accusing the government of abdicating its responsibility to protect the environment, but the others left without making a great fuss.

While different people interpret this departure in different ways, the main factor was probably NGO disappointment that pesticides (which fall under the *Pesticide Control Act*) were not included in the list of targeted substances. As well, the Committee was now leaning toward a completely voluntary approach to reducing emissions without a legislative backup,[4] as the NGOs wanted. Also, the Committee could not agree that some substances should be banned from industrial use, as opposed to reducing or eliminating them from emissions.

If ARET can produce a significant reduction in the emissions of toxic substances voluntarily, that would yield an enormous saving over the regulatory route.

Whatever the proper weights of these factors, the NGOs knew early on that they would not be able to endorse the ARET program as it was shaping up. To their credit, they delayed their departure to help compile the ARET lists — a most important and difficult step. With this done, an ARET Secretariat was created and lodged within Environment Canada.

3. They were Pollution Probe, the Canadian Labour Congress, the Toxics Watch Society of Alberta, the West Coast Environmental Law Association, Great Lakes United and Union québecoise pour la conservation de la nature.

4. Other voluntary initiatives than encourage the reduction or elimination of toxic emissions include sector-focused programs in Ontario, an initiative by the chemical industry, and the Canadian Manufacturers' Association's Performance Program. Voluntary toxic reduction programs of one kind or another exist in Australia, Japan and the Netherlands.

Remarkably, ARET stayed on track, surviving not only the departure of the NGOs but a change of government one month later in October 1993. The new Minister continued the ARET program despite verbal opposition from the NGOs. By March 1994, ARET issued a "challenge" to industry to co-operate in a voluntary effort to reduce/eliminate emissions of toxic substances, identified on the basis of "good science and common sense."

ARET was making an end run around the two major impediments in the regulatory approach: screening and risk assessment.

Importance of This Case as a Service Delivery Model

If ARET can produce a significant reduction in the emissions of toxic substances voluntarily, that would yield an enormous saving over the regulatory route. Just screening the substances on ARET's lists — only 13 of which are now *even partially* regulated — would require an estimated 200 high-priced person-years. Drafting the regulations and enforcing them would require hundreds more person-years.

If ARET can produce a significant reduction in the emissions of toxic substances voluntarily, that would yield an enormous saving over the regulatory route.

How ARET Works

Stakeholders in ARET, including environmental groups and industry associations, developed a list of 101 substances[5] and substance groups, based on their toxicity (i.e., their harmful effects on human, animal or plant life) their persistence in the environment, and/or their propensity to bioaccumulate. The list is broken down into five subgroups[6], which reflect the degree of consensus achieved on whether the substances actually meet all three criteria.

ARET then challenged selected organizations, including companies, institutions and government facilities, to identify their emissions of ARET toxics and to make a public commitment to achieve specific reductions by a set date. The vision is to virtually eliminate emissions of the 14 substances that appear on the A1 list, with a short-term target of 90% reduction by the year 2000. For other ARET substances, the target is a 50% cutback by 2000.

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[5] Substances were selected from the CESARS (Chemical Evaluation Search and Retrieval System) database of about 2,000 chemicals, maintained by the Ontario Ministry of Environment and Energy and the Michigan Department of Natural Resources. The list was developed by consensus. Of the 25 substances declared toxic under the *Canadian Environmental Protection Act*, 17 are on the ARET list. About half of the ARET substances are on the National Pollutant Release Inventory (NPRI) reporting list. With the exception of pesticides, all of the substances on the IJC's 11 Critical Water Pollutants, and Ontario's Candidate Substances for Bans, Phaseouts or Reductions, are included on the ARET list.

[6] The five groups are: A1 - consensus on all three criteria; A2, two substances on which consensus was not achieved; B1, consensus that the substances met toxicity and bioaccumulation criteria; B2, consensus on persistence and toxicity criteria; B3, consensus on the toxicity criterion only. ARET's vision is the virtual elimination of discharges of A1 substances, and a reduction in discharges of substances on the B1 and B2 lists to harmless levels. ARET members were unable to agree on reduction targets for the two substances on list A2. Only 13 of the 101 substances are partially regulated under CEPA.

Companies can choose any year after 1987 as their baseline. If they choose a year other than 1993, however, they are asked to also provide information on the quantities they emitted in 1993. That's so ARET can always answer the question, "What have you done for me lately?"

Action to Date

In the latest *ARET Update, an Addendum to Environmental Leaders 1*, the Secretariat reported (December 1995) that the number of participating organizations had grown from an initial 200 to 270. They include government departments and companies in eight sectors: pulp and paper; mining and smelting; steel; chemicals; oil, gas and petroleum; aluminum; chemical specialties; and electric utilities. However, only 164 companies and six government departments had filed action plans. Eight more are committed to do so in the near future.

Sixty-eight percent of the members of participating industry associations are in ARET, including 97% of the chemical sector and more than 60% of the pulp and paper, and mining and smelting sectors.

ARET companies have so far reduced their emissions by a total of 10,888 tonnes from the baseline. If met, their commitments would eliminate another 9,843 tonnes between 1993 and the year 2000. As of right now, the companies will have reduced their emissions by nearly 70% from the baseline. Companies have already surpassed ARET's target of a 50% reduction of substances on the B lists.

Staffing and Reports

In 1993, the Secretariat comprised two secondees, an engineer from industry and an EX-1 from Industry Canada, along with a part-time secretary. In 1995, two engineering students were hired for the summer. Since September 1995, the secretariat has been operated by the full-time EX-1 and a part-time secretary. ARET publishes summaries of action plans at least once a year. Emission reductions are broken down by facility, substance and sector. Among other things, the reports list contacts who are answerable for their claimed reductions.

Assessments of ARET

Supporters argue that ARET has proved itself and then some. A few say the jury is still out.[7] The dubious ones note that the reductions of 10.9 tonnes to date are mostly the result of actions that took place *before* ARET was formed — some are the result of changes in industrial processes that were not necessarily driven by environmental concern. As well, reductions are based on the most advantageous baseline years, chosen by the companies themselves — understandably — to deliver the best public relations punch. Finally, there are a number of free riders, companies that have so far refused to reduce the amount of toxics they emit or submit action plans to do so.

It should be noted that ARET's universe is not the total universe of emissions, but it is probably a good approximation. In a recent comparison of 49 substances that they both reported on, ARET's statistics accounted for 83% of the totals reported to the National Pollutant Release Inventory (NPRI), which is the most complete such listing available.

Nevertheless, the commitment by ARET participants to reduce their combined emissions by a further 9.8 tonnes is a significant undertaking. This number will doubtless improve with each iteration of the ARET statistics — more companies will take up the ARET challenge and the technology of measuring emissions will become more certain.[8] As well, industry associations are pressuring free riders to submit emission reduction plans.

ARET receives high marks from academia. William Leiss said: "It is arguably the case that this single exercise has achieved a greater amount of actual environmental and health protection than all of the Part II activities under CEPA during the same period."[9]

It should be noted that ARET's universe is not the total universe of emissions, but it is probably a good approximation.

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[7] As with any such program, there are caveats about the ARET process. For example, ARET toxics are based on their intrinsic properties, not on the quantities released, so no inference can be made of "relative risk." Only five of the ARET substances account for about 70% of total emission reductions. It should also be noted that Environment Canada has many other issues to contend with besides toxics, including the clean-up of contaminated sites, energy and water conservation, solid waste reduction and spill prevention.

[8] Estimating emissions is not an exact science. A variety of analytical tools are used, based on direct periodic monitoring, sampling protocols, extrapolation and mass balance calculations, etc.

[9] Mr. Leiss is Eco-Research Chair in Environmental Policy and Director of the Environmental Policy Unit, School of Policy Studies, at Queen's University, Kingston. The speech was delivered to the 4th annual Bell Canada Papers Conference in November 1995.

Verification and Accountability

(Transcript of an imaginary interview with a wily old bureaucrat [WOB])

Task Force: You can drive a truck through ARET.
WOB: Sure. But as the CEO of a large corporation, would you sign off on having reduced emissions when, in fact, you haven't?

Task Force: Some may.
WOB: If you suspect a company of lying about its performance you can call them on it. The companies prepare progress reports on emissions. Anybody — an NGO, a private citizen, a government — can obtain this information and blow the whistle.

Task Force: Has any environmental group ever done that?
WOB: No.

Task Force: Is ARET an alternative to regulation?
WOB: Absolutely not; it's a complement. We are very clear about that. Government has to have a stick in the closet.

Task Force: What's in it for the companies?
WOB: By participating in an open and non-prescriptive process, they can reduce or eliminate their emissions in a flexible, cost-effective way.

Task Force: What are the weaknesses in ARET?
WOB: It has not been successful in obtaining the cooperation of provinces and federal government departments. Also, there are too many "free riders," companies that emit toxics but have refused to take any action to reduce them. As well, there a few emitters within the ARET program that have failed to produce action plans.

Task Force: We are talking about some nasty chemicals here. Why shouldn't governments just ban them?
WOB: That's the problem — you can't prove *how* dangerous they are. One scientist says this; another, that. You have to deal with uncertainty. So, if you tell a company to stop doing something it has been doing for years, it is going to call in the lawyers and they will challenge your science, your policy, your motives, your methods. . . forever.

Task Force: Not if the environmental damage is obvious [WOB pulls
                     a wry face], not if the emissions are really dangerous to
                     human health [WOB sighs], not if the regulations are
                     airtight [WOB looks at ceiling].
WOB: Right.

Lessons Learned

✔ More things may be wrought by voluntarily than are dreamed of in
   government management theory.
✔ A small independent group, not directly associated with government,
   can cut corners and get things done quickly.
✔ Some battles require warfare; others do not. A sensible rule is to take
   the low-hanging fruit first and (to mix a metaphor) go for the tough
   nuts later.
✔ Industry wants credit for working toward a better world; use that to
   lever their cooperation in achieving departmental objectives.

Partnerships and Arrangements

With Other Government Departments, Governments and Communities

Service New Brunswick

Overview

Service New Brunswick (SNB) is an integration of several provincial departments' customer services. By bringing 60 services under one roof with one staff, an SNB centre can be more customer-focused and efficiently run.

In 1991, the Minister of Finance embarked on a provincial consultation process. He heard the same story everywhere — offer better services at less cost. Concommitantly, a task force interviewed 100 customers in order to understand their problems in getting government services. What they found was not flattering. Customers believed that the government was not user-friendly and didn't promote business.

In response, the province set up two pilot offices of Service New Brunswick, in Woodstock and Caraquet. These centres were to provide one-stop integrated services (e.g., the same clerk could help you register a vehicle or get an electrical permit). The pilot projects were so well received that in mid-November, SNB centres opened in Moncton and Saint John.

Case Description

Instead of the usual format, this study uses a question-and-answer format. The respondents' answers are drawn from interviews with SNB officials and customers. No one person literally stated the quoted answers.

Service New Brunswick

✔ Successful, truly integrated service delivery.
✔ Rewriting of legislation to reduce regulation and support integrated services.
✔ Practical advice from the designers and doers.
✔ This is what we all want to do — they did it.

(1) How are accountability and authority handled? (e.g., Is there one line manager? Does such a manager report to one of the participating departments? etc.)
Line authority rests within SNB. Functional or program authority remains attached to the originating department. For example, a driving licence examiner has a daily reporting relationship to SNB. The Transportation department retains its authority to change the n a t u re of the exam or standards for passing an exam and to train the examiner.

It's been said that a servant of two masters is a free person! At SNB, each centre supervisor completes the performance appraisal on staff. Authority to hire and fire is vested in SNB (although specialized skills are still assessed by the functional department). If a customer complains about an employee, there is no long loop back through the functional department. The immediate supervisor at SNB takes the complaint to the employee and deals directly with it.

If one keeps line authority in the functional departments, failure is certain. There will be no integration of services and very little customer service.

(2) What was the content (topic outline) of the classroom-based training program for all pilot project staff?

There were five components:
- team-building,
- customer service,
- technical systems,
- programs and service procedures,
- general government.

The biggest component was programs and service procedures, jointly conducted by all of the functional departments. In addition, the SNB staff were given a phone number of an expert in each functional department. They could call this person if they were confused about any requirements. Unfortunately, such backup resources are available only from 8:30 a.m. to 4:30 p.m., Monday to Friday. The centres are open evenings and Saturdays. If SNB staff can't solve a problem after 4:30 p.m., they call the customer the next day with the answer.

Technical training was the next largest component. The point-of-sale system is very important because any revenues collected have to be allocated back to the functional departments. We wanted this to work properly from the beginning.

(3) What measures of effectiveness do you have?

We have two major service standards:
- customer waiting time will not exceed 10 minutes,
- serving time will not exceed five minutes.

We called 600 homes in each region and asked questions about reliability (getting it right the first time), courtesy and politeness. Each centre now has an advisory committee of local taxpayers that acts as a barometer on our service and suggests areas of expansion. There are customer comment cards on all counters. We encourage customers to fill them out. Supervisors observe staff and offer feedback on their performance. Finally, we have team meetings and discuss our performance and how to make it even better.

(4) Was there a change of leadership during the initiative?

Yes, ministers changed. But Cabinet was consistently behind the effort, as were the Premier and Executive Council. Also, the top administrators remained the same.

(5) Do you have now, or plan to have in the near future, incentive systems for employees?

These are being looked at. For now, we have no financial incentives. We do have a host of non-monetary incentives such as individual and group recognition. Probably most important is that staff see they are making a difference, that they are helping to improve government service.

On this last point, did you ever walk into a business shop and just feel the satisfaction and excitement? I can't tell you what it is, but it's real just the same. And it's wildly contagious. It rubs off on customers and back again on to staff.

(6) What plans do you have for service delivery through private sector franchises?

Our standards call for no more than 30 minutes of travel for any taxpayer to get service. If we had 13 centres and some franchises, 95% of the province would meet this standard. If we franchise more, we will have to ensure that the franchisee's staff can meet our performance standards. With a network of electronic kiosks and the provincial call centre, we can cover close to 100% of the province.

(7) Have there been any jobs lost in the conversion to SNB locations?

In 1994, we thought we could show a 200-person cutback after all SNB centres were open. But now, with some electronic services, we see even greater cost savings. We expect this number to be achieved through voluntary turnover and retirement.

(8) What were the critical success factors in getting SNB up and running?

- A hard head and an equally hard heart. When someone says it can't be done, you must say it can be done.
- A short development time. Six to 12 months to open a centre is long enough. Any longer and there isn't enough momentum to make it happen.
- Top leadership and support. This includes elected officials and administrators. A poll showed that 45% of New Brunswick residents said they disliked the civil service. What did the leaders have to lose by supporting change?
- Good staff and good training. Super staff aren't necessary. There are plenty of good staff who want to be involved. Give them good training and support and they will be super.
- Customer service comes first. Whenever we have to make a decision, we stop and ask, "What will benefit the customer most?" When everyone from top to bottom is asking that, you've got a winner.

Our standards call for no more than 30 minutes of travel for any taxpayer to get service.

(9) What pitfalls did you encounter?

The usual turf protection, both passive and active. The old reward system for administrators was based on full-time equivalents (FTEs) and number of offices. Now efficiency measures are used. It took awhile for some to change to this new system. We started with a win-win voluntary approach to share resources. After that round, mandatory reallocation of resources was necessary to finish the final 25% of the job. We call it a corporate approach.

(10) What is the best thing about SNB?

Customer feedback. We are customer-oriented..

(11) What would a customer say about SNB?

Here are some comments of people who visited Woodstock last week:

> *Well, the first four months were very frustrating. I once waited over 15 minutes. The staff were trained but not facile with all the programs and procedures. Frankly, I thought it was going to be a bust. But the last two years have been spectacular. In that time I have never waited over two minutes. Oh, maybe at tax time it was five minutes. And the service is great. One stop, no matter what I need. And the hours are great, too. They're close to my retail hours. What a concept, eh? You know some of the SNB staff are the same people I used to deal with before SNB. Well, at least they look the same and have the same name. But what a difference in attitude and performance. I don't know how they did it. In the old days, customer service had nothing to do with the department business. If no one came through the door that would be just fine with staff. Now they say, maybe we should shift some hours around. Close two hours earlier on Thursday night and open a half-hour earlier each morning. I don't know how they did it but I sure like it. I hope they expand.*

In the old days, customer service had nothing to do with the department business.

(12) If you could change one thing about SNB, what would it be?

Invest more in customer service information systems. I'd like to look at my PC three to four times a week as if I were reading the stock market. "Let's see, Caraquet at 94% satisfied, up 1% since Monday. Very good."

(13) Based on your experience, what should the federal government do regarding client service?

We actually met and talked this one over before talking to you. By the way, thanks for the opportunity to make some directed suggestions. We'd like to help. Here goes:

- Start with how the customer wants to be served — a little empathy and some interviews are all that are needed.

- You must have strong backing from senior administrators and elected officials. This commitment must be made in spite of the budget and other crises. It should be a top priority.
- Look at service connections: what services go together from the customer's perspective. For example, a customer asks how she can get a copy of her birth certificate, but what she really needs is a passport. Make packages available so she can achieve her goal. The customer has one problem, but we break it into parts and think we're serving them.
- Know that you can have both better service and lower cost.
- Pick some demonstrable projects that have a good prognosis for success. Do it in bite-size chunks. Don't go into big cities. Start small where you can win and learn some hard lessons. Start by serving 20,000 clients, not 100,000.
- Partner with a province or municipality that wants to improve service. Don't listen to what they say they want — have they invested in customer service? That's the key to whether they are committed to it. Select three or four such partners.
- Talk about the concept of one-stop shopping and customer service before you try to divide up who pays for what. All levels of government should win. Remember better service and lower cost.

Start small where you can win and learn some hard lessons.

(14) In your opinion, are there any areas of the federal government that shouldn't or couldn't implement a client service initiative?

No. It is not an option. Not being customer oriented is unacceptable for a government.

(15) Is there anything else we should know?

Like the commercial says, *"Just Do It."*

Don't Look Now, But Your Attitude Is Showing

The following are two sets of apocryphal answers; one based on the efforts and attitudes of Service New Brunswick, the other on the author's eclectic experiences with government bureaucracies and the works of Franz Kafka. Can you guess what the questions are?

Existence-Based Department	Service-Based Department
"It can't be done. We can't change."	"It has to be done. We must change."
"It's tough to find good people."	"The civil service is full of good people, especially on the front lines."
"I'm not giving you any of my resources."	"Let's look at what you can close and what those cost savings would be. You could transfer most, but not all, of that to us. You win and we win."

"I have been promoted based on the growth of my department."	"After an initial round of win-win voluntary budget transfer, the politicians will have to take a corporate approach and order the remaining twenty-five percent of the necessary reallocation."
"Historically, departments set up their operations without consulting any other departments. This continues even today."	"We have created a monster. The typical citizen sees government as a monolith — not three levels and many departments."
"I know what services my department provides."	"If you are a citizen and wake up tomorrow wanting to do some thing, chances are very good that you are in for a 'daymare'."
"From my department you would probably need a permit to handle propane."	"To open a travel trailer business you need 39 total permits from all levels and departments of government. No one (except a competitor) can tell you what they are. You have to wait to be fined by an inspector before you can find out what you are missing. And the permits all come up for renewal and inspection at different times. You spend more time dealing with the 'government' than with your suppliers."
"It's just too big to tackle."	"We started with a government-wide mandate to eliminate 25% of regulation legislation. Each department had to propose what should be eliminated."
"We have to be careful we don't get ahead of the politicians on this."	"Our elected leaders realized that citizens wanted and needed regulations in the '60s. In the '90s they want and need deregulation."
"I don't know who would field questions in the House of Commons over an integrated service initiative."	"It doesn't matter which Minister gets the initiative in his/her portfolio. Assign it anywhere. It only matters that the Minister sees customer service as the first priority of good government."
"My minister is the most important person I deal with."	"My Minister is important. My superiors are important. I'm important. But we all realize that the customer is the most important."
"Are you saying I am to blame for bad service? Do you think I wake up in the morning and say, 'I wonder who I can inconvenience today'?"	"I know some feathers were ruffled when we showed how bad our service was. But no one was blamed. It was the system that was wrong. However, failing to help change the system — now that's blameworthy."

Lessons Learned

✔ It is possible to cut costs *and* improve service.

✔ Start small. Pick sites that have a high probability of success.

✔ Do it quickly. SNB pilots was up and running within six months. They estimate 12 months is the outside limit on sustaining a major change effort without at least one pilot project working.

✔ Look for partners among local levels of government that have invested in government service. Talk is cheap. Look at their financial record.

✔ Don't accept excuses from bureaucrats — the monster can change.

✔ Start with a win-win approach. Use the carrot, but don't neglect the stick. Mandate the stragglers to change.

✔ Think like a customer. Don't just say the words "customer service." Act it. Get everyone from the minister to the counter staff committed to serving customers. It is, after all, the reason governments came into being!

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"Clearing the Path" and the Ontario Business Registration Access Program

The Ministry of Consumer and Commercial Relations
Province of Ontario

Overview

"Clearing the Path" (CTP) is an Ontario government service delivery initiative with the potential to revolutionize the delivery of government services across Canada. Its broad political objective is to streamline and simplify regulatory processes as they pertain to business registration and reporting, and to improve the business climate by making it easier and faster for small businesses to start up and create jobs. On the administrative level, the Ontario government is looking for ways to electronically streamline services to save money.

Ontario Business Registration Access (OBRA) is an integrated one-stop or single-window registration process for unincorporated Ontario businesses. Launched in April 1994, OBRA forms part of the CTP registration and reporting initiative[1] and provides remote and direct access to:
*   Business name searches,
*   Preparation of applications for business names registration under the Business Names Act,
*   Retail sales tax vendor permits,
*   Employer health tax applications,
*   Workers' compensation applications.
*   Applications for health tax for the self-employed.

The "Clearing the Path" OBRA project provides important lessons in alternative service delivery because it illustrates:
*   A common vision of client-focused service delivery which can link provincial, municipal and federal jurisdictions;
*   An integrated single-window approach to business regulatory processes and services;
*   The use of technology as a prime enabler to improve government service delivery;
*   The structure and operation of a "virtual" project team.

Clearing the Path and OBRA

✔ A strong imperative to reduce costs through downsizing and constraint exists across all levels of government.
✔ The constrained fiscal environment in which governments are now operating makes the success of CTP more likely.
✔ New technology enables extensive computerization of business processes and the use of advanced applications systems.
✔ Now available are electronic information highways, telephone communications, networking systems and "middle" software applications.
✔ A sharper client/customer focus to improve government service delivery is a new concept and mega-trend across Canada and internationally.
✔ This new client focus represents a fundamental change in the way government does business.

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[1] Clearing the Path for Business Success", Presentation paper, Ontario Ministry of Consumer & Commercial Relations. October, 1994.

The Vision for Single-Window Registration and Reporting

The CTP vision is to implement a focused and efficient regulatory system to support Ontario business and job creation. The vision includes:
- Enabling entrepreneurs to establish and maintain federal, provincial and municipal business registrations, licences and permits through a "single window" registration process;
- A master business licence listing each entry or endorsement;
- Providing a way to consolidate reporting and remitting obligations to government;
- Capturing and transmitting changes in business status to relevant ministries through the "single window";
- Facilitating access to information needed to sustain successful business activities.[2]

Registration procedures occur at the outset of business activities. To assist business people with successful start-up, the OBRA registration process encourages initial research and preparation by providing information on other municipal, provincial and federal requirements, even though these obligations are not yet supported by the CTP initiative. As well, information on support programs and resources is provided.

The reporting element of the vision applies to enterprises already established and remitting taxes. Outreach activities and information on obligations and support resources are not included in the vision for this stage of implementation.[3]

The vision has the following objectives:
- **Accessibility** Government services are readily available, regardless of geography or preferred method of access.
- **Effective Information Exchange** Initiate focused and economical two-way exchange.
- **Efficiency in Processes** Simplify, streamline, speed-up and consolidate registration and reporting processes.
- **Timely and Accurate Service** Trap errors and deficiencies and speed up service.[4]

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[2] Evans, J.M., Guiding Principles for Developing "Next Generation" Ontario Registration and Reporting Solutions. Business Division, Ontario Ministry of Consumer & Commercial Relations. October 1994, pp. 2-3.

[3] Ibid. p. 3.

[4] Ibid. pp. 4-5.

Background

The Government of Ontario had been receiving complaints from the small business community about excessive government "red tape" affecting business start-up and regulation. However, when the economy was relatively buoyant, there was no incentive for the government to act.

The recession in the early 1990s provided the impetus for change as some businesses left Ontario to begin operations in jurisdictions with less restrictive and time-consuming procedures. A new generation of more mobile businesses, centred in the knowledge industries and important to the province's economic future, was less tolerant of prolonged and costly government processes. These processes were seen as adversely affecting competitiveness and profitability in the Canadian and global marketplaces.

By 1993, the need to keep these businesses in Ontario made complaints about red tape by the small business community more significant and urgent. More client-oriented programs and higher levels of service were required. In addition, recent technological advances in communications and computer system linkages offered new options. Government also began to view itself as a significant player in the commercial competitiveness of the province. In May 1994, the Ontario Minister of Finance described the need to cut red tape.[5]

In response, the Ministry of Consumer and Commercial Relations (MCCR) created the "Clearing the Path" project and team which began work on the OBRA project in April 1994. CTP was expected to reduce the time and cost associated with business registration. These efficiencies could possibly lead to improved efficiencies in government if the OBRA program provided more accurate, prompt information to government program administrators.

Given six months, the team was asked to design application software for a workstation which would provide direct and remote access to four core registration requirements for provincial businesses. These requirements were business names, retail sales tax, employee health tax and workers' compensation registration.

The team was also asked to launch this initiative in 15 host sites. The project was to ease the registration relationship between business and government and to produce a design concept which would not be restricted by government legislation or statutory obligations. Long-term

Government also began to view itself as a significant player in the commercial competitiveness of the province.

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5 Clearing the Path for Business Success. Land Registry Offices Regional Meeting Presentation Paper. Ontario MCCR. May, 1995.

proposals were torecommend future project directions. The CTP Team produced these deliverables by the September deadline.

By July 1995, the CTP team had also accomplished the following improvements and cost-reduction activities:
- Launched workstations at 40 host locations.
- Implemented a combined and customizable registration kit for entrepreneurs not able to get to, or not comfortable with, work-station technology.
- Established a clearing house in the MCCR to process and track all workstation and kit-generated applications through to program delivery ministries and agencies, and to ensure compliance with standards for registration performance.

Current Situation

The Provincial/Federal Linkage

Discussions with the federal government to integrate the federal business number into the OBRA registration program are under way now. By May 1996, businesses will be able to apply to Revenue Canada for a business number though OBRA. Municipal elements will take a bit longer. The CTP Team is currently doing prototyping work with the cities of Gloucester and Windsor.

All interaction with other jurisdictions is on a co-operative, partnership basis. The CTP Advisory Committee has members from Revenue Canada and expects municipal participation soon. Other governments may also use the CTP concept, vision and model outside of any partnerships.

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Results, Benefits and Successes to Date

The Business Division of MCCR has calculated that the OBRA program has saved participating businesses administrative costs of approximately $4.5 million.[6] By December 1995, 41 remote access workstations were offering signatureless, paperless electronic transmission of all Ontario business registration applications[7] with full electronic transmission of data to all relevant government departments and programs.

Business name search and registration, and application submission times, have generally been cut to minutes. The OBRA program currently handles 30% of unincorporated business name registrations with overhead savings of

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6   Clearing the Path, Remote and Direct Access to Business Services. Presentation paper. Ontario MCCR. 1995.

7   Clearing the Path Insider's Report, Vol. 1 Issue 6, OBRA. Ontario MCCR. December, 1995.

$1.5 million. With increased deployment of OBRA workstations, the MCCR expects 50% of registrations to be handled electronically by September 1996.

Next Steps

The CTP team is working on the following enhancements to the OBRA project to be completed by May or June 1996:
- Implement Ontario business requests for the federal business number through the provincial workstation and instant business name registration;
- Prepare prototypes of the next generation of combined federal, provincial and municipal business registration processes;[8]
- Have 50 OBRA workstations installed at partner sites;
- Develop other access channels in addition to the workstation;
- Extend OBRA hours of operation.

Implementation of the federal suite, which includes GST registration, set-up for UI and CPP payroll deductions, and import/export permits for Ontario business,[9] is targeted for January 1997, dependent upon Revenue Canada and CTP timing. The CTP team will also deal with government compliance requirements where businesses have missed mandatory parts of the regulatory process, and in particular with taxpayer compliance.

Core Issues

Technology

The Interactive Workstation

The interactive workstation forms the foundation of the OBRA system and is the major innovation in business registration to date. These workstations are located at partner sites, including land registry offices, tax offices, libraries, Canada Post's business centre (London, Ontario), and others. Performance and service quality benchmarks have been established with delivery partners. The tested, easy-to-use interactive software program (written in POWERBUILDER™) enables unincorporated businesses to undertake searches and electronically complete necessary registrations.[10]

The Business/Technical Relationship

The traditional relationship between government ministries and computer technologists produces a high-level definition of what has to be done. The definition is then given to technologists to do the technical translation,

The traditional relationship between government ministries and computer technologists produces a high-level definition of what has to be done.

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[8] Connecting with Customers — Rethinking Service Delivery. Presentation Paper, Ontario MCCR. November, 1995.

[9] Remote and Direct Access to Business Services. Op. cit.

[10] Evans, J.M. Clearing the Path for Business Success — Streamlining and Simplifying Government Regulation. Presentation paper, Ontario MCCR. February, 1995.

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identify the operational environment for the system and manage the roll-out of the project into the field.

In the opinion of the CTP team, when government is involved in radical changes to service delivery for which technology is the prime enabler, this traditional approach is inadequate. Information technologists should not define the delivery platform, or architecture, in isolation from the business team. The business team needs to know the details of the technical translation and the architecture of the solution. The CTP team, which considers itself a business team, retains the right to discuss the issues and to decide how to proceed. The key element is for both the business team and the technical group to discuss and agree on the business and technical requirements of the project on an ongoing basis.

It is also critical to ask questions about the limitations of currently available technical solutions as they pertain to project requirements. What are the limitations of our current technology and architecture? Knowledge of current technical limitations, and planning to minimize the impact of these limitations, will reduce costly re-engineering and re-purchasing.

A successful partnership between business and technical elements requires the business elements to have as much understanding of the technology as the technical community and its vendors. Limiting government involvement to designing policy frameworks without understanding the technical and operational consequences of these projects will lead to the technical community and its vendors understanding what is happening with the project while the policy-makers and business managers will not.

The Implementation Framework for Business Registration

Design principles guide OBRA implementation. These include:
- **Single-Window Access** A wide range of services available through a single access point.
- **Partnerships and Alliances** Multi-layered government stakeholders and private sector delivery partners. Partners avoid building more bureaucracy and add value to service.
- **Service Standards** Allow tracking of performance and service delivery quality, and trap errors close to source. Standards apply to both processes and transactions, and require methods for remedial action.
- **Customized Processes** A single process which requires client conformity is not acceptable. Processes must be tailored for flexibility to meet client needs.
- **Various Access Options** To match client requirements.[11]

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[11] Evans, J.W. Guiding Principles for Developing Next Generation Ontario Registration and Reporting Solutions. Op. cit. pp. 6–7.

Development principles also guide the OBRA project and include test procedures to correct faulty transactions and processes, as well as alternate service delivery options in case of system failure. Development principles must also recognize the long-term nature of the project and protect the scarce human and material resources.[12]

Accountabilities

Legislation

The Business Regulation Reform Act of April 1995 addresses the registration and reporting of business activity. The Act is framework legislation intended to enable future streamlining and simplification of the regulatory process between business and government.[13] Key points are:

1. The Lieutenant Governor may designate specific existing government program legislation, with the consent of the Minister responsible, as subject to regulations which may be made under the Act. Thus, the Act can prevail over roadblocks caused by provisions in previous program legislation.[14]

2. The Act specifically provides for:
   - Unification of reporting requirements;
   - Combined registration forms;
   - A business identifier and integration with the federal system;
   - Use of agents (partners) to deliver services;
   - Use of electronic entries, signatures and unified databases;
   - Payment by credit, and debit or funds transfer;
   - Non-governmental organizations to operate the service;
   - Standardization of filing requirements;
   - Sharing of information;
   - Compensation for errors.[15]

If government wants to apply the single-window concept to service programs, the affected program delivery legislation is designated under the Act. Once legislation is designated, regulations on registration and reporting can be passed under the Act which describe how things will be done in the single-window environment. If those regulations are at variance with the service program legislation designated, the Act prevails.

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12 Ibid. pp. 8–9.

13 Evans, J.M. Streamlining & Simplifying Government Regulation. Op. cit. p. 6.

14 Ibid, p. 6.

15 Ibid, p. 6.

The first regulations under the Act were approved in October 1995. These regulations permitted electronic business registration and reporting procedures, without paper or signatures, for the OBRA project.

The Act is the legislative framework under which the CTP team and the OBRA project are operating. It enables the CTP team to set information and technical standards for government. The Act also allows delivery of other governments' programs and permits federal, provincial and municipal interaction.

Focus groups and surveys of business clients are used regularly.

Planning and Reporting

The OBRA project has stakeholders who are the program deliverers within government; and partners who are the workstation hosts (an organization can be both a stakeholder and a partner); and the representatives of the business client/customer. Focus groups and surveys of business clients are used regularly to receive feedback on recent innovations and the future direction of the project.

The OBRA government stakeholders and CTP team members communicate through four types of committee. These are:
*   A steering committee of stakeholder deputy ministers, meeting once or twice a year, to set project deliverables typically framed in a roles-and-responsibilities document;
*   A working group of stakeholder assistant deputy ministers (ADMs) meeting periodically to explore issues associated with co-operation and the scope of future deliverables;
*   The MCCR Steering Committee composed of the ADM, Business Division (corporate sponsor within the lead ministry); the ADM, Information Technology; the Director, Companies Branch (host of the clearing house); and the CTP Project Executive, meeting regularly to identify priorities and resolve issues pertaining to the development of future enhancements;
*   Various working groups focusing on stakeholder and partner issues influencing deliverables, meeting bi-weekly or monthly.

The CTP Project Executive, with the team, is required to develop and submit an annual OBRA work plan to the ADM, Business Division, MCCR. Reaching the targets is important to the project's success. The plan sets out project direction and specifies target dates for new releases to upgrade, enhance and expand the OBRA program. The plan constitutes a contract between MCCR and the Project Executive to meet the dates set for the releases.

Some slippage is built into the plan's timetable to provide for obtaining needed equipment or to accommodate a new direction in technology, should one arise. Events of this nature come to the MCCR Steering Committee for discussion.

Human Resources

The CTP team consists of 25 people: 13 project development staff, nine project production support and three information technologists. The latter two groups are permanently assigned to OBRA and CTP. The development team members are seconded from government departments. The team pulls the best and the brightest together for specified periods of time. The team is also a "virtual" organization; if the development team were collapsed, the services developed would be delivered.

Team members include many with previous project experience. The team operates on an empowered basis whereby members participate in discussion and decision-making. Faith and trust are built within the team and among partners by being consistent over time: doing what they promise to do and delivering on their commitments. In the event of an unexpected change in the external environment, the Project Executive can exercise a veto over the decision-making process.

The Single-Window Hierarchy

The Organizational and Informational "Single Windows"

The organizational single window puts front-line people from different service delivery organizations in the same place. Ideally, the public can deal with four or five programs from one access place through technology. In an informational single-window solution, all information is government-generated and outbound; no information is coming into government.

The organizational single window puts front-line people from different service delivery organizations in the same place.

Government organizations often approach the single-window concept by implementing it at the organizational or informational levels. Because these solutions do not disturb the back-end processes of government, they are seen as non-threatening to established structures. However, streamlining, simplifying and reducing red tape at the front-end of service delivery without altering the back-end program administrative procedures will not result in change. The administrative bureaucracy must also change.

Since these back-end processes are not committed to change, the concept of placing the needs of the customer/client first is not internalized and the required cultural change does not occur. The single-window concept means that front-end and traditional back-end processes are artificially divided, thereby creating breakdowns in communication and lapses in updating which make these systems error-prone and unreliable.

The Transactional Single Window

In the transactional single window, external information is captured for use in government programs and then transmitted into the relevant program's computers. At this point, the management of these data rests with the government program. A good example of an earlier transactional single window is the Service Ontario kiosks where car licence plates and driver's licences can be renewed.

The true single-window solution is transaction-oriented.

The true single-window solution is transaction-oriented. When this concept is applied to OBRA, the single window deals with multiple registration issues and the information becomes complex. Session times at workstations become longer. The distribution of transactional information to government program areas and its management becomes more complex because the information received has to be disseminated in a more complex and comprehensive way. The OBRA program is a more advanced example of a transactional single window where information is exchanged between clients and government.

The Hierarchy

Government organizations tend to enter the single-window concept of program delivery with an organizational single-window project and then move into a computerized informational one. From there, some will try to move into the transactional model; hence the hierarchical, single-window progression.

The CTP team believes going into the single-window process with an organizational solution and attempting to lay out a grand strategy through an hierarchical approach to the transactional model will likely result in failure. Project management will not know enough to come up with a reliable blueprint for a comprehensive single-window solution.

Organizations which are entering the single-window process at the informational level, in the belief they can evolve to the complex transaction management level, will develop knowledge in handling information which will not necessarily give them a good start in handling transactions. The CTP team believes there is a spectrum within the single-window process, but they are not convinced there is an evolution or continuity from the early parts of the spectrum to later parts.

Key Success Factors

An Empowered Team The CTP team culture enables all members to participate in discussions and decision-making. Opportunities are less likely to be lost and an entrepreneurial spirit is developed.

Selflessness Everybody who joins the single-window process has to be selfless, and not self-serving or stuck in his or her organizational mode. Team members must share a common vision.

Business/Technology Business teams must ask questions about, and understand, the limitations of the technical architecture.

Technology Lifespan If you are in an emerging business project, review your technology and systems architecture every three years, since the average lifespan is five years.

Absorb the Complexity of Other People's Processes Beginning a complex single-window process by first establishing a committee to set standards and then attempting to get everyone to switch their processes and systems over to comply with these standards takes forever. To be operational quickly, absorb that complexity into the solution set and do a whole lot of translations. Unless you can accept things as they are, it will be a long while before you are in business. The CTP team's first decision was to absorb the complexity of other people's processes, allowing the team to have its first product relatively quickly.

Put a Stake in the Ground Deal with others' complexities but once successes occur, the project team has a stake in the ground with some credibility to influence government stakeholder organizations. Not only do you gain credibility, but you start to shift the centre of gravity towards the client service agenda, enabling frequent updates to deliverables. These frequent updates enable progress on a continuing basis, further reinforcing confidence.

Body of Knowledge Use the knowledge and experience associated with driving this stake in the ground to roll out a future strategy and direction with appropriate deliverables. This allows things to be done with some knowledge instead of working only from a conceptual framework.

Pitfalls

> *One of the problems of a successful service delivery project is that its mandate will be expanded to the point where it must become a failure.*
> — CTP team member.

Policy and Information Technology

People say, "We're going to set the policy framework and then give it to our Information Technology [IT] people to implement the project." Don't do that — you will learn nothing. The framework may not be good enough the first time and the IT people may get it wrong. Everyone will be disappointed with the result and it won't be cost-effective. Business and IT staff must work together throughout the single-window project.

Overwhelmed Site Partners

The CTP team started by putting OBRA workstations into business development offices that offer advice to small businesses and are part of the economic development community. However, registration activity soon overwhelmed the ability of a small staff to give advice and assist with access to the registration workstations. In some communities, registration workstations were moved to another partner more able to absorb the increased traffic; for example, a government office or the public library.

Connecting Single-Window Registration to Business Development Resources at the Community Level
In the early days of the CTP initiative, focus group sessions assessed the impact of the OBRA single-window initiative on small business. The Canadian Institute of Marketing pointed out that most people are not adequately prepared to launch a business. Increasing the speed and efficiency of the registration process can simply hasten failure if the quality of preparation is not improved.

To provide a connection with resources for business development in the community, the OBRA workstation was configured to produce a document at the end of each registration session. This document advises the registrant of the additional preparation work needed to reduce business risk and ensure adequate start-up preparation. The document lists all educational and support resources available at community colleges and other facilities.

Government initiatives need to connect with established community partners who are working with the targeted constituency. Now that CTP has established a connection, which is part of its single-window registration initiative, community organizations are approaching the team with proposals for workstation locations and co-operative staff support.

Lessons Learned

There is tolerance in government for innovative project approaches.

✔ Government and Bureaucracy: There is tolerance in government for innovative project approaches to improve service delivery but a fair degree of resistance to moving the lessons learned into the traditional bureaucracy.
✔ Political Impatience and Program Implementation: There is enormous political impatience to quickly convert policy ideas into operational forms. However, bureaucracies inhibit this by approaching project development and implementation as they have done in the past. The force of the integrated, client-centred service delivery vision is lost in this environment.

✔ Changing Composition of Government Workers: The automated transactional single-window concept will reduce the need for clerical and administrative support in client-oriented, program delivery organizations. An organization building on this concept is moving toward providing government services through a body of technical or professional specialists.

✔ Integration: Most businesses operate interprovincially, yet they do not segment their operations into three separate levels to accommodate layers of government. Businesses integrate their operations, and governments should also provide integrated services for their customers.

✔ Sharing Information: Project success is dependent on information-sharing. There is a greater ability than ever before to share information globally. Projects now have global imperatives with people sharing large volumes of information around the single-window, client-oriented, service delivery concept.

✔ Process Automation: Once out of the learning phase, try to automate the business elements to improve cost-effectiveness, reliability and process consistency.

✔ Technical Risk: Technologists often want to reduce risk and make support easier by putting new business visions up on yesterday's architecture, which shortens the operational life cycle of the project. The opportunity for continuous improvement will run out sooner than it should because of the limits of the technical platform and architecture.

✔ A Client Priority: What users really like is the geographic distribution and accessibility of the workstations. They do not have to come to Toronto or conduct registrations through the mail.

Summation

Neither the burden of government red tape nor the single-window concept are new. However, Ontario's Clearing the Path and OBRA initiatives are succeeding where previous ones have not. Several factors have contributed to this success:

- A strong imperative to reduce costs through downsizing and constraint exists across all levels of government. Every ministry is facing unprecedented massive requirements to reduce costs.
- The constrained fiscal environment in which governments are now operating makes the success of CTP more likely due to the pressure, motivation and political will to make dramatic changes.
- New technology enables extensive computerization of business processes and the use of advanced applications systems, permitting a successful single-window process.

Ontario's Clearing the Path and OBRA initiatives are succeeding where previous ones have not.

- Now available are electronic information highways, telephone communications, networking systems and middle software applications which link computer systems without costly rebuilding. Three or four years ago, these critical tools did not exist.
- A sharper client/customer focus to improve government service delivery is a new concept and mega-trend across Canada and internationally.
- This new client focus represents a fundamental change in the way government does business. Not only does it offer a political opportunity for elected officials to improve the relationship between government and the private sector, but it makes excellent sense to enhance the business climate, increase employment and leverage the economy.

These factors, together with the CTP vision, the design and development principles, the virtual team and the approach to business/technical relationships, form a layered synergy which the CTP team is using to achieve a new single-window model for government service delivery. While the OBRA project is still somewhat experimental, the response from stakeholders, partners and client/users is positive and optimistic.

Team New Brunswick Trade Assistance

Overview

Seven provincial and federal departments co-operated in streamlining the process of small and medium-sized enterprises (SMEs) applying for export support. The resulting application form can be processed by any of the departments, and support programs will be co-ordinated. The co-ordinating committee is collecting data to test effectiveness.

Case Description

The implementation of the Team New Brunswick Trade Assistance Process began in August 1995. The process is a governmental effort to fully integrate a trade strategy for New Brunswick. It took a year to design around the Team Canada model. The participants were the federal Atlantic Canada Opportunities Agency (ACOA), Industry Canada, Foreign Affairs and International Trade Canada, and Agriculture Canada, together with New Brunswick's Economic Development and Tourism, Fisheries and Aquaculture, and Agriculture.

Despite their enthusiasm, the partners found the early meetings slow as they tried to establish their terms of reference. By late spring 1995, the group was working well together. An all-day brainstorming retreat was organized for ADMs and their subordinates, following which a subgroup organized the ideas. Two subsequent all-day sessions and several meetings of middle managers completed the process.

The process is based on an application form common to all partners. Trained officers in any of the participating departments are able to handle a client's information request or application for support, providing one-stop service without duplications, regardless of who ultimately funds the project.

The process supports a fully integrated federal and provincial international business development strategy, which builds on the earlier separate efforts of the two governments. A tracking system is being developed to measure the effectiveness of the integrated work plans and the funding programs. Operations are boosted by the positive relations that exist between departments as a result of earlier co-operative successes and a receptive private sector that contributed to the work plans.

Team New Brunswick Trade Assistance Process

✔ Success will be measured by tracking systems.
✔ Seven departments can use a common application form.
✔ Staff were trained to provide selected services for all participating departments.
✔ Senior and junior managers designed a viable project.
✔ Relationships between managers in the departments helped speed development of the project.
✔ Private sector involvement ensured the project's usability.

The initiative progressed through the following stages:

1. **Development of Export Capability Lists**

   Provincial government teams assessed the export capability of 2,300 New Brunswick firms by sector and sorted each sector into three categories: exporting; export potential and domestic (limited export potential). The classifications were then used to identify companies on a proactive basis to improve their export readiness and identify training needs.

2. **Preparation of Sector Profiles**

   Detailed profiles were developed to identify strengths, weaknesses, opportunities and threats for priority export sectors.

3. **Development of an International Business Strategy**

   Each sector team developed a trade strategy that was reviewed by its federal counterparts. Together, they generated an integrated trade strategy.

4. **Detailing of Co-ordinated Work Plans**

   After measurable goals were established, specific activities identified and companies targeted, the preparation of the work plans relied on the export capability lists, sector profiles, integrated trade strategy, the International Trade Business Plan and Export Vision, as well as input from the private sector. The province provided information on company export capabilities while the federal agencies contributed market intelligence and opportunities. In cases of multiple involvement, a lead role and support roles were identified.

5. **Finalization of a "One Stop Shop" Trade Assistance Process**

   Simultaneously, trade funding programs were streamlined to reduce duplication and to better co-ordinate company support internationally. A client now can submit an application for trade assistance at any of the participating offices, giving access to programs such as the Program for Export Market Development, the provincial Trade Assistance Program and ACOA's Marketing Support Program. The process uses a generic application form, an eligibility check list and a tracking form.

6. **Commitment to Staff Training**

   Front-line staff have taken two day-long workshops. The training included export readiness, the role of government, networking and specific program knowledge. Trainees also participated in a case study to determine a prototypical company's export readiness and appropriate government assistance. Departmental experts were introduced to staff. Training had two objectives — cross-training for all programs and the transformation from program provider to service provider. The latter needs clarification: There is a lingering belief that staff in trade-related departments have only limited knowledge about business and exporting. That is not a handicap when dispensing programs according to rigid criteria. When the

objective is to help businesses prepare for exporting and to provide them with financial support, it becomes problematic. The case study introduced this objective, and more training along these lines is planned.

Departments will keep their staff supervisory responsibility and authority, but the process as a whole will be judged by the increase in the number of exporting firms and their improved performance, the level of exports and the time reduction in processing service requests. This data will be tracked by a co-ordinating committee.

Committee members report the following six critical success factors:
• A willingness by senior public servants to be part of the process, even when it requires the flexibility to change their work procedures.
• A positive relationship among departments' personnel based on previous inter-department co-operative efforts.
• Knowledge of and respect for each other's needs and resources.
• Active involvement of senior and junior management in developing the process.
• Work by provincial teams in developing sector profiles, on which the committee could build and expedite their efforts.
• A comprehensive training program for participating departmental staff.

In addition, committee members agree that similar efforts in future will be even quicker and easier, and can be applied to areas such as programs for seniors and the unemployed.

Lessons Learned

✔ Knowledge and trust generated by established relationships between individuals in different departments will facilitate co-operative efforts.
✔ Success will come if both senior and junior levels of management want to make a needed service work.
✔ One of the partners was willing to shoulder this burden of implementation.
✔ One-stop access to a program will spread the work load more evenly among departments, reduce duplication and thereby reduce costs while providing better service by simplifying the process for clients.
✔ More comprehensive and early training of staff can make a program more effective.
✔ You can have your cake and eat it too — better service at less cost. The service increase is due to the one-stop shop concept. The savings come from reduced overlap and duplication of programs.

> "Good morning. Can I help you?"
> "I'm not sure. A friend told me I should come down here and find out about how my company can export our services. But when I saw the sign on your door, I thought I must be in the wrong department."
> "I have good news and good news for you. First, this is the right department. Second, there is no wrong department."

Edmonton Business Development Centre

Overview

The Edmonton Business Development Centre grew out of the three-year old Canada Business Service Centre of Edmonton. Designed to be truly integrated, the centre plans to open in early 1996. Memorandums of understanding and tri-level commitments have been exchanged. Legal agreements are now being drafted to formalize these arrangements.

Case Description

The problems we've run up against in this project all revolve around the fact that an inter-government integrated entity runs counter to the mechanisms which governments use to control their activities.
— Gary Webster, ADM Western Economic Diversification Canada

Where on the continuum from co-location to true integration the centre will be positioned remains to be seen. If it goes all the way, as a truly integrated operation with one manager, the centre would be unique. As conceptualized, it is not a co-location approach (colloquially referred to as a "condominium approach"). Rather, the manager will have authority and responsibility for all staff, no matter what department they come from. The manager will hire and appraise performance. As a general manager, he or she will also have authority and responsibility for the centre's performance, from deciding on team-building training to financial management — a true general manager. The centre is also designed to allow for revenue retention. The three levels of government are supposed to contribute "no strings attached" dollars (40% each from the province and federal partners; 20% plus some financial administration for in-kind contribution from the city). Being realistic, the centre's steering committee wants some cost recovery to augment the inevitable future budget cuts.

Budget cuts are remarkable things — bureaucracy's answer to the double-edged sword of gladiator times. An initiative like the centre would never exist if governments had deep pockets. Each department could afford the manicured turf of a solely owned lawn. But after cutbacks, they are willing to share dandelions and weeds just to have some semblance

Edmonton Business Development Centre

✔ The Edmonton Centre's predecessor was built on a phenomenally quick start-up effort.
✔ Lessons learned in the predecessor experience shaped the current project.
✔ The Edmonton Centre is designed to be a truly integrated multi-level project.
✔ The evolution to integrated services was propelled by analysis of hard data from the initial project. This represents long-term systemic change to avoid short-term problems and inefficiencies.
✔ Legal agreements for the creation of a truly integrated operation present a challenge. It remains to be seen where on the continuum from co-location to true integration the centre will be positioned.

of a backyard. However, budgets can only be cut so much. At some point, the forest will reclaim the back yard. The Edmonton Business Service Centre wants to prevent that. Revenue retention is one way they can.

Origins

The seeds for the Edmonton Business Service Centre were planted in June 1992. Minister Don Mazankowski issued a challenge calling for the Canada Business Service Centre to start by August 1992 — warp speed for any project, public or private. The Edmonton project (there were two others, one in Winnipeg and one in Halifax) was designed as a walk-in, person-to-person service centre. The power of a deadline from a minister who supports it is awesome. The centre opened on schedule. Initially staffed solely with federal employees, it dispensed information and made referrals for clients. A steering committee composed of representatives from 20 federal departments was formed. The staff emphasis was on generalist knowledge and turnaround time for the client. Computers linked to business-related databases were installed. Clients were encouraged to browse as well as talk to officials. In a visionary move, bookshelves were put in a reception area and filled with relevant literature from provincial and municipal departments, in addition to the standard set of federal documentation. Meeting rooms and private offices were made available to clients for quick transactions. Client training sessions were hosted.

Based on good principles of management, measures of the centre's performance were taken. The number and nature of requests were monitored. Soon it became obvious that the type of client should be tracked. Staff were surprised at the number of clients contemplating starting a business — 40%! The federal partners were not prepared to deal with this type of client but the province had expertise in this area. Gradually, the centre built a relationship with the province. Provincial departments held seminars in the centre. Cross-orientation training took place.

Staff were surprised at the number of clients contemplating starting a business — 40%!

Eighteen months after the opening, a consulting team was contracted to evaluate the centre and make recommendations. They looked at the centre's clients and potential clients, the tools the centre had, and its organizational structure. They surveyed previous clients. Their report was very candid and thus very useful.

The report provided a haystack for the proverbial camel's back. Clients deserved a fully integrated centre. As long as staff reported to their respective departments, there could be no unity of purpose. Around that time there was a provincial election. Premier Ralph Klein's campaign of reducing government overlap and duplication provided more straw. Finally, federal ministers had been and still were encouraging provincial links. The back broke.

In spring 1994, federal and provincial officials began looking at joint province-wide service and signed a memorandum of understanding (MOU) outlining their plans, which would begin with a hub in Edmonton. Recognizing the benefits to Edmonton clients, the municipality jumped on board.

The Plan

On September 5, 1995, all three levels of government signed an agreement to co-operate in developing labour force, business sector and community services in Edmonton.

A lease was signed, providing the centre with 25,000 square feet. The Canadian Environmental Assessment Agency will be there. The Chamber of Commerce is being wooed, along with the Women's Enterprise Centre and the Micro-Business Centre being developed by the Mennonite Central Committee.

Six federal, five provincial and three or four city employees will move in. Employees were consulted and put their names forward for the positions. The province has transferred the salaries of their people to the city for five years (after that, their fate will be decided by the city and the centre). The provincial and federal partners have sketched out a plan to set up centres in other municipalities. This will allow for alternate ways to deliver information, but ensure that any provincial resident has the same opportunity to get information. In short, it's all set to go.

Ironically, procedures designed to control and protect some stakeholders have the opposite effect on others.

The Rub

MOUs, plans and good intentions are no substitutes for financial administration acts and collective agreements. Ironically, procedures designed to control and protect some stakeholders have the opposite effect on others. Philosophically, it comes down to, "Who is the client?" SMEs? Taxpayers? Bureaucracies? The answer is, obviously, "All of the above." However, it remains to be seen whether the legal details of satisfying all clients can be worked out.

Critical Success Factors

With success not assured, it might be presumptuous to identify critical success factors. However, to date, a few things have clearly moved the initiative forward.

Highly motivated people supported by political will has to rank high. Add bullheadedness, thick skin and endurance for good measure — but don't forget complementary services expertise among the three levels of government. Finally, make sure all departments are welcome and can get out of the project what they put in.

Pitfalls

Aside from the emerging legal details mentioned above, there are several things that the project could have done.

When the 1992 centre was announced, there were only two months to make it happen. This was not enough time to give staff the courtesy of advance notice and participation in their relocation. The longer planning stage of the 1996 centre has allowed time to overcome this pitfall. Staff are now actively involved and enthusiastic.

Training of staff was done in a team format. Individuals with specific expertise helped others. This worked well. However, a formal training module before the doors open could have oriented all to the same standards of service. Such training should be repeated to refine standards and provide a refresher. In addition, formal training on new procedures and information would be a useful augmentation to the informal team training. Such formal training should include names and faces of individuals in participating departments who can be called upon to provide insight into the fine details. This would have the spin-off benefit of underscoring each department's role in the integrated project.

A potential pitfall in the integrated centre is the nature of information that can be given by a public servant. Experience shows that a large number of clients know they need something but aren't sure what it is. A form of Socratic method called "light diagnostics" can be used without providing the advice or counsel more appropriately delivered by private sector business consultants. Such "fine-line walking" might make the faint of heart nervous, but it is necessary to fulfill the integrated centre's mandate to serve clients.

On the flip side of this light diagnostics is the customer's reaction to good advice. The reason customers are customers is because they don't know some things about running a business. It follows, then, that they might be poor judges of the value of information given to them. So how does the centre evaluate its contribution if some of its clients can't recognize value when they hear it?

Another potential pitfall is the inherent contradiction between team performance and different compensation packages for the team members. Those involved see partial incentive systems as a way to manage this pitfall.

However, the legal constraints on the degree of integration which can actually be achieved must be dealt with first. The centre's manager will have to juggle five collective agreements covering her staff. Simple matters like scheduling work shifts become complex when the working hours are not restricted to 8:30-4:30 on weekdays. Moreover, day-to-day authority is vested in the manager, but any discipline or termination action must go through the respective collective agreement. Thus, such actions must go back through the respective functional departments. In the author's opinion, this will undermine, if not eliminate, the manager's line authority.

Yet another potential pitfall is the centre's most recent budget. Five positions must be staffed during all open hours:
- The greeter/traffic cop (estimate 120 to 200 walk-ins/day);
- The toll-free business line operator (now getting 100 calls/day with no promotion of this service);
- The information officer (among other things he or she oversees reference books that cannot circulate);
- The computer-room assistant/librarian;
- The operations supervisor.

With extended hours and coverage for coffee breaks and lunch hours, the skeleton staff size is around ten. And that doesn't include anyone to do the light diagnostic counseling (unless the supervisor can handle it). In a well-designed and unencumbered office, the role of the supervisor could be very minor. Even so, the parties making up the budget must realize that more than five persons/week are needed. In the author's opinion, such an idea is not even at the "dim bulb" level among the purse-string holders.

Finally, Edmonton has recently elected a new mayor. While pro-business, he might be anti the parent company of the Business Centre. How this "fan fall-out" gets distributed remains to be seen.

Lessons Learned

✔ Many lessons have been learned from the three-year co-location experience. Most important is the need to get secondment reporting relationships straight before the centre opens. There must be a clear chain of command within the centre or there will be no unity of purpose.

✔ Next, it's impossible to work out all details at the beginning, especially under a short timeframe. Trust will have to carry the day. However, do work out the details as soon as possible in the operation of the project, and then ensure that all stakeholders know what these details are.

The legal constraints on the degree of integration which can actually be achieved must be dealt with first.

There must be a clear chain of command within the centre or there will be no unity of purpose.

✔ "Invest in an outside opinion after the first year of performance" might be a framed caveat hung on a manager's wall. It's akin to hanging "There is no place like home" in the manager's house. The candid consultant's report of early 1994 really got the integrated centre's ball rolling.

✔ Finally, contrary to many change efforts, in this project, skepticism was strong in the beginning but waned as the centre took shape. As the project unfolded, all participants became believers in its benefits.

British Columbia Government Agents[1]

British Columbia's 60 Government Agents' offices form a decentralized administrative system — unique within Canada — that extends across the entire province, with the exception of the greater Vancouver area and Victoria (the province's two largest cities). The offices, which are part of the Ministry of Small Business, Tourism and Culture, currently deliver services for more than 50 program areas on behalf of 18 client ministries as well as a number of Crown corporations and other agencies.[2]

This administrative system originated long before the recent wave of public sector reform in Canada's westernmost province. In fact, the first Government Agents were appointed in 1858, nine years before Canadian Confederation (British Columbia, then a British colony, joined the federation in 1871).

> Initially, the system was an innovative response to the difficulties of bringing law and order to a scattered population in a remote and uncompromising landscape. It was modeled on similar offices developed for the Indian Sub-continent and former British possessions in Africa where the Government Agent, the Collector and the District Officer, respectively, discharged responsibilities comparable to the British Columbia Agents.[3]

In the 19th century, the Government Agents were Gold Commissioners and, among their other responsibilities, acted as registrars of births, deaths, marriages and voters. Understandably, their functions have changed considerably since then. Yet, independently of their role in service delivery, the agents continue to be seen in part as representatives of the provincial government: "In sixty communities across the province, the Government Agent is, as were their predecessors for more than a century, broadly identified as the officer from whom thousands of British Columbians have sought the various services of the state.[4]

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[1] Reprinted from F. Leslie Seidle, *Rethinking the Delivery of Public Services to Citizens* (Montreal: The Institute for Research on Public Policy, 1995), pp. 118–121.

[2] In 1994, the total staff of the offices (fill-time equivalent) was 316 (Educom International Inc., *Government Agents Strategic Directions Initiative: A Report for the Ministry of Small Business, Tourism and Culture*, September 1994, p. 62).

[3] Educom International, *Government Agents Strategic Directions Initiative*, p. 52.

[4] Educom International, *Government Agents Strategic Directions Initiative*, p. 53.

A recent independent study by Educom International[5] divided the Government Agents' present activities into three broad categories:

- *Revenue Services.* The offices carry out a range of transactions that entail the collection of money, including the levying of forestry property and consumer taxes, payments for the Medical Services Plan, and the sale of fishing and wildlife licenses. In 1994-95, Government Agents and "sub-issuers" collected $1.64 billion on behalf of the province through 2.67 million separate transactions.[6]
- *Non-revenue services.* These services include responding to inquiries, resolving problems and passing on information, principally in relation to the revenue services provided by the agents.
- *Administration/community involvement.* This category includes activities not covered by the other two categories, some of which (such as issuing cheques on behalf of ministries) constitute service within the government rather than to citizens.

Although this service delivery network is very well established, it faces some of the same challenges confronting many other public-sector organizations. For example, as a result of the Social Credit government's 1982 spending reductions, staff in the Government Agents' Branch had to be cut by 40%. W.D. Mitchell, formerly the branch's director, recounted that when he assumed that position in 1986, "the branch appeared defeated." An extensive re-evaluation of the organization's purpose and clientele followed, and "[a]ll branch operations were analyzed from the viewpoint of customer service."[7] This led to: the development of a new mission statement; the introduction of computers into Government Agents' office; the location of more offices in "high-traffic retail areas"; the installation of toll-free numbers and answering machines; and new training in "program competencies and customer service skills." In addition, the branch began to survey its staff "on a regular basis and [take] continuous action to improve the workplace."[8]

These changes apparently brought positive results. For example, in 1990, the Government Agents Branch became the first public-sector organization to receive the Quality Service Award given by the BC Telephone Corporation

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[5]   Educom International, *Government Agents Strategic Directions Initiative*, p. 6.

[6]   The data on 1994-95 revenue and transactions were provided by Ardath Paxton Mann, Director, Client Ministries and Regional Support Services, Ministry of Small Business, Tourism and Culture, communication to the author, October 11, 1995.

[7]   The previous two quotations are from W.D. Mitchell, "Rebuilding the BC Government Agents'Branch Around Customer Service," in James C. McDavid and Brian Marson (eds.), T*he Well-Performing Government Organization* (Institute of Public Administration of Canada, 1991), p. 69.

[8]   The preceding account of the changes and the quotations are from Brian Marson, "Building Customer-Focused Organizations in British Columbia," *Public Administration Quarterly*, Vol. 17, no. 1 (Spring 1993), pp. 36–37.

(BC Tel). More recently, the Educom study, which devoted considerable attention to "customer satisfaction" with government agent services, reported the following findings:

- A 1992 survey (carried out prior to the study) indicated that clients were "highly satisfied" with the services provided by Government Agent offices (information and advice, driving licenses and the Medical Services Plan received the highest ratings); clients were also highly satisfied with the "attributes of government agent staff" (friendliness, helpfulness and the ability to answer questions were rated the most highly).
- Respondents to an April 1994 BC Omnibus Survey who had obtained a service from Government Agents indicated they most liked the following: friendly/helpful/courteous service (38%); having received needed information/knowledgeable staff (21%); and quick service (16%). Respondents most disliked: long line-ups/slow service (18%); lack of information (5%).
- In May-June 1994, 299 exit surveys were carried out in 15 Government Agency offices (of varying sizes). Those surveyed indicated high levels of satisfaction with specific services: the combined "very satisfied" and "completely satisfied" responses ranged from 95.5% to 89%. In addition, a majority of responses indicated that Government Agents' services were better or much better than service provided by other provincial governments, the federal government, Crown corporations and the private sector.[9]

These findings demonstrate a high level of satisfaction with the services provided through this single window delivery system. Although the Omnibus Survey results suggest that, for a significant minority, service was not sufficiently prompt, it is particularly noteworthy that a clear majority of those surveyed (51%) found nothing wrong with the service. Nevertheless, on the basis of the surveys and other aspects of its extensive evaluation, the Educom study identified certain problems, a major shortcoming being that "incompatible and out of date computer equipment was...a growing problem from a cost efficiency and effectiveness point of view."[10]

Following the Educom study, a number of major changes have been introduced.[11] A new mandate statement, with six "business principles," was developed. Negotiations with client ministries and agencies were launched in order to arrive at new partnership agreements for the delivery of services on their behalf. These agreement s will include service standards, performance targets and reporting mechanisms acceptable to both sides. While finding

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[9]   Educom International, *Government Agents Strategic Directions Initiative*, pp. 41, 54–56.

[10]   Educom International, *Government Agents Strategic Directions Initiative*, p. 49.

[11]   The following account is based on a telephone interview with Ardath Paxton Mann, September 21, 1995.

money for improved information technology was seen as essential, in the present fiscal climate it was considered highly unlikely that Treasury Board would approve new financial or personnel resources. It was finally decided that, for any services added to those the Government Agents currently carry out, costs would have to be recovered from the client ministry or agency. Any additional revenue thus generated will be applied to information technology. In the meantime, a number of steps have been taken:

- With 260 new and reconfigured single window work stations, staff are able to effect all transactions at a single location. Each work station has data base capacity and can also be used for word processing.
- Interactive personal computers were installed in Government Agents' offices, as a pilot project, in fiscal year 1995-96.
- The feasibility of electronic "kiosks" that would deliver certain government services is being considered. This advanced "self help" technology would be used both to provide information and to allow citizens to effect some of the transactions now carried out face-to-face — for example, renewing driving licenses and paying motor vehicle fines or certain taxes.

Clearly, the British Columbia Government Agents system is undergoing a renewal. Not content to rest on its laurels, as reflected in the 1990 BC Tel award and the client satisfaction ratings cited above, it is implementing changes that will further facilitate many transactions. Performance-oriented measures (defined in chapter 1) have been adopted, which should help the organization assess more accurately its effectiveness in serving citizens. Moreover, the organization was undaunted by the difficult fiscal climate: its weathered the 40% staff reduction of the early 1980s and has become more "entrepreneurial" (as reflected in the arrangements for cost recovery of additional services). Central agencies have recognized the organization's leadership in encouraging a "business orientation" and are encouraging its planning for candidacy as a "special operating agency" in the fiscal year 1996-97, with implementation in 1997-98. This structural change could well strengthen the Government Agents' already firmly established service orientation.

Accès Montréal[1]

The City of Montreal's *Réseau Accès Montréal* is composed principally of a network of 13 single window service offices situated in neighbourhoods throughout the city and a complementary telephone information line, *Accès Montréal première ligne.* The network was developed following the election of Jean Doré as mayor in November 1986. Doré had made a campaign commitment to improve the accessibility of the city's administration to citizens,[2] and five committees of city officials immediately went to work to consult residents and develop proposals. It became clear that the work of the various committees was interrelated, and to ensure a more coordinated approach the *Module des relations avec les citoyens et citoyennes*, initially headed by André Huneault, was created in July 1987. The unit's work led to the establishment of the first Accès Montréal offices the following November.

The central purpose of the *Accès Montréal* offices is "to save citizens repeated journeys";[3] prior to their establishment, all the services provided by these offices were available only at City Hall. The offices, which are open from 9:00 a.m. to 6:00 p.m., Monday to Friday, offer the following types of service:

- *transactions*: for example, fines and municipal taxes can be paid and certain permits obtained (e.g., for residents' parking, bicycles and dogs);
- *receiving applications*: a range of applications (e.g., for other permits) that must be processed by the relevant department of the city government can nevertheless be filed in an *Accès Montréal* office;
- *information*: the public can obtain information about the entire range of City of Montreal activities, and can also consult various municipal documents (e.g., city and neighbourhood urban plans).

Accès Montréal première ligne allows Montreal residents to obtain information on a wide range of matters, from their tax accounts and recycling services to leisure activities. The telephone line also allows citizens to pass on comments or suggestions, or file requests or complaints, about any program, activity or service offered by the City of Montreal. There are separate telephone numbers for public works, taxes and general information, as well as for the hearing impaired. Originally, calls were received from 7:00 a.m. to 11:00 p.m., Monday to Friday. In 1993, partly as an economy measure, service was

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1   Reprinted from F. Leslie Seidle, *Rethinking the Delivery of Public Services to Citizens* (Montreal: The Institute for Research on Public Policy, 1995), pp. 121–125.

2   On the origins of *Accès Montréal*, see Pierre Niedlispacher, "Accès Montréal: Customer-Driven Municipal Services," in McDavid and Marson (eds.), *The Well-Performing Government Organization*, p. 65.

3   "In Search of Excellence in the Public Sector," *Public Sector Management*, Vol. 1, no. 1 (Fall 1990), p. 5 (this article summarized the missions of the winners of that year's IPAC Award for Innovative Management, in which, as noted below Accès Montréal placed first).

discontinued during the evening hours, when in any case there had been few calls; service is now available between 8:00 a.m. and 6:00 p.m.

Understandably, implementation of such an ambitious single window delivery system presented challenges. One of these was to break down barriers between the various city departments, each with its own specialists. As part of a conscious effort to recruit staff for the new offices from all parts of the administration, a general competition was opened. Some 1,000 employees applied, and about 200 of these were interviewed for the 50 or so original positions. Prior to beginning work in an *Accès Montréal* office, each employee had to undergo 10 weeks of training. This had two principal components: in-depth sessions about the structure of the city government and its full range of activities; and instructions as to how to manage relations with citizens (e.g., providing guidance to those filling out forms, applications, etc; ways of dealing with aggressive visitors). According to Huneault, total quality management principles had an influence on the way management envisioned the role of Accès Montréal staff. Empowerment was a particularly important concept: employees were told that, as part of the process of simplifying relations with citizens, they would have to solve problems themselves and not merely transfer them to others.[4]

From their inception, the *Accès Montréal* offices have proved popular. In 1988, the first full year of operation, 100,000 people visited the offices. This rose to more than 250,000 the following year. By 1993, nearly 309,000 people visited the offices, and staff responded to some 505,000 requests. In the same year, the 35 "social communications officers" providing première ligne service responded to 568,924 calls (an average of nearly 2,200 a day).[5] *Accès Montréal* won the Gold Award (first prize) in the 1990 Innovative Management competition of the Institute of Public Administration of Canada (IPAC), on the theme "service to the public."

The success of this innovation was further confirmed in a 1992 survey of 400 Montrealers who had recently used the city's public services, including those available through *Accès Montréal* offices. Among the findings were the following:

- Over three-quarters of respondents (78%) indicated that they were satisfied with services provided by the City of Montreal (the "highly satisfied" and "quite satisfied" responses were combined). Of those who had obtained a service at an *Accès Montréal* office, 95% said they were satisfied with the service.

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4   The preceding account of the implementation of *Accès Montréal* is based on a telephone interview with André Huneault, formerly Assistant directeur, Service de la planification et de la concertation et responsable du Module des relations avec les citoyens et les citoyennes, December 8, 1994. Huneault noted that managers were influenced by the concept of total quality management but did not use the expression (in French, "qualité totale") as such.

5   Module des relations avec les citoyens et citoyennes. "Réseau Accès Montréal," November 1994, p. 4.

- Respondents who indicated that they were not satisfied with services provided by the City of Montreal nevertheless expressed a high level of satisfaction (91%) with services from *Accès Montréal* offices.
- Almost two-thirds of respondents (60%) reported never having gone to the downtown offices of they City of Montreal to carry out their transactions with the city administration; 86% of these respondents were satisfied with services provided by the City of Montreal.[6]

Citizen reaction was further assessed through a series of six focus groups organized by a marketing firm in different parts of Montreal (also in 1992). According to the ensuing report, the concept of the *Accès Montréal* offices was "unanimously perceived" as a way of making the city administration more visible and more accessible to citizens in their own neighbourhoods. The quality of service was generally commended. However, there were comments that the high number of people visiting certain offices was causing delays in responding to inquiries. In addition, some participants said that the services of *Accès Montréal* offices and even their existence were not sufficiently known.[7]

Information technology has played a major role in the development of the *Accès Montréal* network. From the outset, staff in the offices had computers with access to databases in various city departments. Terminals were installed in the *Accès Montréal* office at City Hall to allow business clients such as real estate agents and notaries to consult databases comprising tax and assessment rolls by computer. In 1991, in response to growing demand, particularly on the part of real estate agents, personal computers were installed in all *Accès Montréal* offices to allow these clients enhanced access. In 1994, this service was further expanded: users with a modem linked to their computers can consult the databases from their office or home. As for the general public, in October 1995 a new interactive telephone information line was approved. Citizens will be able to select from a number of pre-recorded messages that will be changed regularly to reflect questions expected to arise most frequently — for example, after a significant snowfall, a message providing the removal schedule will be available. The interactive line will operate 24 hours a day.

Accès Montréal is a highly successful example of a single window service delivery system that has built on its initial achievements (as reflected in the 1990 IPAC award) in a number of ways. Progress has been made in encouraging a service-oriented approach, although, in their relations with other parts of administration, *Accès Montréal* employees apparently still encounter a culture

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[6] Service de la planification et de la concertaion. Module des relations avec les citoyens et les citoyennes. *Étude quantitative auprès des citoyens et citoyennes sur la décentration des services municipaux de première ligne de la Ville de Montréal*, October 30, 1992, pp. 4–5.

[7] Ad hoc marketing, *Étude quantitative auprès des citoyens et citoyennes sur la décentration des services municipaux de première ligne*, September 29, 1992, p. 6.

that is less inclined toward this orientation.[8] Considerable importance has been paid to assessing citizen satisfaction (one of the performance-oriented measures discussed in chapter 1). For example, in line with the findings from the 1992 focus groups, but also as a result of greater efficiency in processing requests, changes were introduced to allow a greater number of service transactions to be carried out in the offices. This expansion of the "transactional" role of *Accès Montréal* offices is also consistent with the commitment of Mayor Pierre Bourque (who succeeeded Jean Doré in 1995) to bring the city administration closer to the population. Moreover, service has been enhanced despite Bourque's objective to reduce by some 2,000 the total number of city employees.[9] Finally, information technology has been central to the initiative, and growth and adaptation continue. It is clear, however, that the face-to-face contact with Accès Montréal staff that Montrealers now enjoy, and value, in their own neighbourhoods.

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[8] As observed by René Therrien, Assistant-directeur, Service du secrétariat administratif, Module des relations avec les citoyens et citoyennes, Ville de Montréal, in an interview, January 5, 1995. Information on recent developments reported in this paragraph is from a subsequent telephone interview with Therrien (October 3, 1995).

[9] Claude-V. Marsolais, "Montréal crée un service de relations avec les citoyens," *La Presse*, August 8, 1995, p. A2. Bourque's interest in the city government's relations with citizens was also reflected in the decision to update the "Module" of which *Accès Montréal* is a part to a "Service."

POLARIS Strategic Alliance and Ontario Land Registration

Overview

Ontario's land registry systems had remained virtually unchanged for 200 years, dating back to the Registry Act of 1795 and the Land Title Act of 1885. Both registries were labour-intensive recording systems that required the storage and retrieval of paper-based indices, registers and original documents and plans. By the 1970s, with ever-increasing volumes of information to be recorded and kept on file, it became clear that the systems needed to be automated.

In 1979, after the successful run of a pilot project, the Ministry of Consumer and Commercial Relations (MCCR) launched the Province of Ontario Land Registration and Information System (POLARIS).

Case Description

POLARIS consists of two databases:
- A title index, which includes land registration indexes organized by property ownership.
- A mapping database of properties, which includes survey information, property boundaries and a unique system of property identification numbers.

POLARIS gives lawyers, engineers, urban planners, the real estate industry, financial institutions and many other users the means to access text, documents and maps of Ontario's landbase.

POLARIS gives users the means to access text, documents and maps of Ontario's landbase.

The Birth of an Idea

Seeing the potential of POLARIS, several private firms made unsolicited proposals to MCCR, wanting to take part in what promised to be a huge undertaking. The paper records for four million separate parcels of land had to be digitized. This would take an estimated eight years, cost $300 million and require the efforts of about 600 people. Upon completion, however, the databases would undoubtedly be a lucrative asset.

As discussions continued, the notion of a private––public partnership began to emerge. After much study and negotiation (and the surprise election of the New Democratic Party on September 6, 1990), a master agreement was finally signed to establish a strategic alliance between the Ontario government and the Real/Data Ontario Inc. (RDO) consortium.

How the Alliance Works

The resulting strategic alliance, Teranet Land Information Services Inc.,[1] began automating 200 million pages of information. Wrote one observer:

> Teranet delivers a range of enhanced services across a spectrum of clients. In the future, remote search and registration services will mean that lawyers will not have to travel to a land registry office to search records and register documents. Real estate brokers and appraisers will have accurate, timely information at their fingertips. The digital property map will be the basis for a broad range of planning, routing, administration and facilities management applications.... Teranet will create a province-wide geo-referenced data utility serving a wide variety of public and private sector markets.[2]

The Government of Ontario continues to own the databases and provide land registration services through its network of Land Registry offices.

Essentially, the deal between MCCR and the private sector gives Teranet a 10-year licence to manage the land registration databases and provide automated access services for a fee. The Government of Ontario continues to own the databases and provide land registration services through its network of Land Registry offices. Fees for registration and searching will continue to be set by the government.

Teranet will provide value-added services, including remote access and registration and customized information products based on the registry system and other databases. All new products and services must be approved by the government partner, but Teranet is free to market the services within Canada and abroad.

The corporation is managed by a board of ten directors, four each from the Government of Ontario and Teramira Holdings Inc., along with two appointees.

POLARIS Strategic Alliance

- Through Teranet, the Ontario government benefits from a huge reduction in project costs, increased revenues, accelerated implementation of an enhanced POLARIS system, reduced internal operating costs, and the industrial development benefits of employment and skills development.
- Senior officials within MCCR doubt whether POLARIS could have been completed by the government alone. For one thing, the project requires "deep pockets and patience." The need for MCCR to continually justify very large expenditures each year would have delayed, if not killed, the project.

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[1] The private sector partners in Teranet are EDS, a global provider of data automation and database automation, with a staff of 80,000 in 35 countries; Intergraph Canada Ltd., a leader in graphics hardware, software and consulting; SHLSystemhouse, experts in systems development and integration; and KPMG, management consultants.

[2] Brian Scrivens, "The Strategic Alliance Challenge: Balancing Divergent Interests in a Multi-Participant Project," *1992 URISAProceedings*, page 5.

Human Relations

The Ontario government is represented in Teranet by MCCR, as it oversees the legislation and operation of the land registration system. Arrangements were made for the transfer of POLARIS staff to Teranet. Under the terms of the agreements, no one would be worse off in overall compensation, and the government would use its best efforts to find new positions for employees choosing not to transfer to the alliance. The Ontario Public Service Employees Union was recognized as the union of record for the new corporation.

As of December 31, 1994, the strategic alliance had directly and indirectly created an estimated 1,026 jobs.

Lessons Learned

Brian Scrivens, a senior analyst in the Strategic Alliance Office of the Ontario Ministry of Consumer and Commercial Relations, writes that there were three "secrets to success" that should be considered by public sector managers considering the strategic alliance model as an approach to service delivery:

✔ **Conscript champions** The consortium had to hang together for several years as government officials worked with three successive governments to generate and maintain the political will to continue with POLARIS.

✔ **Define the vision** "There is no sense in discussing royalty structures and subcontracting policies until a common understanding is reached on the softer issues of the nature of the organization."[3] Essential questions had to be answered: "What business are we in?" and "Who are our clients?"

✔ **Get closure on tough questions** Even after agreeing on an overall vision, the partners have to negotiate the fine print.
  • Don't defer issues to a future time.
  • Get sign-off on one issue at a time and maintain an ironclad paper trail.

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[3] *Ibid.*

Tawatinaw Regional Innovation Centre, Alberta

Overview

The Tawatinaw region of Alberta, just north of Edmonton, is comprised of several rural municipalities with a combined population of 25,000 people. Historically, different agencies have been active in this region, providing services in the area of job counselling and small business development services. Specific topics include starting a small business, business consulting and technical support, research services, mentoring programs, financial assistance and computer training. Unable to sustain independent service delivery systems and recognizing the frustration that their segmented services were causing for clients, several agencies became active partners in the formation of the Tawatinaw Regional Innovation Centre (TRIC) in Westlock.

Since July 1995, one of the Department of Western Economic Diversification's (WD) key activity areas has been the pursuit of integration of services to small business. This activity is designed to improve services to western business through the integrated delivery of government services at the community level. It involves initiatives which bring together a variety of partners in order to streamline, integrate, rationalize and improve program/service delivery to western small businesses.

Integrated service delivery implies much more than mere physical proximity or co-location. Truly integrated services are also characterized by seamless delivery, backstopped by seamless administrative arrangements. (See Case Study 34 on Western Economic Diversification.) TRIC became one element of the WD initiative to achieve integrated delivery.

> *Integrated service delivery implies much more than mere physical proximity or co-location.*

Case Description

The Innovation Centre is co-located with the offices of the Community Futures Development Corporation (CFDC) and the Prairie Farm Rehabilitation Administration (PFRA). These organizations maintain their own identities while working together to co-ordinate the services offered by TRIC. In addition, TRIC currently partners with Human Resources Development Canada, Alberta Social Services, Alberta Advanced Education and Career Development, Alberta Economic Development and Tourism, and Alberta Family and Community Support

Tawatinaw Regional Innovation Centre

✔ It offers one-stop delivery of business services to rural small business clients by integrating government and community services at the community level.
✔ The delivery of business services to rural clients is integrated to improve the quality of service to aspiring entrepreneurs, business owners/employers, youth and the unemployed.

Services to provide a one-stop centre for clients seeking a variety of services. In addition, The Business Development Bank and the Alberta Opportunity Company provide regular services to the community through the Innovation Centre.

The Tawatinaw Innovation Centre's goal is the complete integration of business services. Certain services such as business registration and licensing are still not available through the Centre, but the business plan calls for all business services offered in the Tawatinaw region to be available at TRIC. Other goals are based on assessment of community needs in specific areas, including more joint venturing with local lending institutions, the expansion of current resource centre holdings and expanded services for youth.

TRIC has developed relationships with the municipal and provincial economic development offices in order to work together to provide superior service to the clients. These agencies jointly facilitate planning sessions, development workshops and the sharing of information and resources to assist in the overall delivery of programs to clients.

One interesting aspect of this community-driven integration exercise is the variety of contributions to the establishment of the Centre. Local businesses and community schools have contributed goods and services to renovate and decorate the TRIC office. Government agencies have contributed cash, surplus office furniture and equipment, and similar types of support.

TRIC targets its services to aspiring entrepreneurs, business owners/employers, youth and the unemployed in the Tawatinaw region.

Clients

TRIC targets its services to aspiring entrepreneurs, business owners/employers, youth and the unemployed in the Tawatinaw region.

A client wishing to find work can go to the Tawatinaw Regional Innovation Centre to use the Automated Job Information Centre to check listings of local job opportunities. While there, he or she could also refer to computerized résumé packages to help compose or polish a résumé. The client could also gain information on starting one's own business, and sign up for a variety of training and consultation seminars offered by the Centre's partners.

If this same client were contemplating starting a business, he or she could surf the Internet using the Centre's computers to conduct research on a particular area of business activity. The client could also access some of the Canada Business Service Centre databases in order to learn about government programs and services available to small business.

Challenges

The Innovation Centre faced a number of challenges in its development, including differing priorities of the various levels of government participating in the project and the need to provide quality service to all of the communities it serves.

In many co-operative arrangements, each order of government seeks to be recognized for its efforts and support, and this translates into requirements which sometimes conflict with the desire for close co-operation. The partners in the Tawatinaw Regional Innovation Centre have overcome this challenge by working closely together, and by maintaining regular communication amongst the various groups to establish and clarify their respective roles. This is an ongoing process that is attended to on a frequent basis. The fact that the CFDC, as the driving force in this process, is a private sector organization, no doubt helps the Centre avoid many of the pitfalls into which governments sometimes fall.

Conflict can also surface when one community believes that another is being favoured in areas such as the location of the project or access to the programs offered. TRIC's partners have been able to minimize potential conflicts by engaging the involvement of influential members of various communities who are willing to work to reduce these barriers and the accompanying hard feelings. TRIC is also planning to offset the perception of favouritism to the community of Westlock by installing computers in the other neighbouring communities and enhancing their access to online information available through electronic linkages to the Centre.

Discussion

WD's interests in the project were three-fold: establish a pilot project to offer improved service to clients while achieving cost savings for the partners; build on the momentum established within the selected community with respect to integration of business services; and link ongoing government initiatives together in a concrete fashion to develop single points of contact.

Innovations

The Tawatinaw Regional Innovation Centre has achieved a number of innovations in its development to date. Decision-making within the partnering organizations follows a co-operative process involving all of the participating partners. The operations of TRIC are overseen by a volunteer group of participating agencies. The steering committee, comprised of three business persons, three educators and three youths, does not have any formal decision-making policies but does meet formally every two months to discuss issues.

The operations of TRIC are overseen by a volunteer group of participating agencies.

Committee members are informed and consulted about decisions by the local CFDC manager, who is responsible to the committee. She then acts upon the decisions taken through this canvassing process. This informality would not be possible in a larger organization, nor is it possible within or between government departments. The informal process, however, gives TRIC a great deal of flexibility in decision-making, allowing it to respond quickly to issues, needs and concerns as they arise. In addition, many members of the steering committee play a variety of key roles in their communities (for example, one committee member sits on the CFDC Board of Directors, and another is mayor of one of the neighbouring communities). These individuals play a significant role in resolving concerns and garnering support in their communities for the Centre.

Perhaps the most innovative aspect of the Tawatinaw initiative is that it takes networks which naturally exist in a rural area and reinforces them with some simple tools. TRIC helps bring these networks together in a physical entity, thereby enhancing the region's ability to take care of its own –– an approach on which rural communities pride themselves.

Implications for Alternative Delivery

Enhancements in service quality, rather than reduction of costs, is the primary objective in the process of integrating services, but the latter does occur. Cost efficiencies achieved through integration initiatives at the community level are, however, balanced to a great extent by increased demand for services. Cost efficiencies realized by partners usually result in the reallocation of funds to other initiatives to further enhance services. From this standpoint, the ability to implement budget reductions on the basis of cost savings is limited.

This example of integrating services to small business also suggests that private-sector organizations may be better suited to the successful pursuit of seamless delivery of business services. Perhaps community-level private-sector groups are better able to deal with the challenges of developing client-focused services, making better service more affordable. The flexibility inherent in these organizations allows for a faster response to changes in client or community needs. Centres such as the one in Tawatinaw are on the leading edge of achieving a true client service focus.

Facilitation Role for Government

Experience to date suggests that governments, if they proceed carefully and ask the right questions, can make a positive difference in such endeavours. Tangible ways of facilitating include ongoing funding, but they also include contract arrangements for service delivery and the provision of information and contacts which can help overcome potential bureaucratic or political obstacles.

An intangible outcome of WD's involvement in the Tawatinaw project is that the profile and credibility of the project have been enhanced in the eyes of the community. Key players in the project have found increased receptivity to their requests for assistance and cooperation within their communities as a result of being able to talk about WD's role in their initiative.

Ultimately, the project represents a new and innovative vehicle through which governments can work with private sector organizations to deliver high-quality service to small and medium-sized businesses in western Canada.

Lessons Learned

- ✔ Existing informal and formal networks can provide the starting point for creating effective local-provincial-federal partnerships.
- ✔ Private sector groups may be able to provide seamless delivery of business services.
- ✔ Federal partnerships with local organizations expose the federal partners to more responsive ways of doing business and can enhance the prestige of the local partners.
- ✔ As service improves, cost-savings may be eaten up by increased demand for services.

Partnerships and Arrangements

Sharing Facilities

Locally Shared Service in Nova Scotia

Overview

The locally shared support services initiative has provided a framework for pooling federal departmental services in such diverse areas as training, informatics, conference facilities, warehousing and mail/courier services. The objective is to reduce costs, streamline procedures and share information across a wide range of departments and agencies.

In Nova Scotia, the Federal Council initiated the development of an on-line system which links all federal government departments in the province. (The council's membership consists of senior federal officials in the province.) The system will eventually be extended to all departments in Atlantic Canada.

The importance of this example for service delivery models is in its innovative use of the Internet to link local government departments.

Case Description

The system is operated by the regional office of Environment Canada with input from other users. The home page, offered in both official languages, lists a series of options. These include departmental contacts, the availability of meeting rooms on federal premises, information on human resources, Internet links, the composition of working groups, employment opportunities, hot topics, surveys, innovative ideas and informatics packages, as well as information on financial and administrative matters.

A significant listing is the Job Bank sponsored by the Nova Scotia Joint Adjustment Committee. This is a management-labour body which assists affected employees to either continue their employment in the public Service or seek private sector alternatives. Users have the option of submitting career profiles and job descriptions. They may also browse for opportunities available in the system, which includes access to the Internet and the national public service data bank.

The home page is attached to a learning centre to achieve maximum use of the electronic communication system. The Learning Centre Plus is a co-operative effort operated by Health Canada in partnership with six departments and agencies, as well as Mount Saint Vincent University and McCain's Foods. Its objectives are to provide learning services to departments and agencies in the Halifax-Dartmouth area. This user-friendly software package offers modules on continuous and outreach learning in both official languages. There are plans to expand the software to include courses on managers' quality circle and the scientific network, as well as a module on sales and marketing.

The home page is attached to a learning centre to achieve maximum use of the electronic communication system.

Shared service arrangements and negotiations are informal, and they depend on the commitment and trust of individuals. They require extensive co-operation and harmonious rationalization of many horizontal issues. They work better in some provinces or cities than in others. Generally, they have been more productive when one department is tasked to manage and operate local corporate services in a region.

Lessons Learned

✔ Working across departmental divides can benefit all parties.
✔ Horizontal partnerships work best when one department assumes the lead in managing and operating local corporate services.

Regional Agencies and Shared Information Systems

Overview

Welcome to Cyberland!

In Singapore, it used to take traders two days to do the paperwork involved in turning around a cargo ship. Now it takes 15 minutes, thanks to an electronic data interchange (EDI) system.

In Canada, it used to take brokers and importers 10 days to complete the paperwork and obtain the approvals required to move a shipment across the border. Using the Customs Automated Data Exchange (CADEX), it now takes 30 minutes, and the government keys the data only once.

Can these technologies be used to sharpen the delivery of services, and perhaps improve the operations of the agencies that deal with regional economic development in Canada? Should the agencies co-operate in informatics, perhaps sharing in a single system that would be user-friendly to business clients?

Revenue Canada now accepts digital tax returns, which are processed in about 14 days. This compares with six to eight weeks for a paper return. Using electronic funds transfer (EFT), you can get your refund a lot faster than in the past. Because of EFT, more and more Canadians are receiving their Income Security Program cheques as direct deposits into their bank accounts.

Case Description

There are four regional economic development entities in Canada:
* The Atlantic Canada Opportunities Agency (ACOA);
* The Federal Office of Regional Development in Quebec (FORD-Q);
* Western Economic Diversification Canada (WD); and
* Industry Canada, which is responsible for national industrial policy and also for the operations of FedNor, which delivers regional economic development programs in northern Ontario.

They share roughly the same mandate and serve similar clients. On the face of it, there would appear to be a rationale for co-operating to develop shared information systems. But co-operation has been limited. Why?

ACOA, WD and FedNor were created in 1987, followed by FORD-Q in 1991. They replaced the Ministry of State for Economic And Regional Development (MSERD) and the Department of Regional Industrial Expansion (DRIE), which had been created in 1982. The agencies were given very broad, general mandates and it was left to management to develop specific objectives and programs.

Given the fact that the objectives and programs differ from agency to agency, how might an interconnected informatics network improve the delivery of government services to business clients?

If the agencies were to cooperate with each other on developing a common informatics system, it would be almost a first.

The four organizations are in roughly the same business, with an emphasis on "roughly." They all target small to medium-sized enterprises (SMEs). They all offer funding of one sort or another to help firms get started or grow (much less now than before the 1995 budget, which nearly levelled their spending programs). They all stress that their most important work is to give SMEs the information, training and other non-financial services they need to compete at home and, especially, abroad.

Industry Canada operates a nationwide Wide Area Network (WAN) that is used, among many other things, to link 10 Canada Business Service Centres (CBSCs). This "backbone," as it is called, provides access to a number of IC databases of interest to business. FedNor uses the backbone but the other agencies do not. Aside from the policy questions involved in whether the agencies should interconnect on the IC network, apparently there are technical problems that currently prevent such a linkage.

Existing Co-operation

If the agencies were to cooperate with each other on developing a common informatics system, it would be almost a first. They don't talk to each other much; probably not more than any other group of four departments. However, there was, and is, considerable interplay between each of the agencies and IC on the establishment and operation of the CBSCs (of which more later).

There are some exchanges, mostly ad hoc, at meetings, by conference call or via e-mail. The managers in each agency know their opposite numbers in the other agencies but do not deal with each other, say, every week. There was an attempt to create a common financial adminstration system between ACOA and WD. It was abandoned because the differences between them were too great: at the time, ACOA made grants while WD made "repayable contributions." The Auditor General has said that "comparing results among (regional economic agencies) should be done with care but there are enough similarities to make possible some sharing of information and comparisons of operations."

Nearly Frictionless Capitalism in 2001

It was a dark and stormy night. Alice the entrepreneur sits bolt upright in her bed, awakened by a business idea.

"Colossal!" she whispers into the dark. Instantly, a blue light floods Alice's bedroom. "Yes?" says Colossal Computer, who speaks in a rich baritone.

"Check all nets and sites for the following keywords. . . " Colossal goes quickly to work. Electronic pulses stalk the WorldNet, slipping into LANs and WANs, skipping in and out of databases and registries, racing through World Wide Web sites; seeking, compiling, analyzing, checking. Automatically, the powerful computer applies Fuzzy Logic, Lateral Recognition and Chaos Theory to create a master matrix. Very soon, the computer reports: "8,500 hits."

Alice issues further commands, narrowing the universe she has just created, rendering it down to a precious few markets scattered throughout the world from Hong Kong to Sydney, Athens and Minsk.

With mounting excitement, Alice tells Colossal to access REDEX, the Canadian government's Regional Economic Development informatics system. On REDEX she creates an optimum supply, assembly and distribution system that links three regions.

Through REDEX, and using her corporate PIN identification, Alice transfers 850,000 cyberbucks from her bank in Rangoon to new accounts in Moose Jaw, St-Louis-du-Ha!-Ha! and Come-By-Chance. From these accounts, she posts performance bonds, pays local business fees and buys insurance.

It is all coming together beautifully, but Alice needs more money. Through the Canada Business Service Centre in Montreal, she applies for government financial guarantes. This is a job for Colossal computer.

Colossal proves to the REDEX computers that Alice's idea:
• Would create 50 jobs in disadvantaged areas,
• Would help women and other targeted groups,
• Would yield further investment opportunities in three regions,
• Would not displace a current business,
• Could not go forward without government help,
• Has a good chance of being self-sustaining,

> - Will help Canada's balance of payments,
> - Would be environmentally neutra, and
> - Would not transgress the terms of GATT or other agreements.
>
> The guarantees are approved in minutes. It's hard to believe it used to take 90 days or more just five years ago.
>
> Alice uses the guarantees to arrange a loan from a consortium of three banks. They practically throw the money at her.
>
> "Match and priorize," says Alice quickly.
>
> "Check," says Colossal.
>
> "Clear all government licences, permits, regulations, import duties, taxes. . ."
>
> Alice is breathless.

Strange News from Cyberland

The fantasy could end with Alice completing all the transactions, making three million cyberbucks and going happily back to sleep. Or Colossal computer could report that the deal falls through because the REDEX informatics system does not have the bandwidth, or lacks the sophistication, or the "interconnected-ness" to handle all the deals.

On the other hand, it may be that all the government services Alice accesses (advice, information, funds, etc.) could be found entirely on private sector networks. Note that Alice does not have to visit an office, go anywhere, or handle any paper to complete her deals. Her single window of access to government services is an electronic connection in cyberspace, not an office in a building.

Technology, and especially communications technology, is changing so fast that even those in the know, don't know.

Technology, and especially communications technology, is changing so fast that even those in the know, don't know. One example: almost everyone raves about the business value of the World Wide Web (WWW). But Robert Metcalfe, publisher of the highly respected magazine *Infoworld*, and inventor of *Ethernet*, predicts that the WWW is "set to collapse in 1996," a victim of too little bandwidth and its own unsubstantiated hype.

In any case, the Auditor General has written a cautionary note about implementing IT systems:

> There are many risks and challenges in implementing information technology today. The rapid changes in technology and the environment in which it is implemented make it essential that government take the leading role in managing the risks that these changes bring. The risks are both internal and external to the government; they include organizational barriers, complexity of the technology, changes in the legislative and economic environment and impacts on public servants.

What Kind of Service?

Most of the material provided by the regional agencies to business clients is vital but relatively low-level "how to" information: how to start a business, write up a business plan and get financing, run a business, market new products, etc. This information is already provided by the agencies in several ways: electronically, on a one-on-one basis, in seminars and workshops, or in pamphlets and brochures.

Another category of assistance might be called "dealing with government." This includes information about government assistance, loans, contributions, incentives, taxes, credits, permits, licences, inspections, approvals and certificates. In this case, the agency may operate either as a pathfinder, pointing the way, or as an unpaid consultant. All agencies try to ensure that their region has a fair shot at federal government procurement programs.

Still another category concerns higher value services such as training, counselling, mentoring, alliance building (putting companies together for a purpose) and advocacy (ensuring that what the region has to offer is known in government departments).

These activities may include the hosting of shows or conferences to alert producers to new market intelligence, and research and distribution of information on trade or import replacement opportunities. Differing greatly from time to time and region to region, these activities are too numerous to list and may change, as circumstances demand.

CBSCs: Single-Window Service

The agencies are also managers of most of the 10 Canada Business Service Centres (CBSCs) that are now set up in major cities across Canada. The primary purpose of the centres is to provide a single access point for information on all government programs and services for business, whether federal or provincial.

The rapid changes in technology and the environment in which it is implmented make it essential that government take the leading role in managing the risks that these changes bring.

Many of the CBSCs involve partnership arrangements with the provincial governments and, in Quebec, with the Board of Trade/Chamber of Commerce in a contractual arrangement. In some cases, the offices are operated under federal/provincial agreements while in others, the informal arrangements exist between officials.

CBSCs have been welcomed by the business community. They speed up finding information and help cut through red tape. Across the country, they handle some 800,000 inquiries a year, mostly by phone or fax. However, Industry Canada stresses the human element at CBSCs:

> . . . staff in the centres are specially selected for their background in business services and dealing with business clients. They understand the environment of the entrepreneur. A conversation with the business officer will not just answer a direct question. Through a series of open-ended but not intrusive questions, they will also anticipate related matters or make useful suggestions about alternatives, options and other considerations.

Using a "systemic fund" within IC, CBSC invests in the development of various information products. One example is a regulatory model developed by Agri-Food Canada and provincial authorities in Saskatchewan. When such a product is successful, as this one was, it is rolled out across the country, for use in all CBSCs.

One view within the regional agencies is that the CBSCs provide a basic information service while the agencies offer region-specific, value-added services — that is, they give funding, information and service a regional spin. It should be noted that the agencies maintain offices in hundreds of smaller centres across the country and these, too, may be single windows of access to government assistance.

Considerations and Constraints

•   Small-business clients already have speedy access to basic information, which is provided by the agencies through both the CBSCs and their own offices.

•   Theoretically, there is no information so complicated, nor any service so personal, that it cannot be digitized and distributed electronically. Everything a government business representative knows can be keyed, and the information can be constantly refreshed with new data. However, the database would not have creative thinking power — which is precisely what the regional agencies seek to apply at the business/government interface.

- The government's overall corporate strategy, *The Blueprint for Renewing Government Services Using Information Technology*, states that the public and private sectors should have untrammelled access to the full range of government services through "a single service window." It seems that this window will be located, increasingly, in cyperspace and perhaps only secondarily in office buildings or shopping malls. However, as the InterNet and the WWW become more congested, business people will find it useful if the single window is placed on a network dedicated to their needs.

- There is partial agreement that low-end information of the "how to" sort can be delivered less expensively by electronics, especially in rural areas, where it is now most costly. At the same time, there is general agreement within the agencies that there will be a continuing need for person-to-person contact in providing this information.

- There is less agreement that informatics could be used to help the agencies administer their operations better, but there are possibilities. ACOA has probably gone further than the other agencies in evaluating and auditing its programs. This information might be of use to IC, WD and FORD-Q. Similarly, there are probably "best practices" in IC, WD and FORD-Q that would be of benefit to ACOA. What's not clear is whether this information could be exchanged by other methods — a conference, e-mail or lettermail, for that matter.

- There are some types of information that the regional agencies might prefer *not* to share on an interconnected system such as the mythical REDEX — for example, client-sensitive information.

Differences of Opinion

There is little consensus among officials in the four agencies about the co-operative use of informatics. Everyone believes Canada must continuously bring informatics to the business/government interface. But some add that, as yet, there is no well-articulated demand for this at the regional level. There are many views. The following comments are manufactured but they represent real attitudes.

- We've got to give business people the technical support they need to find global markets and mine them. The way to do that is with informatics. If we don't move quickly in this area, Canada won't be competitive. Period.

- I agree with the idea, but what technology are you going to use? I'm not going to take another vapourware train to nowhere. Just because a certain technology is elegant, doesn't mean it's appropriate.

There is partial agreement that low-end information of the "how to" sort can be delivered less expensively by electronics.

There is little consensus among officials in the four agencies about the co-operative use of informatics.

- Using technology is really the only way for the government to cut costs and at the same time improve service.

- Informatics support like this is mostly for large firms. They can look after themselves. Some of our clients live in little towns with old copper wiring. They can't even get their faxes to work properly.

- This is a management and a policy question, not a technology question. Could we do it? Sure. Should we do it, and how much should we spend on it? Those are the key questions.

- "Co-operation" (in informatics) usually means that somebody has to change their views, and usually it is the weakest who has to change the most.

- I am willing to consider anything that will help my clients — but you'll have to demonstrate the benefits before I will buy in.

Lessons Learned

✔ Informatics is being used to good effect, and can no doubt help to further improve the delivery of services provided by the regional agencies to small and medium-sized businesses.

✔ Two areas where informatics might be used to advantage are in shortening the response time required for approving financial assistance, and in providing information that is especially time-sensitive, such as market intelligence, government procurement opportunities, etc.

✔ The four agencies have four mandates and four technology "views." These views would have to be harmonized before they could be linked together in a common informatics system.

Winnipeg Government Service Centre

Overview

The Winnipeg Government Service Centre is a building that former Human Resources Development Minister Lloyd Axworthy reserved for the implementation of a "single window" for clients wishing to access support services that are currently offered to the public by three levels of government. The first two floors of the building have been reserved for the co-location effort. There will be 78 Human Resources Development Canada (HRDC) staff and 63 staff from the Winnipeg Social Services Employment and Training Branch, as well as one representative from HRDC Labour and one representative from the provincial Department of Labour. Discussions are currently under way to have the Canada Business Service Centre and the Manitoba Business Service Centre locate on the second floor. The provincial departments of Training and Advanced Education, of Family Services and of Labour have been involved in the planning to date, but only the provincial Department of Labour has made a commitment to have staff located in the building. Family Services is negotiating a "single tier" system with the Winnipeg Social Services. It is hoped that they will join the project soon.

Winnipeg Government Service Centre

✔ A co-location project that benefits everyone, and hard criteria for success.
✔ A desired but as yet uncommitted future integration of multi-level government services.
✔ A provincial partner that is now about to commit approriate staff to the project.

Case Description

Another hot August day in Winnipeg. Ken Burfoot of HRDC sat at his desk and reflected that a full year ago, he became the project manager of the Winnipeg Government Service Centre. At that time the Centre was only a concept pushed by Minister Axworthy. The goal of three levels of government pooling their efforts and resources to assist the efforts of citizens to lead contributing, rewarding and economically secure lives seemed simple enough back then. But like the Manitoba seasons, the next year saw the idea chill down before it warmed up again. Now it was as hot as the pavement outside his office. He had just received approval to renovate a building at 391 York Street. HRDC had agreed to locate 78 employees there, along with the city's commitment to place 63 staff from its Social Services department. Negotiations with the province had broken through impasse and given cause for optimism. Yes, it had been a tough 12 months, but it was worth it. He could now see that by the end of the first quarter of 1996, the vision would become a reality. A lot of public servants had worked hard, and soon their efforts would pay off by making a difference in the lives of citizens as well as increasing efficiency for the three levels of government.

A lot of public servants had worked hard, and soon their efforts would pay off by making a difference in the lives of citizens as well as increasing efficiency for the three levels of government.

Why Was This Project Started?

The federal government has identified job creation and economic renewal as among its highest priorities. Labour force development plays a critical role in achieving these goals. That is why the federal government is taking steps to strengthen the relationship between it and provincial and municipal governments to explore a new type of partnership arrangement in the management of labour force development programs.

On March 1, 1994, Minister Axworthy met with the 10 ministers responsible for security and labour market matters. It was agreed to pursue administrative arrangements to:

- Improve services to the public,
- Eliminate overlap and duplication,
- Improve operational efficiency by reducing overhead and administrative costs.

What Benefits Can Be Expected?

For Clients

- One-stop shop — If clients need assistance (unemployment insurance, social assistance, social allowances, student aid), employment, training or counselling, they can receive those services in one building.
- Co-ordinate services — Currently all three governments provide information on the labour market, job opportunities, training, employment preparation, résumé preparation and job search tips. The resources dedicated to these areas could co-ordinate their activities and provide a more comprehensive service.
- Shared resource area — Information on labour markets, careers and training from each government could be combined in one area.
- Shared front-end reception — No guessing which office to go to. Staff would be able to give basic information on the programs and services of the partners, as well as the method of accessing those programs and services.
- Access to the job-bank terminals, information network and kiosks — Partners could put information on their programs and services including service locations, on the terminals. The job bank network is in every Canada Employment Centre and will soon be in all major malls in Winnipeg.
- Access to self-help support networks and CHOICES (computerized career information) — Kiosks and open access to these databases could be provided at and by the centre.
- Availability of related services and programs — Clients could access short-term counselling, career planning/testing, short-term training programs, psychological testing, mobility, and SIN application in one building.

For Government Partners

- Less space required because of common reception, administration and meeting areas.
- Access to boardrooms for meetings and group sessions.
- Common mail, storage and administrative areas could be managed by HRDC.
- Common security needs for staff, systems and the building. Could be reviewed and incorporated into the co-location plan.
- Bilingual service capability could be shared for basic information services.
- Central location, class A premises.
- On-site support by HRDC staff for minor computer systems problems and basic computer training skills.
- Systems could be modified to allow basic sharing of information.
- Sharing of information on clients for training, counselling, support and investigations. The information that is shared could be covered by memorandums of understanding to ensure privacy concerns are met (e.g., investigators would be able and allowed to identify clients who were collecting UI and social assistance or social allowances at the same time).
- Co-location could lead to shared understanding of common goals, clarification of roles and responsibilities, and harmonization of activities to eliminate overlap and fill gaps.

Bilingual service capability could be shared for basic information services.

What Is Now Scheduled to Happen?

By the end of the first quarter of 1996, the five areas listed below will see improved service and less duplication and overlap:
- Placement. HRDC, the city and a component of the province have access to the job bank and marketing services.
- Training. HRDC has centralized its project-based training, as has the city. The province is considering the right staff to include in the project.
- Employment Development. HRDC and the city have included Employment Development staff in their proposals.
- Investigations. HRDC and the city are including their investigators. This could increase the impact of investigations in Winnipeg.

What Measures of Success Will Be Looked At?

Winnipeg has identified a hard target. They want to get 350 to 400 able-bodied unemployed people (ABUs) off social assistance. At an average of $6,000 per ABU, this translates into savings of over $2 million annually.

On the softer side, the steering committee will collect feedback from clients and staff. If service is not improved, they expect to hear about it early and often. Formal surveys will be used to identify the nature and level of improved services.

In addition, the steering committee has set three interim objectives to be met by the end of the first quarter of 1996:
1. A joint database to support basic inquiry into both UI and social assistance.
2. A common e-mail system connecting all staff in the building, regardless of their department of origin.
3. An open e-mail notice of meetings scheduled.

A longer term goal is the creation of a casework system that will allow staff to view the assistance history of a client.

Co-location versus Integration

It is important to note that the Winnipeg Government Service Centre is not yet a truly integrated multi-level government project. For now, co-location is the plan. It is hoped that the formal (e.g., cross orientation) and informal (e.g., common lunch room and e-mail systems) experiences will ease the ultimate transition to integrated service. The fact that social support program boundaries are becoming fuzzier favours this final goal.

Critical Success Factors

The single greatest critical success factor was the bulldog determination of the public servants to keep this project on track.

The single greatest critical success factor was the bulldog determination of the public servants to keep this project on track. Ken Burfoot lauds the municipal employees' tenacity. It is obvious that the program manager and his department's commitment were also crucial.

Finally, economics can be a great motivator. Ultimately, money must be saved but services must still be provided. Recalcitrance in the face of shrinking budgets cannot last forever. But the question is: Can the commitment to change outlast the resistance to change? In Winnipeg, a small group of committed public servants believe they went the distance.

Pitfalls

HRDC regional staff could not identify any pitfalls — the project has all the appearances of smooth sailing.

What's Next?

Winnipeg has indicated a willingness to consider a "network of single window offices" starting with 391 York, then amalgamating their St. Boniface staff with HRDC in April 1996. The two remaining HRDC offices could have city staff in them as soon as their locations are finalized. These two additional HRDC co-locations could take place as early as fall 1996.

There is an opportunity to completely integrate service provision to all clients needing assistance, placement, training or labour market information in a network of co-located federal and municipal offices. Moreover, the initiative could spread to other cities. It is possible that the province will take a stronger position, both in the Winnipeg Government Service Centre and in the single-window network concept now that Winnipeg has established their position and commitment.

From Ken Burfoot's perspective, the Manitoba winter of 1995–96 will not have icy winds and bone chilling cold, no matter what the weather brings. Rather, the thermal energy of a project that is coming on-line will warm his and the steering committee's days.

Lessons Learned

✔ The tenacity of a small group, combined with economic reality, can move a project to completion.

✔ Amidst change in two major departments (Social Services in the municipality, shrinking budget and new delivery systems for HRDC), a joint program can still stay on track.

✔ Co-location can yield savings.

✔ If there is no line authority in the service centre, there will be no integration. There will be no incentive for staff to integrate and no power to make them integrate.

✔ Turf protection will reign supreme unless the major rules are changed. Many of the "middle managers" want to climb the career ladder just like their bosses did. Without changing the reasons people get promoted, there will be no change in behaviour. Perhaps better than changing the promotion rules is changing the need for middle management. Give many of their tasks to lower level supervisors and use information technology to do the rest of their tasks. No wonder they protect and try to increase their turf. Not only does it lead to promotion, it prevents layoff.

✔ Failure to realize what business you are in, as seen by the customer, can lead to gross distortions of your value added. Most citizens think government is a monolith. Why shouldn't they. We see subtle differences between ourselves, but such nuances are drowned by the sea of red tape that washes over citizens. Under these conditions, if one level of government fails to deliver value, we all fail. We have to help all of us succeed.

✔ Budget cuts can make strange bedfellows. Planning should drive budgets, not vice versa. If there is one contribution from TQM, it is the realization that problems can be better solved at the beginning of a process than at the end. Sinking money into the investigation of

There is an opportunity to completely integrate service provision to all clients needing assistance, placement, training or labour market information in a network of co-located federal and municipal offices.

"double dipping" is starting at the wrong end. Go to the origin and eliminate the duplication, then there can be no "double dipping" by clients because the possibility doesn't exist. This advice is not new. How old is the chestnut, "An ounce of prevention is worth a pound of cure"?

✔ Lots of "smoke and mirrors" will be used to avoid major change. See through them by asking the devil's advocate questions. And who is the devil you should advocate? The customer.

Shared Warehouse/Purchasing Arrangements in British Columbia

Overview

During early 1993, discussions took place between Public Works and Government Services Canada (PWGSC) and the Province of British Columbia with respect to crown assets disposal and the potential for mutual savings through partnership. In October 1993, an agreement was reached between PWGSC and the British Columbia Purchasing Commission (BCPC) for the sharing of space and the provisions of joint sales of surplus government assets in Richmond. The agreement was expanded in early 1995 to eliminate BCPC warehousing staff and to provide for reciprocal services in Victoria. PWGSC staff are now located on the BCPC's Warehouse Asset Investment Recovery premises.

Case Description

This initiative was prompted by the resolve of both parties to reduce costs. Senior officers from both organizations recognized the opportunity for mutual benefit and savings:
- Office and warehouse occupancy costs,
- Transportation of used assets,
- Joint sales,
- Joint advertising,
- Shared staff/back-up in two locations (Richmond and Victoria),
- Shared training,
- Increased revenues through exchange of best practices in sales and marketing,
- Opportunity to provide a highly successful model of federal-provincial co-operation.

Both parties have identified significant savings from these initiatives, primarily through staff and lease cost reductions. For instance, two provincial government warehouse facilities located in Surrey were closed when the partnership began in October 1993, and by March 1995, the provincial warehouse staff complement had been reduced from five to two full-time equivalents. Provinical overtime costs have been eliminated due to Crown Assets Distribution Centre (CADC) staff handling sales functions. CADC has benefited on several fronts but particularly by reducing office and warehouse lease costs.

A study by Consulting and Audit Canada will validate the partnership model currently in place and identify the benefits accrued to date. PWGSC and BCPC have agreed to share the cost of this study. Items to be covered will include a synopsis of joint initiatives, a review of benefits and savings, comments on the applicability of this model for joint federal-provincial initiatives in other areass, along with specific recommendations for refinements and improvements to the existing arrangements as guidelines for future partnership initiatives.

Partnerships and Arrangements

Community Partnerships

New Brunswick "Single Entry Point"[1]

In New Brunswick, also in the field of health care and social services, a partnership called the "Single Entry Point" model was launched in 1989 by the Family and Community Services Division of the Department of Health and Community Services. It had two purposes:

- to test a model centred on a single comprehensive and multidisciplinary assessment to determine eligibility for community long-term care and nursing home services for those over 65; and
- to demonstrate the effectiveness of enhanced community health and social services to support seniors in their own homes.

The following factors led to the decision to develop the new delivery model:

- There were criticisms of the quality of service, notably the long waiting lists for nursing home beds. In addition, "access to the system…was complex and confusing for the client."
- "The anticipated financial impact of an aging population, the increasing cost of long term care and the decreasing availability of public funds also provided impetus for change." In addition, in 1988 the provincial government had halted plans for the construction of new nursing home beds.
- The delivery of community health services, community social services and nursing home services fell under different responsibility centres, each "with a strong sense of territoriality." Problems in service provision resulted in part from "the lack of coordination of long term care agencies."
- A number of internal and external stakeholders had presented briefs to the minister advocating an integrated system.[2]

According to the department's 1992 IPAC award application, "innovation would lie not only in the adopted model but also in the collaborative process utilized to design, implement and monitor this model." From the outset, principles of partnership were reflected in the structure established for the planning, implementation and evaluation functions, which allowed for representation from the department and the Extra Mural Hospital (a provincial corporation, with offices throughout the province, responsible for the delivery of acute and long-term home health care), as well as from major stakeholder groups.[3]

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[1]   Reprinted from F. Leslie Seidle, *Rethinking the Delivery of Public Services to Citizens* (Montreal: The Institute for Research on Public Policy, 1995), pp. 149–151.

[2]   The quotations in the above summary are from Department of Health and Community Services, Government of New Brunswick, 1992 Entry Form for Innovative Management Competition, Institute of Public Administration of Canada, January 10, 1992.

[3]   The stakeholder groups included professional associations, service provided associations within the public sector (e.g., nursing homes) and outside (e.g., the Red Cross) and advocacy groups.

At the service provision level, there was a partnership arrangement between the Extra Mural Hospital and the local Family and Community Social Services office. Professional services continued to be delivered by public employees, while many home support services (for example, "Meals on Wheels") were purchased either from social-sector organizations or from private companies.

A comprehensive evaluation of the project was carried out in 1990.[4] Information was obtained from a range of sources, including interviews with "informal caregivers" and clients receiving "enriched services," and questionnaires for provincial stakeholders, nursing homes, service providers and hosp i t a l s . Among the findings, which were generally positive, were the following:

- "On the basis of the results from the opinion surveys conducted among the frail elderly and the caregivers in their informal networks, we conclude that although the pilot regions used different procedures, client satisfaction was high in both regions. A large number of the frail elderly stated that the Single Entry Point was a positive or even very positive experience for them."
- Nursing homes, service agencies and hospitals identified improved coordination in the delivery of community services necessary for seniors to continued living at home as "one of the Single Entry Point's strengths."
- The project demonstrated "financial responsibility": the spending ceiling for community services was respected.

Client satisfaction with the project can be explained by its principal achievements: enhanced service resulted from an "expanded menu" of services provided within the home and from increasing the amount of particular services available; in addition, waiting times for access to nursing home beds were reduced. In 1993, the project became a program, and by early 1994 it had been extended to the entire province. Monitoring continues to be carried out by seven regional committees comprised of representatives of the department, internal and external service providers and advocacy groups. As part of New Brunswick's "Long Term Care Strategy," expansion of the program is in process: the objective is to have it cover disable adults (regardless of age) and, eventually, children with special needs. In addition, broadening the partnership to include the New Brunswick Mental Health Commission is being considered. According to Aline Saintonge, a department official closely involved in the pilot project, the "Single Entry Point" has been "a good partnership"; she added that "the strongly shared goals of the participants enabled them to overcome some of the difficulties associated with such arrangements."[5]

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4   *Evaluation Report of the Single Entry Point Pilot Project.* Bureau de consultation ÉVAco enr., April 1991.

5   Telephone interview with Aline Saintonge, Director, Program Analysis and Evaluation, Department of Health and Community Services, Government of New Brunswick, March 2, 1995. Saintonge provided the information about the results of the project and possible expansion of the program in a subsequent telephone interview (August 15, 1995).

The "Single Entry Point" is another example of a successful operational partnership. In this case, the principal partners are public-sector organizations (the Family and Community Services and the Extra Mural Hospital). However, social-sector organizations have had a role in the development of the demonstration project, its evaluation, the provision of certain home care services and monitoring (through the regional advisory committees). Enhanced service delivery was a key objective, and the evaluation report suggests that there was considerable improvement in this regard. Finally, this partnership reflected a convergence of factors, including the fiscal imperative, as well as a willingness to experiment before expanding the initiative to a province-wide program, eventually with broader coverage.

British Columbia "At Home" and "Micro Boards" Agents[1]

The "At Home" program is a social partnership consisting of the Ministry of Social Services and the Ministry of Health of the British Columbia government, community representatives and parents of handicapped children. The parents are largely responsible for program administration and have been involved, along with the other partners, in assessing and redefining the program.

The "At Home" program, which was a finalist for the 1992 IPAC award,[2] emerged as a response to the major obstacles faced by families with severely handicapped children. Following a presentation in 1989 by a group of parents, some of whom had children in institutions but sough to keep them at home, the Social Credit Cabinet took four decisions:

- up to $15 million was to be allocated to a program aimed at maintaining severely handicapped children at home;
- the program was to be in place within three months;
- the entire $15 million was to be provided directly to parents for respite care[3] or for medical care supplied, with no allocation for public service staffing or administrative costs; and
- two ministries, the Ministry of Social Services and the Ministry of Health, would jointly run the program.

The deadline and absence of new resources for administration challenged the two ministries. However, "necessity was the mother of invention," according to Susan Doyle of the Ministry of Social Services, who was closely involved in the program's development.[4] It was decided to convene representatives of parents, hospitals, nonprofit agencies and advocacy groups, and to invite them to form a partnership to develop the program. According to Doyle, the ministry officials told the representatives that "we need your help, and we need it fast." During the ensuing meetings, each side expressed reservations:

- The outside groups asked the public servants: "Were we offering an equal partnership or lip service? Were we prepared to share the glory of success, or did we simply want to spread the blame in the event of failure?

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[1] Reprinted from F. Leslie Seidle, *Rethinking the Delivery of Public Services to Citizens* (Montreal: The Institute for Research on Public Policy, 1995), pp. 146–149.

[2] See "1992 IPAC Award for Innovative Management." p. 15.

[3] "Respite" is defined as follows: "A family support service provided by the Ministry of Social Services aimed at alleviating the parents of direct care of an identified child for an intermittent period of time for the purpose of rest/relief to the family" (communication to the author from Paul Grant, Director, Community Support Services Division, Ministry of Social Services, Government of British Columbia, August 3, 1995).

[4] Telephone interview with Susan Doyle, Director, Health Services Division, Ministry of Social Services, Government of British Columbia, November 17, 1994.

If they volunteered their time, energy and enthusiasm, would we open our minds to new approaches?"
• The officials had "a few fears of [their] own. Could these people, representing their own interests, broaden their focus to recognize the needs of others?"

There was agreement that the potential obstacles could be overcome: "Seeing little alternative and acknowledging our mutual risk, everyone agreed to harness [their] trepidation and proceed."[5] The program was launched by the three-month deadline.

Among the notable elements of the initial agreement was the decision that admission to the program would be determined by a committee composed of professionals, community representatives and parents of handicapped children. As stated in the ministry's application for the IPAC award, "the bureaucracy, in essence, gave up control of the gateway." However, decisions denying admission were subject to review by a regional board and ministry officials. In addition, it was decided that, to the greatest degree possible, the program's benefits would be self-administered. Qualifying parents receive a discretionary allowance for respite services up to a maximum of $2800 a year. They receive a payment each month and are obliged to provided receipts to the ministry. A detailed policy manual was developed to guide parents.

Flexibility was built into the program at the outset. This, according to Doyle, proved quite important. "We were just wrong about some things," she said, including the number of people in the program and demands on the service. Subsequently, the eligibility criteria were adjusted to allow broader access to the program. According to Paul Grant, another official involved in the program's development, the principal difficulty encountered in relation to the partnership was to ensure that eligibility was determined fairly and equitably.[6] This has been largely resolved. In addition, the possible decentralization of the eligibility review process, from regional to community boards, has been considered. However, this has not yet been implemented.

In 1992, the ministry carried out an evaluation of the "At Home" program; this was based on a survey of parents with children who were receiving benefits under the program and a review of the children's files. Among the principal findings were that:
• Parents viewed the program as "an effective family service." They indicated that it had enhanced their capacity to cope with caring for their handicapped child (96%); eased their financial worries (91%); made it

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[5] This quotation and those in the two points above are from Ministry of Social Services, Government of British Columbia, 1992 Entry Form for Innovative Management Competition, Institute of Public Administration of Canada, December 31, 1991.

[6] Telephone interview with Paula Grant, August 19, 1994.

easier to meet their child's special needs (88%); and "benefited the entire family unit in one way or another" (83%).

- "Parents expressed considerable appreciation for the range of benefits available through the program."
- "Despite a high percentage [of] parents who experienced difficulties in finding caregivers, the majority [were] satisfied with the present set-up of respite."[7]

Another partnership with a related purpose emerged from a pilot project begun in 1990 with the British Columbia Ministry of Health (later replaced by the Ministry of Social Services), the Vela Housing Society (a small, nonprofit agency legally recognized by the province) and three "micro boards" established by the Society to support people with multiple disabilities. The boards, which are registered as nonprofit societies, are composed of a minimum of five people who are related to the disabled person or know him/her. Each board receives monthly grants from the ministry to purchase care; all but two of the boards employ their own staff. Members of each micro board meet annually with ministry staff to review the board's budget. In accounting for spending, the boards must respect the rules that apply to other nonprofit societies.

According to Linda Perry of the Vela Housing Society, who has been active since the outset in establishing and supporting the "micro boards," those involved in the pilot project were "struggling with finding a creative alternative to serve some people with very complex needs." This required that "the bureaucracy bend sufficiently." In her assessment, the ministry responded with "an act of faith."[8] The pilot project became a program in 1991, and the provincial government has continued its funding. Perry described the findings of an independent evaluation completed in early 1995 as "very positive." About the same time, the Society hired two regional facilitators to assist with the "micro boards" across British Columbia, and Perry expected further growth.

Both the "At Home" program, which has been in place for more than six years, and the "micro board" project demonstrate how partnerships can emerge and develop in response to the changing needs to citizens — in this case, a desire to move from the traditional approach of placing disabled persons in institutions to providing care within the home. The "At Home" program is a particularly interesting example of interaction between the

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[7]   Research, Evaluation and Statistics Branch, Ministry of Social Services, Government of British Columbia, *An Evaluation of the At Home Program*, July 1993, pp. ii, iii.

[8]   The preceding quotations and description of the "micro board" project are from telephone interviews with Linda Perry, Micro Board Project Coordinator, Vela Housing Society. Vancouver, British Columbia, January 16 and August 14, 1995.

public and social sectors. Although the Social Credit government was dedicated to shrinking government, it nevertheless responded to the appeal from the parents of handicapped children; however, it decided to allocate funds for benefits but not for additional public service administrative resources. Even so, ministry officials have retained an important role, in tandem with decentralized delivery and review processes. This operational report suggests that this is one of its strengths. Moreover, the spirit of collaboration helps explain the participants' willingness to make adjustments based on experience and formal assessment.

Partnerships and Arrangements

Partnerships in Governance

Making a Great Lake Superior

Federal/Provincial Co-operation at the Lake Superior Programs Office

Overview

The Great Lakes — Superior, Michigan, Huron, Erie and Ontario — constitute the largest body of surface fresh water in the world. They are of great importance to the economies and ecology of Canada and the United States: one in three Canadians and one in seven U.S. citizens — a total of 37 million people — live around the lakes. One half of Canadian and one fifth of U.S. manufactured goods come from the basin. But the very reliance that led to the use of the lakes for manufacturing, shipping and other economic activities, has led to high levels of pollution and overall deterioration in the water quality.

Background

Lake Superior is the largest of the Great Lakes and the largest in the world. Of the five, it is the highest above sea level, the deepest, and, in a continuing cycle that takes almost 200 years to complete, serves as the water source for the others and for the St. Lawrence River. With a decreasing level of industrialization around it, Lake Superior is also the most pristine.

The importance of the Great Lakes, and the seriousness of the threat presented by pollution, was underscored when Canada and the United States signed the original Great Lakes Water Quality Agreement in 1972. The agreement requires the two countries to take steps to restore, enhance and protect these waters and to rid them of toxic substances that persist in the environment. A 1987 protocol amending the agreement also requires the two countries to prepare lake-wide management plans and remedial action plans to restore areas that had degraded to the point where fish and wildlife were diseased or endangered, or where pollution required people to limit their use of the waters. The countries' responses to the agreement and protocol are reviewed regularly by the International Joint Commission, an oversight body with joint national-level representation.

Making a Great Lake Superior

The Lake Superior Programs Office demonstrates that alternative service delivery models can work *within* government, if all of the partners are committed to a common goal. Innovative structues can break down the 'imaginary lines' between jurisdictions, departments, disciplines and people.

The case study suggests the following guidelines for creating an alternative service delivery model:
- ✔ If traditional government approaches are not working, do something different.
- ✔ Create innovative partnerships.
- ✔ Take practical steps to work through the administrative lines between departments and levels of government.
- ✔ The achievements of the organization are *the* point.
- ✔ Good people make all the difference.
- ✔ All the partners and details matter — fix the elements that don't work.

What Was Really Being Done to Clean Up the Great Lakes?

After signing the water-quality agreement, Canada and the United States fulfilled their periodic duty in reporting on the progress they were making in cleaning up the Great Lakes and ridding them of persistent toxic substances. The International Joint Commission reviewed these reports and commented on the parties' somewhat restrained efforts in its biennial reports. In 1990, the Commission reported:

> In previous reports, the Commission recommended a binational Great Lakes toxics management strategy be developed, and suggested elements of such a strategy. However, there has been little movement by the Parties to implement an effective overall, coordinated toxic substance control strategy.

> A binational, multi-agency, multi-jurisdictional effort is required at a level not yet conceived, much less realized. This effort must expand beyond traditional pollution control efforts and the present work of pollution control agencies, including those responsible for fish and wildlife and public health and welfare. Coordination is needed at the federal and jurisdictional levels in both nations to participate directly in this work.

The Commission recommended that point-source pollution on the upper Great Lakes be eliminated.

The Commission also repeated an earlier call to eliminate point-source pollution on the upper Great Lakes and went further, recommending that the two countries "designate Lake Superior as a demonstration area where no point source discharge of any persistent toxic substance will be permitted."

Canada and the United States listened. In 1990, the Government of Canada established the Great Lakes Cleanup Fund and joined with the Ontario government later that year to create the Lake Superior Programs Office (LSPO). The result of a memorandum of understanding between Environment Canada and Ontario's Ministry of Environment and Energy, the LSPO was part of a five-year plan to help the two government departments, along with Fisheries and Oceans Canada and Ontario's Ministry of Natural Resources, as well as other governments and organizations, to co-ordinate their efforts and marshall their financial and other resources to clean up Lake Superior. The governments of the United States and Canada then signed The Bi-National Program to Restore and Protect the Lake Superior Basin in September 1991.

- If traditional government approaches are not working, do something different.
- It took a new type of organization to work with six governments — Canada, the United States, Ontario, Minnesota, Wisconsin, Michigan — and make progress in cleaning up Lake Superior.

> *We would not have had the same success in implementing the Canada-U.S. agreement* [the Lake Superior bi-national program] *without the LSPO.*
> — Griff Sherbin
> Environment Canada

How Can a Provincial Officer Represent a Federal Department and a National Government?

Through an arrangement whereby Environment Canada agreed to offset some expenses of a group of provincial employees who had the skills needed to carry out scientific and administrative work, the department gained a powerful presence on Lake Superior.

The LSPO is staffed by five provincial employees reporting to one or more of two federal and two provincial departments: Environment Canada, Fisheries and Oceans Canada, the ministries of Environment and Energy, and Natural Resources. It is the focal point for connections with a dizzying number of government agencies, community groups, private sector partners, academic researchers, tribal councils in the United States, city councils, environmental groups and other interested parties.

The LSPO's manager represents federal programs in discussions and negotiations with representatives of industry, other governments, and the public in the area. He co-chairs, with a U.S. representative, the Lake Superior Work Group, a team of technical and resource people drawn from government and other agencies. Representatives of as many as 18 Canadian and U.S. federal, provincial, state and tribal organizations may participate in work group meetings. The manager is also the Canadian liaison with the Lake Superior Forum, a group of 24 Canadian and U.S. representatives of key stakeholders and interest groups, including environmental groups.

LSPO staff also includes a Pollution Prevention Co-ordinator, a Fish and Wildlife Habitat specialist, Remedial Action Plan co-ordinators, and, as work requires, other scientific, technical and administrative personnel.

The LSPO participated in the development of — and co-ordinates Canadian work under — the Lake-wide Management Plan to restore Lake Superior. It is responsible for developing, preparing and co-ordinating the five remedial action plans targeting particular problem areas, in the Lake's basin and in St. Marys River, for restorative and reparative work.

The LSPO participated in the development of — and co-ordinates Canadian work under — the Lake-wide Management Plan to restore Lake Superior.

Does the Ecosystem Approach Refer to Science or People, Perspective or Process?

At the Lake Superior Programs Office we are helping to change attitudes, perceptions and lifestyles for the long term by involving people in decision-making and by demonstrating that a different kind of business is possible.
— Jake Vander Wal
Manager, LSPO

The LSPO brings us all together as a team.
— Bob Thomson
Ontario Ministry of Natural Resources

In its 1992 report, the International Joint Commission had more to say on how Canada and the United States should work to restore and protect Lake Superior and the other Great Lakes. Focusing on the problem of persistent toxic substances, the Commission wrote:

> . . . persistent toxic substances . . . cross jurisdictional, geographic and disciplinary lines that have tended to circumscribe previous efforts to restore and protect the ecosystem. Persistent toxic substances have helped to move the term "ecosystem" from concept to reality, by forcing us to remove those imaginary lines. In their place, we are recognizing that there are no preordained boundaries in the way the natural system functions and in how humans interact with and within it. All parts of the system are now recognized as interdependent.

The Commission went on to suggest a strategy to enable institutions to cross "those imaginary lines":

> . . . a more cooperative, community-based resolution process should be the preferred strategy, one that leads to a partnership among all levels of governments, industry, the broader business sector, various other professional, community and special interest organizations, and citizens.

A partnership-based approach is key to the mandate, philosophy and approach of the LSPO.

Such a partnership-based approach is key to the mandate, philosophy and approach of the LSPO, which describes itself as "community-driven, its purpose being to empower as well as serve the public." The Office considers this openness to be critical to the success of its programs, as all partners become committed to making progress and taking responsibility for the success or failure of efforts: "Participating in improving the environment connotes ownership, and ownership engenders responsibility." By bringing together governments, scientists from various disciplines, community partners

and policy-makers, the LSPO demonstrates that the ecosystem approach is not just about science. It is as much about the relationships between people, a more open perspective on problem-solving, and a fully integrated process for defining problems and taking action.

So what Has Environment Canada Achieved through the LSPO?

The truest measure of the success of any government program and community effort is in their demonstrable results. A few of the LSPO's achievements by early 1996, just five years after opening its doors, had been to:

- Help move the development of the Lake-wide Management Plan forward to Stage II;
- Bring work in response to at least one remedial action plan to the point where the area can soon be "de-listed" as an area of concern;
- Involve community partners in cleanup efforts, with private-sector and other government contributions outpacing federal spending by a margin of two to one; and
- Amassing an extensive list of success stories resulting from community efforts to improve Lake Superior's waters and basin.

An additional accomplishment of co-operative efforts under the bi-national program has been the agreement reached between the two countries on common standards for measuring and reporting toxic chemicals in Lake Superior. This makes it easier for Canada and the United States to compare findings and evaluate efforts to reduce loadings of pollutants.

Lake-wide Management Plan

The water quality agreement calls for a lake-wide management plan to be prepared in four stages:
(1) defining the problem,
(2) setting a schedule for reducing chemical and nonchemical stressors,
(3) selecting remedial measures, and
(4) demonstrating, through monitoring, that the contaminants are no longer impairing the health of the Lake.

Canadian and U.S. officials completed Stage 1 of the Lake-wide Management Plan for Lake Superior in September 1995. It listed the nine persistent toxic substances that had been identified earlier and 13 other critical pollutants, and included information on their sources, such as spills, storm sewers, wastewater treatment plants, contaminated ground water and sediments, and airborne substances. The LSPO manager was involved in this process as co-chair of the Lake Superior Work Group, one of several bi-national bodies that provided input to the process. The Stage 1 report was submitted to the International Joint Commission for review and comment.

The truest measure of the success of any government program and community effort is in their demonstrable results.

Immediately after tabling the Stage 1 report, a draft version was published. Stage 2 will provide detailed information on the levels of contaminants such as polychlorinated biphenyl (PCBs), mercury and pesticides, and will set five-year targets to reduce and then virtually eliminate their presence by the year 2020.

Remedial Action Plans

The LSPO is responsible for developing and administering five remedial action plans on the Canadian side of Lake Superior.

The LSPO is responsible for developing and administering five remedial action plans on the Canadian side of Lake Superior — at Thunder Bay, Nipigon Bay, Jackfish Bay, Peninsula Harbour and on St. Marys River. The remedial action plan process involves all of the LSPO partners — Environment Canada, Fisheries and Oceans Canada, and the Ontario ministries of Environment and Energy, and Natural Resources.

Stage 1 of the Nipigon Bay Remedial Action Plan, identifying critical pollutants, was completed in 1991, and Stage 2, a plan to rectify the situation, was tabled in September 1995. The LSPO expects that the final stage, an implementation plan, will be completed in 1996, qualifying Nipigon Bay as the second area of concern to be de-listed in the Great Lakes.

Community Partnerships

Community partnerships fostered with a $3.3-million investment from Environment Canada's Great Lakes Cleanup Fund have generated contributions totalling $8.7 million from 34 organizations for cleanup efforts. The LSPO also works with five public advisory committees that include 75 local people in environmental decision-making.

For example, when the Nipigon Bay town of Red Rock wanted to increase its economic opportunities by building a marina, the LSPO brought forward an application to the Great Lakes Cleanup Fund that would help ensure that the development work was environmentally sound. The remedial action plan team worked with the public advisory committee and the project's steering committee to design and build the world's first ecological breakwall. By adding logs, boulders, root wads and log crib shelters to the inside of the breakwall, the community was able to create a habitat that could accommodate diverse species of aquatic life. The project also constructed two islands, complete with native vegetation and underwater structures. Since the project was completed, scientists have documented spawning by lake trout and lake whitefish. The full-service marina will have docking facilities for 253 boats and will enhance, not diminish, the ecosystem of the Bay.

The Red Rock marina project also received contributions from the Ontario government, the community, including topsoil for the breakwall and an old truck weigh scale (valued at $45,000) for use as a platform for the pedestrian bridge, volunteer work by the Horticultural Society and fund-raising by the Red Rock Fish and Game Club.

Community Efforts

The LSPO has been particularly successful in bringing community members and local industry together to plan environmentally sound projects and to repair the damage caused by past abuse. For example, in summer 1993, the "Wake Up to Your Waterfront" campaign brought together 2,500 people in the Thunder Bay area, representing communities, organizations, industries, or just themselves, for a massive shoreline cleanup. Over two days, the volunteers worked a total of 5,000 hours and collected 55.5 tonnes of garbage, not including wood debris, from 125 kilometres of shoreline. The enthusiasm generated by this effort has made the event an annual one, adding an industrial challenge, as waterfront industries vie for a trophy for doing the best job of cleaning up their industrial property. This successful venture has spread around Lake Superior and to lakes in western Canada, the southern United States and other countries.

It's Messy. And It Works!

> *It is the most complex and most effective — broad-thinking and integrating — system I've ever seen. It gives staff the scope to do problem-solving on a wider scale.*
> — Marilyn Fesnak
> Ontario Ministry of Environment and Energy

An organization chart of the LSPO, showing its relationships with national, provincial, state and local governments and community groups, its reporting arrangements to two levels of government and four departments, its liaison work with consultative and advisory committees, its collaborative efforts with academic and research institutes, its responsibilities for remedial action plans and its involvement in the Lake-wide Management Plan, would look something like a mishmash of overlapping spider webs. It wouldn't be pretty.

While it is difficult to gain an overview of the LSPO's important functional roles in restoring Lake Superior, it is much easier to gain an appreciation of the way that the few individuals working there connect to key people internationally, nationally, provincially and locally, and work with them to effect change. The Office is able to offer a rich cross-section of government programs and expertise right in the community where the work needs to be done. Marilyn Fesnak describes this blend of program, scientific and administrative ability as a diagonal slice out of a grid of government departments and programs, and the various disciplines — policy-making, consultation, research, management and administrative support — required to sustain each of them. She acknowledges that the arrangement may look unfocused, but states emphatically that it is a model of effectiveness.

It is easy to appreciate how the few individuals at LSPO connect with key people and work with them to effect change.

John Hartig, an environmental scientist with the International Joint Commission and a member of a team conducting a formal evaluation of the LSPO, says that the key to making this "place-based management" system work is "consistent support from all partners." He points out that the complexity of the arrangement can sometimes lead the people involved to "dicker over small amounts of money, but the LSPO has been very effective in getting stakeholders to move forward on the big issues." In addition, he emphas i z e s that the LSPO "is delivering ecosystem results" and states that the Office has "scientific credibility, strong working relationships and an excellent staff."

Indeed, Jake Vander Wal credits staff efforts for the success of the enterprise:

> Staff members are accountable to the agencies they represent, but the success of the LSPO is based on a willingness to go beyond traditional roles and to work towards a collective goal. The everyday contact and teamwork give the staff an understanding of each agency's separate mandate, keep them informed about the various programs in the office, ensure the best use of each individual's skills and expertise for each program, and promote cooperation and innovation in achieving solutions.

> This entrepreneurial style is results-oriented, flexible and adaptable to the changing needs of Lake Superior communities.

With So Many Players, Expect the Unexpected

To make this work, we've needed, and have had, a manager who is a creative freewheeler who can work in a fiscal straightjacket.

To make this work, we've needed, and have had, a manager who is a creative freewheeler who can work in a fiscal straightjacket.
— Simon Llewellyn
Environment Canada

If they had it to do over again — and they do, as the agreement is due to be re-negotiated on April 1, 1996 — Environment Canada officials would nail down a number of important details to make the administrative arrangements run more smoothly. Simon Llewellyn, the Regional Director responsible for the LSPO, lists three areas that will require greater precision and more imagination:

1. Streamline financial transaction vehicles to simplify payment of expenses and receipt of donations and to ensure that federal standards for financial and other transactions are met.
2. Improve reporting and communications to ensure that Environment Canada receives regular and timely reports that provide sufficient detail so that officials are kept fully aware of program activities and relationships with stakeholders.
3. Clarify relationships of organizations and individuals to establish clear expectations for how individuals and organizations relate to one another and to the overall goals of the plans and programs.

While Environment Canada is seeking greater certainty in the design of this arrangement, this may be difficult to achieve, given the uncertainties that all levels of government are facing. The plans of the Ontario government are not yet set. Will provincial cutbacks threaten activity on Lake Superior? Will program cuts reduce governments' ability to make a critical mass of support available to complement industry and public efforts? What of the U.S. government's budget problems? Will government furloughs lead to program or staff cuts? What of other federal and provincial government actions? Fisheries and Oceans Canada has cut their $2.5 million Great Lakes program. Will other departments and ministries abandon their efforts in the Great Lakes, and Lake Superior in particular? The drama of the questions underscores the fragility of intergovernmental arrangements.

Is There a Better Way?

> *A reporting relationship gives Jake access to this department.*
> — Marilyn Fesnak
>
> *The purpose of the Lake Superior Programs Office is to simplify the interaction of the government levels involved in making the lake a zero-discharge zone [for persistent toxic chemicals]. It is to help us be more efficient.*
> — Simon Llewellyn

Some government officials involved in the administration of the LSPO ponder the merits of moving towards a more cohesive arrangement wherein governments would pool their program funds to an LSPO reconstituted as an independent agency. Others consider the existing formal reporting relationships to be critical to the success of the Office. With formal links to Environment Canada, Fisheries and Oceans Canada, and two provincial departments, the LSPO has access to key policy makers, a range of program options, and the vast resources of government. It also wears the mantel of government in negotiations and co-operative ventures with the private sector and other governments. This gives it important leverage and credibility in the community. The LSPO manager points to three potentially damaging consequences that could flow from any fundamental change in the organization's reporting relationships:

- "We would no longer be a part of the family." The LSPO would lose its vital inside links to key government agencies.
- "Governments would lose their sense of accountability for success and failure."

"We would no longer be a part of the family." The LSPO would lose its vital inside links to key government agencies.

- "That would suggest that government can't do the job." A fundamental change in administrative structure would be tantamount to an admission that government cannot mobilize to respond to environmental challenges. Jake Vander Wal emphasizes that the LSPO is "about making government work better, not about setting up new structures outside government."
- Going outside government is not always the right answer.
- Imaginative, new ways of working can leverage funds and activity from other sectors even when government coffers dwindle. Look to alternative models to make the most of limited program dollars.

Lessons Learned

✔ **Create innovative partnerships**
Environment Canada didn't have staff where it needed people — right on Lake Superior. This creative partnership provides experienced, expert personnel already on site, from within the provincial government.

✔ **Take practical steps to work through the administrative lines between departments and levels of government**
Breaking down institutional barriers is important in many realms of decision making, not just the environment.

✔ **The achievements of the organization are *the* point**
To measure the success of an enterprise, don't look at the standard of an impossible ideal or of a bureaucratic norm. Look at what is actually being achieved.

✔ **Good people make all the difference**
Any organizational model — no matter how complex and how messy — can work if it is powered by talented, creative, committed individuals working towards a common goal.

✔ **All partners and details matter — fix the elements that don't work**
Details slow down important work — fix the administrative arrangements that cause problems for any of the partners.

To measure the success of an enterprise, look at what is actually being achieved.

Conclusion

The LSPO is indeed a "messy" administrative structure, but it works and works well. The structure requires fine-tuning to improve reporting requirements, accounting procedures and expenditure control, but it is essentially a highly successful alternative *government* enterprise that serves its clientele remarkably well.

Toronto Waterfront Regeneration Trust

> *The water was getting dirtier and it was no one's fault.*
> — Ron Doering
> Former Executive Director
> Royal Commission on the Future of the Toronto Waterfront

Overview

In 1988, nobody disputed that Lake Ontario needed regeneration. The International Joint Commission (IJC), an oversight body with joint national-level representation that oversees government action in the Great Lakes, had identified eight areas of concern on the lake and an additional area of concern in the Niagara River, connecting Lake Ontario to Lake Erie. While there was unanimous agreement that there was a problem and that something had to be done, there was no agreement among the responsible parties on what to do and no mechanism to move matters forward.

A particular challenge was the Toronto waterfront, with its heavy industrialization, high population density, overlapping jurisdictions and over-development.

There was no agreement among the responsible parties on what to do and no mechanism to move matters forward.

Background

In March 1988, the Government of Canada established a royal commission to "inquire into and make recommendations regarding the future of the Toronto waterfront." When the Commission released its first interim report in 1989, the Ontario government joined the federal government in endorsing it and added a complementary mandate, asking the Commission to report on "waterfront development issues along the entire western basin of Lake Ontario". This established the Royal Commission as only the second in history to serve two levels of government.

The story of the Royal Commission on the Future of the Toronto Waterfront, and of the Waterfront Regeneration Trust, the organization that succeeded the Commission, is one of innovation in institutional models and processes. These innovations enabled governments, through the work of these agencies, to:

- Introduce the ecosystem approach to policy development,
- Involve the public in issue resolution in a meaningful way,
- Move public agencies to action without resorting to formal authority,
- Leverage private resources to further the public interest, and
- Create public policies that have widespread support.

Acting in the Spaces Between Jurisdictions and Disciplines

Governments tend to operate as silos, despite the best efforts of very competent and effective bureaucrats.
— David Carter
Deputy Commissioner
Waterfront Regeneration Trust

The Commission's analysis of the waterfront's problems suggested that they needed to be addressed in new ways. In its second interim report, *Watershed*, the Commission called on governments to take an ecosystem approach to dealing with the issues and problems, looking at the impact of any and all actions and policies on the environment in the broadest sense, including the implications for the health of the community, the economy and future generations.

Governments and the public responded positively to the report and its advocacy of the ecosystem approach to cities. This integrated approach places the environment first and centrally in analysis and decision-making, and recognizes that decisions taken in one area, such as the economy or social welfare, affect all other systems.

According to the Royal Commission, an ecosystem approach:

- *Deals with natural, physical, economic, social and cultural environments*
  The approach focuses on the whole system, not just parts of it; it recognizes that humans are part of nature, and deals with the interrelationships among elements of the ecosystem, such as between species and between urban and rural areas.

- *Looks at the impact of a course of action in future years*
  Decisions are placed in a dynamic context and are viewed not as still photographs but as moving pictures. The process considers carrying capacity, resilience and sustainability, and recognizes both that there are limits to human activity and that decisions today affect future generations.

- *Crosses artificial barriers*
  The ecosystem approach bases analysis on natural geographic units, such as watersheds, rather than on political boundaries, and links all levels of government activity.

- *Measures progress by the quality, well-being, integrity and dignity accorded to natural, social and economic systems.*

The Commission, which had involved experts and stakeholders from many disciplines, governments, agencies and organizations in collaborative efforts, later reported that, although they worked to a common purpose, some of these key individuals "had never worked with or even met each other before." In its final report, the Commission commented:

> In the three years of its life, the Commission created 16 different teams to prepare reports, always drawing members from different sectors, backgrounds, and interests: developers began talking with environmentalists, traffic engineers with landscape architects, scientists with community activists, and federal public servants with city officials. This often led to consensus, trust and promotion of partnerships that would not otherwise have emerged.

While the Commission identified jurisdictional and disciplinary fragmentation as problematic in environmental work, others also saw it as counter-productive. In 1990, the federal Auditor General, in an annual report that explored how Canada's constitutional divisions affected environmental actions, commented on how the division of responsibility for the environment, and the related-but-separate mandates of government departments, had hindered action:

> The consequence of these federal-provincial and interdepartmental divisions in responsibility for environmental matters is a patchwork that makes it almost impossible to assign public accountability for safeguarding Canada's environment. There is no focal point of responsibility or accountability to the Canadian people in respect of this crucial issue.

In its final report, *Regeneration*, the Commission referred to this problem as "jurisdictional gridlock." Ron Doering, the Commission's former Executive Director, describes the dilemma for environmental issues as "horizontal

Some of these key individuals "had never worked with or even met each other before."

problems being dealt with by vertical organizations." What was needed was an agency that would provide a focal point for accountability and the public interest.

Influence without Authority

> *Jurisdictional gridlock meant that people couldn't get things done . . .*
> *We couldn't do what we're doing — it wouldn't work — if we had*
> *power.*
> — David Crombie
> Chair and Chief Executive Officer
> Waterfront Regeneration Trust

While the Royal Commission was able to inspire others to action, it did so without the mantle of legal authority or the power to order compliance. Instead, it worked to reconcile competing interests, find common ground among stakeholders and identify realistic solutions to previously intractable problems. This informal influence proved more effective than any direct authority and enabled the Commission to have an impact on a wide range of matters. The Commission's leadership recognized that, while bureaucracies may respond effectively to direct orders to act, they are unlikely to take direction from a regulatory or oversight body on matters that are outside the jurisdiction of that body. They can, however, be persuaded to act out of self-interest in a common cause.

In *Regeneration. Toronto's Waterfront and the Sustainable City: Final Report*, the Commission described its model of influence without authority:

> Just by providing "good offices" the Commission was often able to help a stalled process move forward; creating a steering committee, calling a meeting, acting as a facilitator (and sometimes mediator) allowed the Commission to analyse issues and promote change, breaking out of long-standing jurisdictional gridlock. Because the Commission was only advisory, took away no one's jurisdiction, and was temporary in its duration, it could act as an honest broker, to a greater degree than could a permanent body with legal powers.

Just by providing "good offices" the Commission was often able to help a stalled process move forward.

As an example of this jurisdictional gridlock, the Commission told the story of the ferry *Prince Edward Island*, owned by a local Ontario company. In 1986, it had taken on a cargo of two transformers filled with PCBs, intending on becoming a floating generating station in the Caribbean. That deal fell through, however, and the ferry was locked in Whitby harbour for three years while jurisdictional wrangles ensued over its fate. Throughout this time, Transport Canada collected docking fees from the owner, Environment

Canada blocked efforts to move the ferry because of the PCBs on board, and the town of Whitby and the province of Ontario could not act because the harbour was under federal jurisdiction. In the intervening years, the ferry broke its moorings twice and, in December 1990, sank to the bottom of the harbour. The very fear that had triggered concern among the various levels of government was realised because of their inability to sort through their responsibilities and interests.

Ron Doering points out that, with more than 100 government, regulatory, environmental, for-profit and not-for-profit organizations involved in managing the Toronto waterfront, the introduction of yet another authority would have had little impact.

Bringing Together People, Ideas and Money

. . . help us find out how to make our lake publicly accessible, fishable, drinkable, and swimmable. This cannot happen while the rivers that empty into the lake are contaminated, the air that connects to it is dirty, the groundwaters polluted, and the soils through which they pass contaminated.
— Public comment reported in *Regeneration*

The federal government responded to the Royal Commission's final report on the day it was released, agreeing with its recommendations and immediately implementing some of them. The Ontario government agreed to prepare legislation creating a separate agency to implement other recommendations. The Waterfront Regeneration Trust Act of 1992 established the successor organization as a provincial crown corporation. The Trust maintained the offices and staff of the Royal Commission. Its status as a Schedule 3 agency means that it can receive contributions from the private sector and other governments.

The mission of the Waterfront Regeneration Trust is "to bring together people, ideas and money to invest in the revitalization of a provincial resource — the Lake Ontario waterfront." The Trust is loosely organized, with three broad program areas:

- Lake Ontario;
- the central waterfront around the city of Toronto; and
- partnerships with communities, businesses, and other organizations and members of the public.

Its board of directors represents the community at large.

Ron Doering respectfully calls the Trust's organizational model "messy," but points out that many successful environmental organizations are not good theoretical models, while many excellent theoretical models are unable to get the job done. He says "Complexity cannot be managed, intellectually or practically, through increased control or top-down management. There is nothing linear about the environment. We needed to be flexible and adaptive."

The people working for the Trust are comfortable with the organization's position, at arm's length from the government, working in the spaces between the mandates of other organizations and governments. Suzanne Barrett, the Trust's Director of Environmental Studies, says, "We create structures within which people can cooperate. We work where we can add value. Where others are doing well, let them get on with it."

The Importance of Talking and Listening

> *We were all teachers. We had a good, healthy respect for, and were excited by, teaching and learning.*
> — David Crombie

David Crombie says that "the talking and listening were vital" to the success of the Royal Commission and to the work of the Waterfront Regeneration Trust. Staff, working with expert advisors, would spend hours mulling over real-life problems. They believe that this process enabled them to really "get to know the terrain" and contend that others, taking the same approach, would reach the same conclusions about difficult environmental issues.

The challenge is creating a future waterfront that maintains its health and diversity.

Resolving waterfront issues often includes balancing competing interests and objectives among interested parties. To increase public access, for example, a move to unlimited access can overrun sensitive natural habitats or quiet towns and villages. This challenge is articulated in *Lake Ontario Greenway Strategy*, published by the Trust in 1995:

> The danger, in part, is trying to meet every need everywhere along the waterfront. The challenge is creating a future waterfront that maintains its health and diversity by enhancing facilities for human visitors in some areas, enhancing opportunities to live or work in others. Reaching agreement on how this diversity is allocated, and designing with nature so that the environmental priorities of the waterfront are respected, are no small tasks.

The strategy is a call to action to "regenerate a healthy and sustainable waterfront that is clean, green, accessible, connected, open, useable, diverse, affordable and attractive."

Suzanne Barrett describes the Trust's work model as "Research, analyze, consult, conclude." When it developed the *Lake Ontario Greenway Strategy* over a period of three years, for example, the Trust undertook extensive original and secondary research, involved members of special-interest groups and government communities in advisory committees, and invited other members of the public to take part in workgroups and discussion sessions. When it was made public, the strategy was not presented as a *fait accompli* but developed with members of the communities that would implement it. The strategy therefore won wide acceptance and is helping to guide government and other action along the Canadian shoreline of Lake Ontario and deep into the surrounding lands.

Consensus-based Decision-Making

The talking and listening process so valued by the Waterfront Regeneration Trust is part of a consensus-based approach to analyzing problems and recommending solutions. In many circumstances, this approach can bring seemingly incompatible interests together. Indeed, as the Trust noted with respect to a package of actions it was recommending to manage development plans in the Westside Marsh, the alternative involves costs for all:

> The alternative to this package is litigation and conventional tribunal review, the outcome of which is difficult to predict. However, there are some certainties associated with litigation, including delay, contention, acrimony and legal expense.

> Under this proposal, every stakeholder group must make some contribution, but we believe each would have a substantial gain. Most important, there is a resolution in sight, and an opportunity to choose a plan that will result in progress and community stewardship of the waterfront.

The consensus approach initiated by the Royal Commission and continued by the Trust was endorsed by the National Round Table on the Environment and the Economy, which published a set of guiding principles for consensus-based processes [See box]. The Round Table also notes that some situations are not suited to a consensus process and lists questions that can help gauge the suitability of consensus to resolve a given problem.

Could You Please Build a 300 km Trail in Three Years?

We did it their way.
— David Crombie

When the Waterfront Regeneration Trust was created in 1992, one of its objectives was to create a waterfront trail and associated green or open spaces around Lake Ontario. Over the next three years, the Trust worked with 44 communities, six conservation authorities, the federal and provincial governments, service clubs, biking clubs, jogging groups and private companies to create a 300-km trail. The Trust and its many partners have built a trail that is largely accessible to wheelchair users and cyclists and that is an interesting and varied route for walkers and joggers. The trail's route follows existing paths wherever possible and is dictated by the opportunities and barriers created by geography and land forms, history and cultural heritage, wetlands, shore types, archeology, and tourism and recreation opportunities.

The Trust was able to generate donations from other levels of government, the private sector and community groups that were double the contribution of the provincial government. It also took advantage of existing capital works programs to build connecting bridges and other elements that tie the pieces of the trail together.

Guiding Principles for a Consensus-based Decision-Making Process

- *Purpose-driven*
  People need a reason to participate in the process.
- *Inclusive, not exclusive*
  All parties with a significant interest should be involved.
- *Voluntary participation*
  The parties can leave at any time.
- *Self-design*
  The parties design the consensus process.
- *Flexibility*
- *Equal opportunity*
  Equal access to relevant information and the opportunity to participate throughout.
- *Respect for diverse interests*
  Acceptance of the diverse values, interests and knowledge of the parties involved.
- *Accountability*
  To their constituencies and to the consensus process itself.
- *Time limits*
  Realistic deadlines are necessary throughout the process.
- Implementation
  A commitment to implementation and effective follow-up monitoring.

— National Round Table on the Environment and the Economy

The Trust's approach to communities it invited to be part of the trail was to follow the municipalities' lead. With respect for municipal decision making and private property as core values, the Trust's approach was to say, "If you don't want us, we're gone." Indeed, initially one community could not see a way to participate, so the Trust is waiting for their leadership in developing a route for the trail in that area. Other communities situated beyond the reach of the new trail have asked that it be extended to their areas. As David Crombie describes this approach, quoting a saying of the Quakers, "The way to proceed is as the way opens."

Could You Help Us Clean up Six Rivers and 45 km of City Waterfront?

We shouldn't have any illusions; Toronto will be the last Lake Ontario area of concern to be de-listed [but] *what we'll see* [when the Waterfront Regeneration Trust and the Metro Toronto Region Conservation Authority take over administration of the Remedial Action Plan] *will be more like a symphony than the tuning of instruments that we've had so far.*
— David Crump
Ontario Ministry of Environment and Energy

The success of the Waterfront Regeneration Trust in helping people and institutions work together to make things happen has led to additional demands on its expertise. For example, the Remedial Action Plan (RAP) to regenerate the waterfront of the City of Toronto and adjacent municipalities is widely seen as the least successful and most slowly progressing RAP in Lake Ontario. To move the process forward, the RAP's steering committee recommended that the Waterfront Regeneration Trust and the Metro Toronto Region Conservation Authority serve jointly as stewards of the clean-up process. Indeed, the consultants who developed this plan concluded that the Trust would contribute a "proven ability to facilitate and motivate action toward restoration at the municipal level."

At a meeting of the Public Advisory Committee to the RAP process, the proposal received support from all sectors, including the federal and provincial governments. If the plan receives final approval, the Waterfront Regeneration Trust will bring its traditions of respecting community leadership, consulting extensively, basing decisions on consensus views and taking an interjurisdictional approach, to the Remedial Action Plan.

As David Carter, the Deputy Commissioner of the Waterfront Regeneration Trust, points out, "There is no structural magic to the Trust's administrative model; the methods themselves are the model."

Lessons Learned

✔ **A separate, independent agency, taking a comprehensive approach to issues, can bridge the gaps between governments' and departments' jurisdictions and offer a focal point for public accountability.**
The Waterfront Regeneration Trust could have been constituted as a heavy-handed quasi-governmental agency that used authority to win piecemeal action from reluctant participants. Instead, an agency at arm's length from government was created to wield the much more powerful tool of influence.

✔ **When power doesn't work, create structures that use influence to get the job done.**
The Waterfront Regeneration Trust has been successful in influencing others to take responsibility and to act to regenerate Lake Ontario. The Trust's management believes that formal authority would hinder it in these efforts.

✔ **Do what others are not already doing and bring the pieces and the people together.**
When the problem rests in the gaps between organizations and jurisdictions, create an organization and a process that will work within these gaps.

✔ **Research, analyze, consult, conclude — and do it with the communities concerned.**
By consulting community members throughout the strategic development process, the Waterfront Regeneration Trust builds community acceptance into its plans.

✔ **Talk and listen. Where possible, show parties how a consensus approach can help them achieve their goals and avoid the costs and losses inherent in legal wrangling.**

✔ **Recognize the sophistication of local authorities and respect their decisions on local matters.**

Service Operational Improvements

Human Resources Development Canada: The Service Delivery Network

Overview

In response to the reductions required by the 1995/96 federal budget, Human Resources Development Canada (HRDC) rethought its vision and plan for its Service Delivery Network (SDN).

Background

November 1993 Late in 1993, the government created Human Resources Development Canada to reform the delivery of social service programs. HRDC became responsible for income support, unemployment insurance, employment and training assistance, labour and workplace-related activities, and the management of health and social support transfers to the provinces.

The creation of HRDC initiated an examination of ways to improve client service delivery. HRDC recognized that the changing environment required changes in culture, attitude, management and philosophy. A vision began to evolve in response to new directions.

> "We had a vision of service delivery and ideas to better integrate various programs and services into single access points."

March 1995 The 1995–96 budget required the Minister to reduce HRDC expenditures by $600 million in 1995–96 and $1.1 billion in each of the two subsequent fiscal years. These cutbacks meant staffing reductions of 5,000 full-time equivalents (FTEs) by March 1997; approximately a 35% staff reduction at national and regional headquarters and a 17% staff reduction in local, front-line offices.

> "That was the big one. The financial decision caused us to rethink service delivery. We had to instantly and fundamentally rethink."

> "The integration of the new department, and the hard cuts, provided convincing arguments for a new form of service delivery. Staff and management went through an intense consultation process."

HRDC: The Service Delivery Network

The SDN is a useful service delivery model because it:

✔ Provides an innovative model in a departmental context where the federal government will retain active involvement;

✔ Incorporates the trend in governance to decentralize, consolidate and devolve authority;

✔ Demonstrates the developmental value of a strategic vision;

✔ Is a nation-wide structure designed to be flexible and provide a venue for the delivery of services other than those of HRDC.

The changing environment required changes in culture, attitude, management and philosophy. A vision began to evolve in response to new directions.

The Minister
introduced a Service
Delivery Plan to address
budget reductions and
improve access to
services.

August 1995 The HRDC Service Delivery Vision was completed, providing the framework for the future.

> "HRDC provides quality service to Canadians who require income support, information and specific services for self-reliance, and a safe, fair and productive workplace, through an integrated, affordable and flexible network.''

Based on this Vision, the Minister introduced a Service Delivery Plan to address budget reductions and improve access to HRDC services. The downsizing plan included implementing initiatives from current program and functional review processes. The plan also called for a Service Delivery Network which would use front-line offices, kiosks, electronic on-line services and community partnerships to improve access to services for all clients.

The HRDC services to be delivered through the SDN are:
- Income support and supplementation for the unemployed, the disabled, seniors and others seeking retraining or entry into the labour market.
- Information services on current local labour markets, employer/employee rights and obligations in the workplace, employment forecasts, labour standards, employment equity, social areas (child poverty, retirement, etc.), and others.
- Human resource programming services such as assessment, referral and counselling services and learning or development assistance.[1]

> "*One* service delivery network delivers *all* departmental services."

> "Of course, there is a lot of flexibility and variety. You will hear of a client service delivery network for various programs, but they are all seen as part of the HRDC service delivery network."

December 1995 Current initiatives include plans for a Human Resource Centre of Canada (HRCC) in Edmonton, in partnership with Alberta, and a three-government partnership among Winnipeg, Manitoba and HRDC, in a co-located facility, expected to open in Winnipeg.

> "The partnership, in the Winnipeg case, started in 1991 and predates the SDN model. We've been moving this way for some time. The Alberta case is more recent and has moved rapidly."

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1   HRDC News Release, August 2, 1995.

> **April 1997** The Service Delivery Network is 90% implemented.
>
> "Installation and acceptance of the SDN and new technology are scheduled for spring '97. We'll need a year to iron out wrinkles and a two-year operational phase to see how it delivers."

Strategic and Operational Elements of SDN

The SDN will provide Canadians with wide access to HRDC services in an affordable, accountable way. Wide access means that an HRCC, providing basic services, will be within reasonable travelling distance for clients preferring that to a kiosk or the telephone. Some HRDC services may be delivered t h rough another government agency or suitable third party. Except in sparsely populated areas, this objective will be met.[2]

The principles of the SDN model include:
- Putting clients first;
- Reflecting local priorities and building on partnerships;
- Offering more points of service through technology;
- Making in-person service available to a majority of clients;
- Increasing efficiency while reducing cost;
- Treating all regions of Canada equally.

The SDN has an asymmetrical "parent and satellite" structure which provides access to client services in four environments.
- **The home** Approximately 70% of annual visits to current Canada Employment Centres are to obtain information on programs, services, labour markets and the workplace, or to file claims. Most of these services can be accessed from home using telephones, community cable television, mail services and, increasingly, home computers.
  A network of about 15 call centres will provide telephone assistance to clients, particularly for Unemployment Insurance and Income Support services. These centres will use Automated Voice Response (AVR), with personal help always accessible to the client.
- **Self-service Human Resource kiosks** Kiosks will permit greater client access to basic HRDC services. Over the next five years, up to 6,000 self-service kiosks (interactive terminals similar to bank machines) will be in public places like libraries and municipal buildings, as well as HRDC offices. Personal assistance will also be available.
  With the increase in home-based enquiries and kiosk use for information and claim services, the number of HRCCs will drop to 300 from the current 450.

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2   HRDC News Release Backgrounder, August 1995.

- **Satellite Human Resource Canada Centres** These satellite HRCCs will be conveniently located in communities, and will deliver a range of HRDC products and basic services through automated terminals. Guidance from local community or government partners will assist some 200 offices in developing resources to respond to the needs of local clients.

  Multi-skilled, empowered staff will meet specific client requirements on a one-to-one basis or direct clients to self-serve terminals or to HRDC partners at the same location or in the community. There will be limited supervision. Administrative and specialist support will be provided by "parent" centres.

  The SDN is designed to empower staff and put responsibility and accountability as close to the client as possible.

- **Parent Human Resource Canada Centres** These 100 parent HRCCs, located across Canada, will form the backbone of the SDN. Their purpose is to "maximize delivery responsiveness and processing efficiency."[3] They will provide all HRDC services, be active in communities, and supply leadership and "back end" program processing support to the satellite HRCCs which report to them.

  Executive management and decision-making responsibility is with the parent HRCC manager. On this premise, we're increasing the classification level to an EX or a PM6.

  We expect there will be more than 300 offices, both satellite and parent, where the manager will work in community development in partnership with all players and at various levels of government. The location of the offices depends on the volume of the client base and geographical coverage.

An important facet of the SDN is that all elements operate in partnership with provincial/municipal governments, other federal departments, community groups, and possibly the private and non-profit sectors. Partnerships involving co-located services, and sharing administrative and overhead costs, will be established in communities where existing offices are slated for closure.

We expect flexible local use of the SDN, with different set-ups responding to local needs.

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[3] HRDC Service Delivery Vision Paper

Core Issues

Human Resources

The SDN will make HRDC flatter, more flexible and more responsive to clients. Management and staff roles have changed; local decision-making has increased and skill-sets have expanded.

The HRDC Service Delivery Vision states:
- There is a significant reduction in staff.
- Employees work in an exemplary environment in terms of workplace culture and learning.

  The government buy-out program has been well accepted and we've had very little involuntary dismissal. If we were into involuntary lay-offs, we would be feeling this a bit differently.

  The middle managers are the most threatened. They're pushed to devolve all kinds of control and this environment is creating expectations on the part of front-line staff.

  The SDN initiative indicates how working within the federal government is changing: responsibility is delegated and front-line staff are empowered. One of the biggest challenges is to get people to adjust to how government will do business in the future.

Where HRDC services are co-located with other levels of government, staff from all levels will share physical plant and common services, such as reception. Staff will be able to respond to a wide range of requests with the power to determine appropriate action.

Accountability

Within HRDC and the SDN, accountability has expanded in two ways:
- Externally, beyond HRDC, accountability now involves partnerships, with shared accountability structures.
- Internally, down the hierarchy to alter staff and management function and responsibility.

Partnerships are expected to cross civil jurisdictions, to include community action groups and, possibly, private and third-sector organizations.

  The SDN is trying to balance operations with overall federal accountability and responsibility requirements.

> *The SDN will make HRDC flatter, more flexible and more responsive to clients.*

> *Partnerships are expected to cross civil jurisdictions, to include community action groups and, possibly, private and third-sector organizations.*

Internally, greater accountability and responsibility are being driven down the hierarchy to highly skilled and experienced managers. Front-line, multi-skilled employees will be supported by a range of automated tools. There will be only one level of management below the HRCC director or manager.

> This is what happens with a transfer of power and responsibility: people begin saying, there are lots of things we can do. They start to pull and continuing innovation comes out.

> Key elements now are innovation and risk-taking. There is support from senior levels.

Service Quality, Performance and Measures of Success

The SDN vision is to provide quality service for the client in a culture of continuous improvement. Quantifiable productivity rates (clients served, claims processed, etc.) are high despite the magnitude of change resulting from SDN. Such productivity is partly due to staff loyalties to HRDC's clients.

> "The focus of employees has always been very much on client service, more than on HRDC itself."

The SDN framework will focus on improving service in a changing environment, mobilizing community support, helping staff cope and maintaining core services.

In its first two years, the SDN framework will focus on improving service in a changing environment, mobilizing community support, helping staff cope and maintaining core services. It will evaluate speed of service, volumes processed, client surveys and economic impacts. Community leaders and clients will assess how HRCCs perform in their communities.[4]

The SDN aims to maintain service quality and productivity, while reducing costs. Performance measures and standards have been developed through client and staff feedback. Improved service is sought by measuring what clients, and HRDC, value.[5]

Technology

The HRDC Vision states that the purpose of technology is to allow greater choice at more locations for Canadians. Through self-service, clients can pull from what they need from the system or they can meet with multi-skilled employees who provide a range of services. Furthermore, technology makes SDN services easy to share with other organizations and partners.

The purpose of technology is to allow greater choice at more locations for Canadians.

> Processing functions are operations to which you can readily apply technology and re-engineering to reduce cost.

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4   Service Delivery Network, Reference Binder (English), October 1995.
5   HRDC Service Delivery Vision, August 1995.

Technology improves access to SDN services and simplifies basic client transactions, leaving the staff to deal with more complex cases. For example, if a change of address message is left on an AVR system, it is electronically entered into the database, thereby freeing up a person's time. Technology helps to focus the service to the need.

> Technology enables downsizing by providing a different way to access services, but you can't put major technology in service overnight. There is a lot of development work in a new system and rolling out releases chunk by chunk.

An estimated 50% of HRDC clients are not technologically literate and lack comfort with a computer terminal. However, client feedback indicates that a large percentage of HRDC clients will use kiosks and other computerized access points if:
- Clients are sure that claims for financial entitlements are not jeopardized;
- They can only obtain information at these points;
- Clients can get into the system within ten minutes and obtain useful information;
- They are literate in either English or French.

Client Focus

The Service Delivery Vision states that a single, client-driven culture will exist based on client choice. Clients will be able to pull down services of their choice in their homes and communities. The SDN is designed to provide more choice and opportunities for these clients.

A single, client-driven culture will exist based on client choice.

> Seniors are a really good example of what the SDN means. Income security programs have about 75 dedicated walk-in centres across the country. With the SDN, we're going to have 300 HRCCs which will provide basic services, including income security programs.

> Generations of people access our services. They all have different preferences in terms of technology and human interaction. With the SDN, we are forced to manage client expectations. At one time, we could do almost whatever we wanted in responding to client interests; for 20 years we have trained clients to come into offices to be told what they have to do. We can't do that any more because now, clients will choose their own method of access.

Key Success Factors

- **Political will**
  The SDN has firm ministerial commitment to, and central agency support for, its model and structure.

- **A clear, sound service delivery vision**
  The Vision, developed first, is a primary focus for HRDC and the SDN.

- **Management commitment to the SDN vision**
  Management provides the necessary leadership through commitment to the vision.

- **Partnerships**
  Partnerships will engage communities and other civic structures across Canada and allow shared responsibility within the SDN.

- **A client service culture**
  HRDC staff have a strong commitment to their clients and are dedicated to serving them.

- **Staff buy-in and empowerment**
  Combine staff confidence that the interests of clients are served with empowerment on the front line.

- **An effective training and development program for HRCC managers, staff and partners**
  A major investment has been made by HRDC.

- **A willingness to take risks and innovate**
  This requires senior level support and a willingness to support learning from error.

- **A clear focus on measures of success**
  This must be maintained over time as appropriate measures change.

- **Effective use of technology**
  The SDN incorporates proven technology to offer choice and flexibility to its clients. This technology is appropriately balanced with personal service.

Lessons Learned

✔ The vision must be sold to stakeholders, their support enlisted and their confidence secured. Provide for wide consultation. Decisions concerning infrastructure and organization will find acceptance and fall into place.

✔ Political pressure. Demonstrate how service will be maintained in communities. HRCC managers must be politically skilled when exposed to political interests.

> From the beginning, the challenge was to explain to MPs and politicians why we were moving in this direction and to make them comfortable [that] service in their constituencies would not suffer.

> Departments have had extreme pressure on decisions. HRDC could make rational arguments about how service would be maintained even though jobs and physical plant would change or reduce or close.

✔ Managers must get out of administration and into leadership. Managers work directly with staff to build teamwork and co-operation.
✔ Place executive decision-making ability in the community, close to clients and their needs. The challenge and strength lie with management, who become the essence of the network.
✔ Ensure that new technology is run parallel with previous systems before those systems are eliminated.

> We must be sure, before we cut front-line staff, that the technology and new organization are delivering. Otherwise, we end up with unhappy clients and therefore a lot of very unhappy MPs.

✔ Education and communication are critical. Educate and train clients and staff on the new system. Communicate constantly.

> We are going to change lives. It is crucial to offer education and honest, consistent and continual communication.

✔ Use principles to entrench quality in the operation.

> People get absorbed in the process of tracking quality instead of improving it. We operationalized quality by putting in place principles for people to follow. We made more progress getting quality into the organization than by establishing processes.

✔ An asymmetrical and flexible network, combined with clear accountabilities, produces results. The parts of the network do not correspond in size, shape or position, nor are they arranged around rigid, divisive structures. Thus, flexibility is maintained and empowered, accountable managers can produce results.

> There are some ways — ways we can't know about yet — that the Network is going to get there.

Pitfalls, Concerns and Uncertainties

Partnerships

> "Privacy and access issues are a concern with partnerships. The same employee may be providing federal, provincial and municipal client services. The employee/employer relationship, information exchange, access to information; these issues are not yet resolved."

> "The SDN has been built on the premise [that] we will be partnering with, at least, provincial governments. But there is a great deal of uncertainty about the current constitutional situation with regard to federal/provincial relationships."

> "We've been planning for, and making commitments to, partnerships for the SDN. We anticipate continuing to do so. If there are further radical cuts, we may not be able to fulfil the agreements we're establishing with partners."

In the past, partnerships with community groups have been cemented with HRDC funding. If funds are not provided at past levels, the commitment to partnerships by these groups could fall.

There is a lack of clarity about the difference between contracting out, partnerships and devolution. Employee sensitivity to the concept of partnerships exits because little difference is perceived between partnerships and contracting out, and the implications of partnerships for human resources and accountability are not clear.

Resources

> We have drawn heavily on the reserves, the energy, of the department. We still face legislative and other changes and we will continue with a known downsizing. We have included these factors in our planning. However, we need a breathing space or we may risk much of what we can accomplish in the next two years.

Summation

The role of the federal government, in the Canadian society and economy, is changing. These changes are characterized by decentralization, consolidation and a devolution of authority. In some cases, the government will completely divest itself of the delivery of services and, for others, it will maintain levels of involvement while sharing responsibility with diverse civil authorities.

Where the federal government must maintain a presence, the Service Delivery Network of HRDC is a precedent-setting initiative. The SDN embraces the changing role of government by consolidating HRDC service delivery and decentralizing authority while placing itself close to the clients and communities it serves. The SDN offers fast, accurate service in a client-focused environment which permits choice.

Beginning with a strategic vision of its direction, HRDC has created an open infrastructure for service delivery which is available to appropriate partners. Its architecture is asymmetrical and flexible and able to house partners with other services and expertise, thereby becoming a Canada-wide service delivery asset for the government. It is possible, in future, that the federal government may need only a small number of such networks to deliver federally based services.

Citizenship, the British Columbia Region

Overview

In 1993, part of the Department of Public Security was re-named the Department of Citizenship. Its mandate was to issue Certificates of Citizenship to eligible Canadians, 90% of whose applications were accepted.

Given the approval rate, this should have been good news for the department and the government. Swearing the oath of allegiance was the culmination of a dream come true for immigrants who had moved to Canada to start a new life. But there were no kudos, for service was atrocious.

The approval rate was 90%, but the procedures were archaic and process-oriented. There was a two-year backlog of applications. Clients had to conduct all their business in person, requiring an average of 15 to 20 hours of dedicated time to advance their dossier. There were long line-ups and phone calls were not promptly returned.

The February 1995 budget reduced the department's appropriations by 50%. There was also an equivalent cut in staff (full-time equivalents). Given the new reality, the B.C. regional office initiated consultations with clients, community groups and staff in order to draw up a blueprint for an improved service delivery system.

The results were not surprising. Clients wanted a more efficient process and staff wanted to be empowered to make rapid decisions.

Case Description

To this end, management and the front-line staff initiated a series of innovative changes:
- Supervisory positions were eliminated and front-line troops were organized into self-managed work teams. The ex-supervisors became resource persons who provided technical support to the staff teams. This led to a 600% increase in productivity.
- The installation of a national computer system drastically improved the timeframe for verifying and cross-checking applicant information.
- Affected employees were placed in community organizations, making the process more accessible to citizens.

Department of Citizenship (British Columbia)

✔ Dramatic improvements in service can be made without changes to regulations of legislation.
✔ These improvements can be effected even when resources are drastically cut.

New partnerships are being explored to further expand the information flow network.

The potential exists to cluster immigration, citizenship and passport services on a continuum using a common database.

The challenges facing the department were the creation of an improved service delivery mechanism with half the human and capital resources. The B.C. regional office began by consulting its clients, staff and community groups. Together, they achieved results which have improved service and client satisfaction, and increased staff morale.

These innovations were implemented without any legislative or regulatory amendments.

Lessons Learned

- ✔ Consult with clients, involve front-line staff, streamline decision-making and use technology for improving service delivery.
- ✔ Seemingly insuperable obstacles can be overcome.

National Energy Board Electronic Filing

Overview

Each year, regulatory agencies process hundreds of applications and monitoring submissions. The existing system for evidentiary record for all submissions is paper-based, causing enormous expenditures and numerous delays. Amendments and supplementary filings of documents add to the cumbersome timeframe.

After extensive consultations with the oil and gas industry, the National Energy Board (NEB) initiated a pilot project to design an electronic regulatory filing system with a view to moving from the paper-based method to an on-line system. The proposed pilot will have three main components: the exchange of electronic documents; the creation of a public electronic document repository; and optional changes to information systems and internal processes.

The importance of this service delivery model is in the use of information technology to improve client services and reduce costs in complex regulatory proceedings.

Case Description

One of the major challenges will be the development of document standards. This requires the following steps to be taken:

• Analyzing the existing paper flow,
• Developing a consistent model for regulatory business information flow,
• Assessing the impacts of using electronic documents,
• Enhancing regulatory business to take advantage of the system,
• Developing document specifications.

The pilot is expected to be ready for testing and implementation in the 1997–98 fiscal year.

It is expected that quicker exchange of information throughout the negotiations will lead to more rapid settlements. The stored information will be readily available for other users and could be expanded for future use. The electronic registration system will have spin-off benefits through fluid information exchange in the industry.

The associated benefits will be both financial and qualitative. Reduced costs are anticipated for handling, copying, distributing and storing information. At the same time, productivity will be improved, the process will be quicker and a standard will be established for an industry-wide document interchange.

This initiative includes most of the major players in the industry, as well as other federal departments and some provincial utilities.

Lesson Learned

✔ The use of information technology to improve client services and reduce costs may also set standards that will speed up the exchange of information within the whole industry.

Survey of
Service Clusters

Delivery Clusters of Services to Clients: Innovation from Outside the Government of Canada[1]

Introduction

In the current environment of fiscal restraint and rising citizen expectations, all levels of government throughout the world are looking for ways to provide citizens with more responsive and affordable services. One means by which they are attempting to accomplish this is through the use of alternative service delivery models. Some governments are experimenting with one approach in particular, in which "clusters" of services are delivered to clients in order to meet multiple needs.

In many respects, the concept of "clustering" government services is not new to public administration. Since the 1960's, scholars and practitioners have been struggling with the challenge of integrating services in order to meet the multiple needs of client groups. These earlier service integration efforts tended to focus on specific sets of problems or populations.

This report provides a range of "cutting edge" service delivery initiatives outside the Canadian federal government. Examples from governments in North America, Europe, Australia, New Zealand, Malaysia, and Kuwait, as well as examples from the private sector are presented. These innovations have been identified as a result of a literature review, a survey of the CCMD International Governance Network, and conversations with practitioners and scholars of public administration. Service delivery models in Germany and Spain were examined, but our research indicated that innovative approaches to delivering "clusters" of services have not been widely used in these countries.

Part I of the report provides several lenses through which service delivery innovations can be examined. Tables 1, 2 and 3 categorize the innovations in this report by client type, service type, and type of service delivery mechanism. At the end of the section, an overall framework for delivering "clusters" of services is presented.

Part II provides an initial identification of some of the benefits and some of the difficulties associated with the clustering approach.

Part III presents several examples of clustering innovations in the public sector, by alphabetical order of country and in various levels of detail, depending on the amount of information we were able to gather at this time. They are not intended to be full case studies, but only brief summaries of the innovations.

These summaries show the range of possibilities for delivering "clusters" of services and highlight some of the countries that tend to be most active in the area of service delivery innovations.

Part IV provides brief summaries of relevant examples from the private sector.

Part I: Overview of Service Delivery Innovations

Three Groupings of Service Delivery Innovations

There are various ways of categorizing and analyzing the examples of service delivery innovations. In this report, we have grouped the examples in three different ways:

1. by type of client
2. by type of service
3. by type of service delivery mechanism.

1. Type of Client
Table 1 (page 4) provides an overview of the innovations in this report by client type. Although the "clustering" of services can lead to greater administrative efficiency, innovations in this area are usually undertaken with the primary purpose of enhancing the delivery of services to some client group. For example, linguistic groups have been identified as a client group to whom "clusters" of services can be delivered. Through certain service delivery innovations, like automated teller machines, it is possible to serve them more effectively by providing them with accessible services in their language. Efficiency can also be enhanced since translation is done only once and then made available to numerous users.

2. Type of Service
Table 2 (page 6) provides an overview of the innovations in this report by type of service. Once the multiple needs of clients have been identified, it is necessary to establish what kinds of services can be "clustered" for delivery. Due to an assortment of different factors, it is not always possible or desireable to offer a full range of services to clients. In many cases, a more modest "clustering" of information services only may be more appropriate.

3. Type of Service Delivery Mechanism
Table 3 (page 8) provides an overview of the innovations in this report by type of service delivery mechanism. While some of the innovations rely on traditional mechanisms for delivery (service counters), others are very technology-driven (ATM machines). In many cases, the services would likely never have been "clustered" had it not been for the availability of new technologies.

Types of Possible Clusters

The Service Delivery Framework (page 35) provides an overview of the innovations discussed in this report by taking into account all three factors mentioned above. It is a useful tool for examining the range of possibilities for delivering "clusters" of services to clients. Each grouping is explained below:

A Information Services
These innovations provide information and referral services only through mechanisms such as phone lines, citizen handbooks, and counter service.

B Self-Service Electronic On-Line
These innovations provide a range of information electronically via computers and modems.

C One-Stop Shopping — General Public
These innovations provide a range of information and some services to members of the public at one common office.

D One-Stop Shopping — Specific Client Group
These innovations provide a range of information and some services to a more specific client group at one common office.

E One-Stop Shopping — Specific Client Group + Self-Service ATM
This innovation provides a range of information and services to a specific client group at one common office as well as information from computer terminals at public places.

F Self-Service Automated Teller Machines, Kiosks
These innovations provide a range of services to specific client groups through the use of magnetic stripe cards and ATM machines.

G Re-organization by Region
This innovation provides a range of services to clients in specific regions through the amalgamation of regional offices.

H Co-location
These innovations provide a range of services to clients by having the offices of different departments or levels of government in close proximity to each other.

I Case Management
These innovations provide a range of services to specific client groups through case managers who guide clients through the entire administrative process from start to finish.

Table 1: Examples of Service Delivery Innovations by Client Type

SERVICE DELIVERY INNOVATIONS	CITIZENS	BUSINESS	DEVELOPERS	SOCIAL ASSISTANCE	DELINQUENT TAXPAYERS	LABOUR	DRIVERS	LITIGANTS
Iowa Work Dev. Program (USA)	x							
Info/Cal (USA)	x							
US Commercial Centres (USA)		x						
LA Permit Centres (USA)			x					
Arizona QuickCourt (USA)								x
IRS Collections Div. (USA)					x			
BC Govt. Agents (Cda)	x							
Enquiry BC (Cda)	x							
BC Online (Cda)		x						
Access Ontario (Cda)	x							
Acces Montreal (Cda)	x	x						
Service New Brunswick (Cda)	x							
Alberta WCB (Cda)						x		
Canada Business Centres (Cda)		x						
Ottawa-Carleton Entrep. Centre (Cda)		x						
Min. of Transport. Self-Service Kiosk (Cda)							x	
Commonwealth Employment & Dept. of Social Security (Australia)				x				

SERVICE DELIVERY INNOVATIONS	CLIENT TYPE							
	CITIZENS	BUSINESS	DEVELOPERS	SOCIAL ASSISTANCE	DELINQUENT TAXPAYERS	LABOUR	DRIVERS	LITIGANTS
ACT Shopfronts (Australia)	x							
Link Centres (New Zealand)	x							
"Govt. Within Reach" - Telephone Listing (New Zealand)	x							
GOYE (Britain)	x							
One Stop Shop (Finland)	x							
Citizen's Handbook (Finland)	x							
Social Welfare Services Localization (Ireland)				x				
Social Welfare Services (Ireland)				x				
Municipalities "Inform" System (Italy)	x							
Milano Chamber of Commerce (Italy)		x						
Inquiry Offices (Denmark)	x							
Service Phones (Denmark)	x							
Modernization Prog (Mexico)		x						
One-Stop Centres (Malaysia)	x	x						
Public Service Facility Centres (Kuwait)	x							

Table 2: Examples of Service Delivery Innovations by Service Type

SERVICE DELIVERY INNOVATIONS	INFORMATION & REFERRAL ONLY	INFORMATION & BASIC SERVICE	FULL SERVICE
Iowa Work Dev. Program (USA)			x
Info/Cal (USA)	x		
US Commercial Centres (USA)			x
LA Permit Centres (USA)			x
Arizona QuickCourt (USA)		x	
IRS Collections Div. (USA)			x
BC Govt. Agents (Cda)		x	
Enquiry BC (Cda)	x		
BC OnLine (Cda)	x		
Access Ontario (Cda)		x	
Acces Montreal (Cda)		x	
Service New Brunswick (Cda)		x	
Alberta WCB (Cda)			x
Canada Business Centre (Cda)			x
Ottawa-Carleton Enterp. Centre (Cda)			x
Min. of Transport. Self-Service Kiosk (Cda)		x	
Commonwealth Employment & Dept. of Social Security (Australia)			x
ACT Shopfronts (Australia)		x	

SERVICE DELIVERY INNOVATIONS	SERVICE TYPE		
	INFORMATION & REFERRAL ONLY	INFORMATION & BASIC SERVICE	FULL SERVICE
Link Centres (New Zealand)	x		
"Govt Within Reach" - Telephone Listing (New Zealand)		x	
GCYB (Britain)			x
One Stop Shop (Finland)		x	
Citizen's Handbook (Finland)	x		
Social Welfare Services Localisation (Ireland)			x
Social Welfare Services Card (Ireland)			x
Municipalities "Inform" System (Italy)	x		
Milano Chamber of Commerce (Italy)			x
Inquiry Offices (Denmark)	x		
Services Phones (Denmark)	x		
Modernization Program (Mexico)			x
One-Stop Centres (Malaysia)			x
Public Service Facility Centres (Kuwait)			x

Table 3: Examples of Service Delivery Innovations by Type of Service Delivery Mechanism

TELEPHONE	BROCHURE	SELF-SERVICE ELECTRONIC ON-LINE	SELF-SERVICE ATM/ INFORMATION KIOSK	ONE STOP COUNTER SERVICE	ONE STOP COUNTER SERVICE & INFORMATION STORES	CO-LOCATION	CASE MANAGEMENT
■ Enquiry BC (Cda) ■ Services Phones (Denmark)	■ Citizen's Handbook (Finland) ■ "Govt. Within Reach" - Telephone Listing (New Zealand)	■ BC OnLine (Cda) ■ Oregon VIP (USA)	■ Arizona QuickCourt (USA) ■ MOT Self-Service Kiosk (Cda) ■ Info/Cal (USA) ■ Social Welfare Services Card (Ireland)	■ BC Govt. Agents (Cda) ■ Service New Brunswick (Cda) ■ Accès Montreal (Cda) ■ Access Ontario (Cda) ■ Inquiry Offices (Denmark) ■ One Stop Shops (Finland) ■ Social Welfare Services Localisation (Ireland) ■ Canada Business Centre (Cda) ■ Ottawa-Carleton Entrep. Centre (Cda) ■ US Commercial Centre (USA) ■ ACT Shopfronts (Australia) ■ Link Centres (New Zealand) ■ Govt (Britain) ■ Modernisation Program (Mexico) ■ One-Stop Centres (Malaysia) ■ Public Service Facility Centres (Kuwait)	■ Iowa Workforce Dev. Prog. (USA)	■ Commonwealth Employment & Dept. of Social Security (Australia) ■ Milano Chamber of Commerce (Italy)	■ IRS Collections Div. (USA) ■ IBM Credit Corp (USA) ■ Mutual Benefits Life (USA) ■ Alberta WCB (Cda)
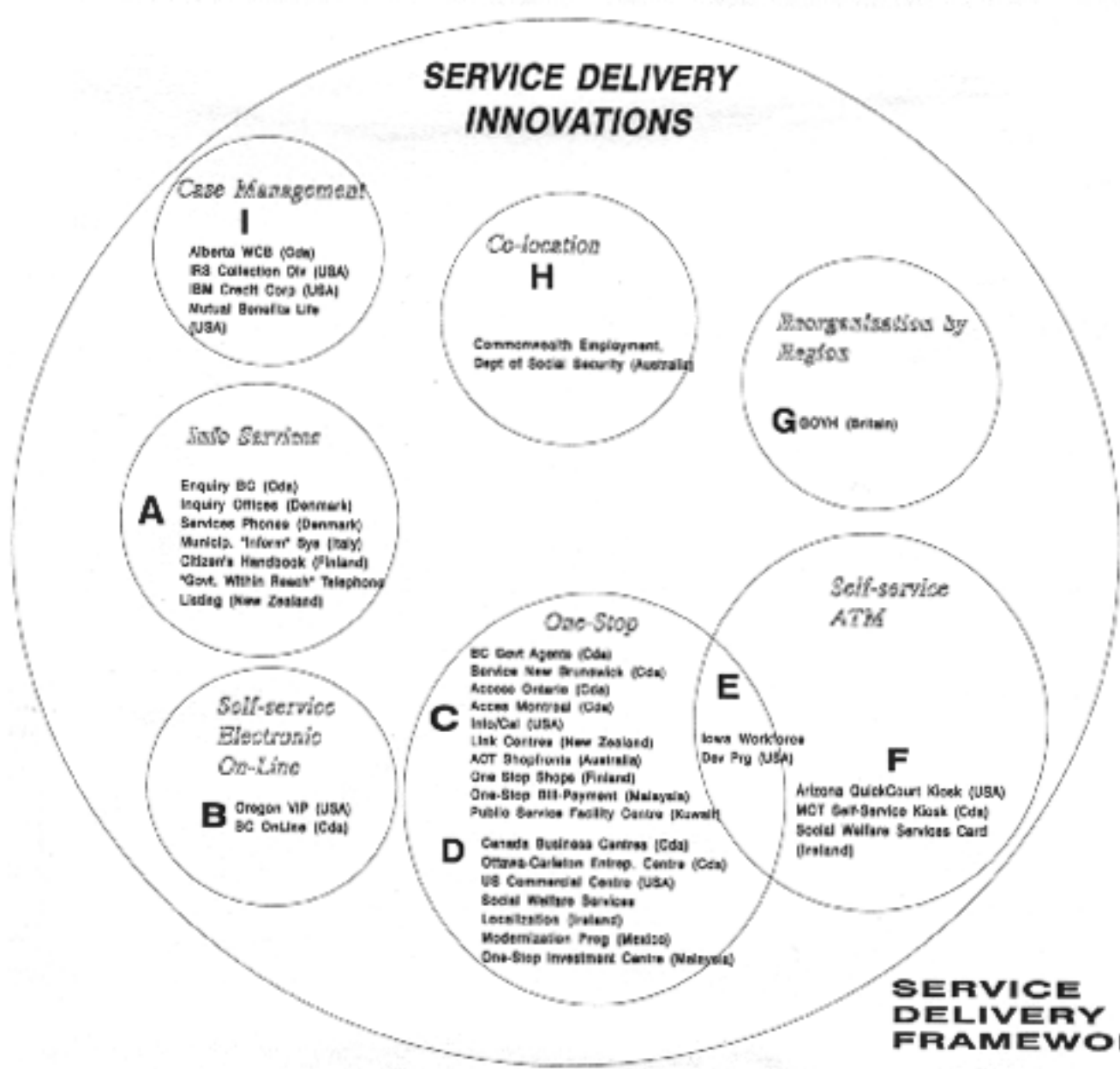
SERVICE DELIVERY
INNOVATIONS

Case Management

I

Alberta WCB (Cda)
IRS Collection Div (USA)
IBM Credit Corp (USA)
Mutual Benefits Life
(USA)

Co-location

H

Commonwealth Employment,
Dept of Social Security (Australia)

Reorganisation by
Region

G GOYH (Britain)

Info Services

A
Enquiry BC (Cda)
Inquiry Offices (Denmark)
Services Phones (Denmark)
Municip. "Inform" Sys (Italy)
Citizen's Handbook (Finland)
"Govt. Within Reach" Telephone
Listing (New Zealand)

Self-service
Electronic
On-Line

B Oregon VIP (USA)
BC OnLine (Cda)

One-Stop

C
BC Govt Agents (Cda)
Service New Brunswick (Cda)
Access Ontario (Cda)
Access Montreal (Cda)
Info/Cal (USA)
Link Centres (New Zealand)
AOT Shopfronts (Australia)
One Stop Shops (Finland)
One-Stop Bill-Payment (Malaysia)
Public Service Facility Centre (Kuwait)

D
Canada Business Centres (Cda)
Ottawa-Carleton Entrep. Centre (Cda)
US Commercial Centre (USA)
Social Welfare Services
Localization (Ireland)
Modernization Prog (Mexico)
One-Stop Investment Centre (Malaysia)

Self-service
ATM

E
Iowa Workforce
Dev Prg (USA)

F
Arizona QuickCourt Kiosk (USA)
MCT Self-Service Kiosk (Cda)
Social Welfare Services Card
(Ireland)

SERVICE
DELIVERY
FRAMEWORK

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Part II: Benefits and Dificulties of Cluster Approaches

Benefits

There are two basic rationales for the "clustering" of services:

1. **convenience** — clients are able to receive a range of services without having to shuttle back and forth between the offices of several different organizations.

2. **efficiency** — administrative work can be made more efficient when mutually interactive decisions are made at one location.

Based on these rationales, innovations that deliver "clusters" of services can benefit both clients and service providers.

Client satisfaction
Client satisfaction is enhanced when government information and services are easily accessible, accurate, responsive, and timely. Many of the innovations in this report advance these qualities by delivering numerous services at a common place, having specially trained staff, offering personalized service, and having extended hours of operation.

Affordability
Affordability is an issue that is equally important to clients and service providers. Many of the innovations that involve the "clustering" of services deliver more affordable services by increasing efficiency. For example, the co-location of the Department of Social Security (DSS) and the Commonwealth Employment Service Offices (CES) in Australia has resulted in a reduction in the costs of office space and ancillary services for both organizations. The Enquiry B.C. initiative has promoted **efficiency** throughout government by alleviating individual departments' burden of responding to general inquiries and referring clients. These departments now have more resources to devote to delivering the services for which they are directly responsible.

There are also several unique and indirect benefits of "clustering" services. For example:

Rate of compliance
If client satisfaction is enhanced as a result of greater accessibility, etc., there can be an associated increase in the rate of compliance. For example, in Australia, the co-location of DSS and CES has resulted in more consistent information about the obligations of social assistance recipients; thereby making it easier for them to comply. Similarly, innovations such as ServiceOntario, Accès Montréal, and one-stop shops in Finland make it easier for citizens to make **prompt payments** of fines and taxes.

Public trust
Some innovations that provide a range of information to clients can help restore public trust in open and fair government. For example, the Vendor Information Program in Oregon, which provides contractors with access to government information, has been credited with restoring confidence in the state's procurement system by making it more equitable.

Regional offices
Another benefit of "clustering" services relates to the closing of regional offices. Services traditionally provided by individual regional offices which are found to be too costly to keep open can be delivered through a service delivery innovation that results in a "clustering" of services. For example, in some rural communities of British Columbia, when regional offices close, government services continue to be provided by staff members who are transferred to the local B.C. Government Agents or Access Centre.

Possibilities for the future
If government authorities become comfortable with sharing information, and having other parties deliver their services, innovations that involve the "clustering" of services will present several possibilities for the future. For example, in Ireland, the Department of Social Welfare Services is encouraging other government organizations to **layer** their services on the SWS welfare card, and suggest that the card might eventually include the services of commercial firms. In addition, the New Brunswick Department of Finance has suggested that it may be appropriate for some "clusters" of services to be provided by the private sector through an approach similar to the **franchising** being done by Canada Post.

Difficulties

The examples in this report describe the service delivery innovations at the "delivery" level, i.e. the level at which the client(s) receive the service. Obviously, providing "clusters" of services requires much more than the right mechanism for delivery. It also demands consideration of other factors such as the development of policy and strategy, design of appropriate organizational form, operational planning, programming and budgeting, and the creation of systems to meet client needs. Listed below are several problems and issues associated with delivering "clusters" of services to clients. While some of these issues may be common to any innovation that delivers a "cluster" of services, others are specific to certain types of innovations.

Whenever more than one division, organization, or level of government is involved in a service delivery innovation, several important issues arise. For example:

Allocation of costs
It can be difficult to determine who should be responsible for what costs. (This can include the potential responsibility of clients through user fees).

Organizational culture/values
Employees from different organizations and professions who are brought together to work under one roof may experience a clash of values.

Accountability
Common systems for auditing and reporting may have to be introduced.

Decision-making
The appropriate level of discretion must be determined for non-specialists or employees from one organization who are delivering the services of another.

"Turf" wars
Managers and staff from some departments may have to be convinced to allow "their" services to be delivered by someone else.

Confidentiality
Some clients may not want their records to be available across several organizations, and some organizations may be unwilling to share client information.

Compatibility of computers and data-bases
Since so many service delivery innovations involve the sharing of information, compatible information systems are often a necessity.

Other issues that may be relevant to innovations that deliver "clusters" of services to clients include:

Costs
The most significant cost considerations include the cost of implementing new technology, the cost of maintaining a common office, and the cost of training.

Legislative requirements
In some cases, legislation may be required to allow organizations to share resources for the purpose of delivering "clusters" of services. Finnish authorities went through three years of pilot projects before such legislation was passed. Furthermore, current legislation may act as a barrier to innovation. In New Brunswick, legislation exists that prohibits the sharing of client information across some departments.

Impact on associations/lobby groups
Some service delivery innovations may subsume the role of these organizations. For example, in Ontario, the government's proposed one-stop shopping for long term health care recipients faced opposition from organizations like the Red Cross and the Victorian Order of Nurses who feared they would be driven from the business.

Tension between the trend towards alternative organizational forms (SOAs) and the "clustering" of services
Some alternative service delivery mechanisms, like special operating agencies, display characteristics such as specialization and separation, which are in direct conflict with the principles of service integration or "clustering".

This initial report simply attempts to provide an overview of service delivery innovations. If there is an interest from the committee, a more detailed treatment of the issues can be provided in a subsequent report.

Part III: Summaries of Innovations from the Public Sector

Australia

Co-location of the Department of Social Security (DSS) and the Commonwealth Employment Service Offices (CES)

I   Origin

The decision to actively pursue the co-location of the local service delivery offices of these two organisations grew out of concerns for client convenience and the need for greater cooperation to improve employment outcomes for the unemployed.

The growth in longterm unemployment during the recession of the early 1990's increased concern that all possible impediments to effective outcomes be addressed in a concerted fashion.

Co-location also offered the prospect of more effective communication and cooperation at the regional level and savings on accommodation costs.

II   Description

In Australia, income support payments to the unemployed and assistance in finding employment are provided directly by the federal government. Income support payments are provided by the Department of Social Security and assistance in finding employment is provided by the Commonwealth Employment Service, an agency of the Department of Employment, Education and Training.

A condition of receiving income support is that the unemployed remain registered with the CES and actively seek work. The CES reports to the DSS on a recipient's job search (or training) activities and can recommend suspension or termination of income support payments.

Both the CES and the DSS maintain regional offices in places accessible to clients. DSS runs about 250 regional offices and the CES until recently ran about 400. DSS offices might employ 50-100 people; CES offices 10-40.

There have been ongoing frictions between the two organisations, in part, because of their different views of who the customer is. DSS saw the unemployed person as the customer; the CES juggled the requirements of employers and the unemployed.

More recently the CES has had this ambiguity resolved by being asked to focus on the unemployed and has been asked to broaden the service offered to place more emphasis on training and the administration of job subsidies. They have also been asked to rationalise their regional office network.

Improvements in computer technology mean that DSS maintains a nation wide database on its clients and increasingly shares this data with the CES. The CES has only recently fully embraced information technology but is quickly coming up to speed.

A major impetus has been given to the CES to improve its service by placing it in competition with external case managers.

Clients
The unemployed, and particularly the long term unemployed, are the principal client group. Other clients include sole parents and people with disabilities who seek assistance in finding employment. Employers, particularly those seeking access to employment subsidies are an important resource and therefore a subsidiary client.

Services
To the unemployed the CES and DSS provide joint counselling and referrals to prospective employers and trainers. CES and DSS also provide essential client data to each other for the control of fraud and abuse.

III Outcomes

Co-location typically means renting adjoining space in regional shopping centres. Co-location means one-stop-shopping for the unemployed who must visit DSS at least once every two weeks and submit to joint DSS/CES interviews as required.

It also means that it is easier for DSS and CES staff to arrange joint interviews of clients and therefore such interviews happen more frequently. Joint interviews present the client with consistent information about rights and obligations and a greater incentive to comply. A consequence should be better employment outcomes and reduced fraud and abuse.

Co-location also typically reduces rent and allows offices to share the cost of ancillary services. Greater informal contact between the two organisations also promotes better understanding and reduces friction based on cultural misunderstanding. This should also lead to better employment outcomes.

Australian Capital Territory Government (ACT) Shop Fronts

I   Origin

The ACT shop fronts were an attempt to group the services provided by the Australian Capital Territory Government in central locations. (The ACT Government manages a range of services encompassing those typically provided by municipal, regional and provincial authorities in Canada.)

The planned development of Canberra around three town centres previously meant that people seeking information and wishing to pay their bills in person had to travel long distances to various locations around the city. The small size of Canberra meant that it was uneconomic for many authorities to open offices in each town centre.

II   Description

Two shop fronts are located at either end of the city. They consist of a building like a bank with counters around the walls for a range of different services provided by the Territory Government including rates and taxes, water and electricity charges, dog licences, parks and gardens, transport concessions, etc.

Many Territory responsibilities are not served by the shop fronts: motor vehicle licenses and registration continues to be handled at other locations, as do building permits, firearm registrations, police etc.

Clients
All ACT residents are potential clients if they wish to pay their bills in person or have inquiries that cannot be handled over the telephone.

Services
Usually only simple queries can be handled at shop fronts together with the receipt of money and cheques.

III Outcomes

The initiative has improved cash management for departments and agencies by encouraging the payment of bills in person and centralising receipt of funds.

The impact on client services has been at best mixed. Shop front staff are often unable to answer basic queries and offer telephone numbers for further assistance. The central collection of cash has led other agencies such as the police to use the collector of public moneys at shop fronts which means people now have to visit the initial service provider as well as the shop front.

Britain

Government Office for Yorkshire and Humberside (GOYH)

I   Origin

The Government Office for Yorkshire and Humberside is the result of the April 1994 amalgamation of the regional offices of the Department of Trade and Industry, the Department of the Environment, the Department of Transport and the Department of Employment. This followed release of the central government's White Paper on Competitiveness.

II   Description

Mandate
The mandate of the GOYH is to promote a coherent approach to competitiveness, sustainable economic development and regeneration, using public and private resources, and, through this, to bring about measurable improvements in education, training, and business management and development in this district in the north-east of England. A key element in the GOYH's strategy is developing "a broad-based view of the management of central Government programmes and policies."

Clients
Residents of the region of Yorkshire and Humberside.

Services

The GOYH provides a single point of contact with government for people in the region, delivering all the services previously provided by the central government departments in accordance with Citizen's Charter principles. The GOYH's main activities also include developing partnerships with and between local interests and feeding local views and experience into the formation and communication of central government policy- and decision-making.

To perform these various functions, the GOYH is organized into five directorates: Housing, Planning and Transport; Employment and Training; Regeneration; Trade, Industry and Europe; and Strategy and Resources.

III Outcomes

The GOYH includes amongst its successes the establishment of an apprenticeship programme for the region, in sectors such as software development; export assistance to businesses; and the issuing of grants to stimulate private sector investment in physical and human infrastructure.

Canada (The Provinces)

Canada Business Service Centres (CBSCs)

I   Origin

The CBSC system was established in response to concerns within the business community about dealing with government, at both the federal and provincial levels. The major areas of complaint related to perceptions of telephone runaround, inadequate or inappropriate information being communicated, indifference to the needs of business clients and unnecessary duplication and overlap.

II   Description

Industry Canada, Western Economic Diversification Canada, the Federal Office of Regional Development (Quebec) and the Atlantic Canada Opportunities Agency, in partnership with the provinces, have recently set up a cross-Canada network of business service centres. The centres are located in major metropolitan areas and are staffed jointly by federal and provincial employees.

CBSCs operate under formal agreements signed by the federal managing partner responsible for the specific site and the respective province. In Ontario, for example, Industry Canada works in cooperation with the provincial Ministry of Economic Development and Trade. In the Maritimes, the federal managing partner for the centres is the ACOA. The only exceptions are the CBSCs in Edmonton and St. John's, which operate according to informal arrangements.

The CBSC network has a three-year budget of approximately $15–million, with funding coming directly from the Treasury Board. Spending decisions are made by an ADM-level Managing Partners Committee.

Mandate
The Canada Business Service Centres offer a single window service to the business community across Canada. They are designed to improve business access to government programmes and services, both federal and provincial, to enhance the information available to Canadian business and to provide more comprehensive and higher quality levels of service to business clients.

Clients
Mainly small to medium size business enterprises.

Services
The Canada-Ontario and other Business Service Centres provide a telephone service and a fax-back service. They also encourage clients to use a computerized database of approximately 800 federal programmes from over 20 different departments and agencies. The database provides clients with a brief description of each programme, eligibility requirements and other basic business-related information. The database also incorporates a unique "pathfinder" system that allows users to navigate through the programmes by specific topic (e.g. importing).

The level of service provided by the BSCs varies across the country.

III Outcomes

Client satisfaction is measured through client advisory boards at several CBSCs (e.g. Montreal) and through formal client feedback surveys at others.

Case Management
Alberta Workers' Compensation Board

I   Origin

Prior to 1989, the Alberta Workers' Compensation Board responded to claims of injured workers through a linear and time-based process. Many departments became involved in a case only after other departments had already performed a number of functions. This approach allowed for little interation between employees or coordination of activities. Workers ran into many problems when dealing with complex claims. They spent about 80% of their time handling the 20% of claims that were long and complicated. As a result, clients were unhappy about the service that they were receiving. In order to improve the delivery of service to injured workers and their employers, the Compensation Board developed a case management approach to handle particularly complex claims.

II Description

Mandate

The Alberta Workers' Compensation Board's Case Management Program is designed to improve the delivery of service to clients whose time-loss claims extend beyond thirty days.

Clients

The Alberta Workers' Compensation Board serves injured workers and their employers.

Services

Under case management, clients with the potential for producing complex claims are identified. These claims are then managed by generalist adjudicators who ensure that clients receive all of their required services. The case managers oversee a wide range of services for their clients, from accepting the claim and authorizing benefits, to developing an appropriate rehabilitation plan. The case managers are supported by Integrated Service Units (ISUs). The ISUs are teams of specialists from various disciplines, including doctors, rehabilitation counsellors, compensation specialists, and psychologists. Every member of the team works and communicates with each other in the same office.

The case managers have total responsibility for every aspect of the case. While at one time, it took as long as five days to get an answer to a simple medical question, the case manager can now get that answer right away from somebody working in the same office. The case manager acts as a single contact point for injured workers and their employers who used to have to call several different departments, and often received several different answers.

III Outcomes

The shift to case management in the Alberta Workers' Compensation Board required eliminating several layers of management and extensive training for employees whose jobs now became much more professional and managerial. The morale and efficiency of the organization has increased since the case management approach was adopted. Client satisfaction, cost effectiveness, and return to work ratios are measured to ensure that the service to stakeholders is continuously improving.

The Alberta Workers' Compensation Board's Case Management innovation was part of an overall initiative that won the Silver Award in the 1990 IPAC Innovative Management Competition.

British Columbia Government Agents and Access Centres
One-Stop Shopping

I Origin

The history of the Government Agents Branch can be traced back to the 1800's. During the gold rush, Governor Douglas appointed tax collectors and gold commissioners — positions which are the forerunners of the government agents. During those times, the government agent was a jack of all trades, doing all required to maintain peace, order and good government. Through the years, the government agent has assumed many roles ranging from tax collectors to coroners to insurance issuers for the Insurance Corporation of B.C. In the 70's and early 80's, many of the functions of the Government Agents branch were affected by regionalization. In 1986, the branch made a concentrated effort to become and remain a superior service delivery organization.

II Description

Currently, the branch offers over 550 government services and information on behalf of 19 ministries. There are 60 Government Agent offices located throughout the province. The size and types of services offered vary depending on the needs of the community. Out of the 60, 28 are Access Centres. An Access Centre has three or more ministries operating out of a government agents office. Access Centres provide "one-stop shopping" for public information and government services. Access Centres are located in high-profile store-front locations for easy access. The staff who operate these centres vary. They may include staff from the Government Agents Branch, Consumer Taxation Branch, Safety Engineering Services, Public Gaming Branch, Mines Inspection, Agriculture, Motor Vehicle Branch, Liquor Inspection Branch, and Waste Management Branch.

Mandate
The Government Agents branch has no programs of its own but acts totally as an agent of other ministries. Its goal is to provide easy and convenient access to government information and services.

Clients
Citizens.

Services
Core Information and Services : Property taxation, land titles, crown land registry information, motor licensing, hunters' and miners' licences, consumer taxation, medical services plan registration and billing. Counter staff provide information, referrals, general advice and assist in form-filling. In some centres, extended services may be provided by ministry staff.

Five regional directors oversee the 60 offices and are accountable to the Assistant Deputy Minister, Community and Regional Development (Ministry of the Small Business, Tourism and Culture). Administration and operation of each government agent office are carried out by a management committee.

Issues addressed in the development of these centres:

1. Turf issues. Some ministries which are integral to the region were not willing to join a Government Agents office. In some cases, ministries joined after extensive negotiation. Others agreed only after Cabinet made it a government initiative.

2. High set-up costs. Because Access Centres have to be located in high-profile locations with available parking, they are often expensive. Other cost considerations include outfitting the office and ensuring it is accessible by handicapped clients. Access Centres are often built to meet specific requirements.

3. Internal politics. As each office houses staff from various ministries, conflicting administrative and management policies have to be addressed.

4. Staff have to be cross-trained to provide information and customer service.

5. Technology - Information systems have to be in place to provide staff with access to ministry information.

The Government Agents Branch was the first recipient of B.C. Tel's Quality Service Award.

III Outcomes

Client satisfaction is high. Government agents are knowledgable and provide information and advice on various government services to the public.

Operating costs are reduced due to pooling of resources and sharing of space. In some rural communities, when ministry offices close, government services continue to be provided as some ministry staff are transferred to a Government Agents office or Access Centre.

Enquiry B.C. Program — Toll-Free Information Referral Service
Ministry of Government Services, British Columbia

I   Origin

In 1990, the Task Force on Improved Service to the Public and the Service Quality B.C. Secretariat travelled throughout the province of British Columbia consulting with regional line staff and managers on service quality issues.

The top two recommendations of the Service Quality B.C. Business Plan were to (1) implement a toll-free telephone information line to provide access to government information; and (2) a program guide to Government.

The Enquiry Centre was established in July 1991.

II Description

Mandate
The major objective of Enquiry B.C. is to provide equal access to current and reliable provincial government information for all B.C. residents.

The Enquiry Centre is managed by one ministry staff. The toll-free referral service is operated under contract in Vancouver.

Clients
Citizens.

Services
The Enquiry B.C. toll-free information referral service operates from 7:00 a.m. to 7:00 p.m. on weekdays, and from 9:00 a.m. to 5:00 p.m. on Saturdays. The Centre utilizes a computerized database to answer general enquiries and provide information referrals.

III Outcomes

Call volumes doubled in the first year of operation from 15,489 calls in July 1991 to 33,062 in July 1992. Call volumes continue to increase in the following years. In June 1995, call volumes reached 84,523.

In January 1995, a direct customer survey was conducted to obtain feedback from customers of Enquiry B.C. 86% of those surveyed were very satisfied with the service they received at their first point of contact with the government (Enquiry B.C.). A majority of callers completed their enquiry/business with a single, correct ministry transfer. The information and referral service saves staff time across all ministries.

Future directions include developing a new 900 service for B.C. residents to place a call to change their address with multiple government programs.

B.C. Online — A User-Pay, Electronic On-Line Information Service
British Columbia Systems Corporation

I   Origin

B.C. OnLine is a user-pay government information enterprise that provides
government information to private and public sectors. B.C. OnLine is
operated by the B.C. Systems Corporation (a crown corporation) in
partnership with the provincial government. B.C. OnLine was set up in 1989
to leverage government's huge investment in information technologies to
improve service, lower costs and create revenues.

II   Description

Mandate
B.C. OnLine acts as an information broker for ministries and entities. B.C.
OnLine provides an electronic mechanism and support services for ministries
to electronically retail information. B.C. OnLine offers extended access to
government registry data at the convenience of the user. It is accessible from
anywhere in the province via a local phone line, computer and modem.

B.C. OnLine operates without subsidy from government. It serves over
15,000 users in over 5,000 law practices, banks, real estate offices and other
businesses in British Columbia.

Clients
General business, lawyers, financial institutions, automobile and equipment
dealers, realtors, accountants, notaries, title search agents, and all levels of
government.

Services
Provide information on: Land Titles Registry, Corporate Registry, Personal
Property Registry, B.C. Assessment Authority database, Rural Property Tax
database, Ministry of Finance and Corporate Relations taxation bulletins,
updates to Land Title Practice Manual.

B.C. OnLine also provides a toll-free number for technical assistance (8 am to
8 pm Mondays to Saturdays).

Clients are charged per search and registration. The price for each
transaction is determined by the database owner. B.C. OnLine collects the fee
and retains a set portion to defray its own costs and remits the remainder to
the owner's account.

Charges for use of B.C. OnLine is managed through a B.C. OnLine Deposit Account. Clients replenish their deposit accounts using the Electronic Funds transfer option, or by paying at any B.C. Land Title office, Government Agents Branch or Personal Property Assessment Authority office.

III Outcomes

As B.C. OnLine is a pay-per-use service, it is the least expensive way to purchase government information. One of the advantages of a user-pay model is that it eliminates cross-subsidy between programs. With more clients serving themselves electronically, it also reduces the overhead costs for counter service by government staff.

In 1992/93, its gross revenues were over $32 million on a volume of about 4.2 million transactions.

Its customer base has grown by 10% to 15% per year since its inception. In the last customer survey, 85% of the users were either very satisfied or satisfied with B.C. OnLine.

Success factors:
1. The type of information that is provided on B.C. OnLine is based on measured demand.

2. Existing infrastructure — The information is already stored in databases running on B.C. System's mainframes.

3. As a crown corporation, B.C. Systems has the flexibility to create and manage the information enterprise.

4. Co-operation and mutual support for an alternative service delivery model by ministries. This collaboration has led to a strong partnership between B.C. Systems and government "data-owners".

5. A two-tiered pricing policy structure was established at the outset by the government. A price differential of one or two dollars was established between electronic and counter service.

Service New Brunswick, New Brunswick Department of Finance — Management Services Division

I   Origin

In the fall of 1991, the New Brunswick Ministry of Finance began a consultative process in order to find ways of delivering government services in an

environment of fiscal restraint. Tax-payers indicated that they wanted a smaller, more accessible, and user-friendly government. In the same year, a study on service delivery in the province revealed that the New Brunswick government had 890 different service points in 195 communities. The inefficiencies in terms of convenience and cost of this type of service delivery arrangement became very clear. The Management Services Division of the Ministry of Finance decided that the citizens' desire for more accessible service, the environment of fiscal restraint, and the potential of new information management technology, made the fall of 1991 an opportune time to begin planning two "one-stop shopping" centres.

II Description

Mandate
Service New Brunswick centres are designed to act as testing grounds for an alternative way of delivering more accessible services to citizens while using the same or fewer resources.

Clients
Members of the public.

Services
The Service New Brunswick centres provide 50 services, representative of 16 government departments, under one roof and behind a single counter. Members of the public can pay taxes and fees, obtain licences, permits, and products, pay utility bills, and receive information about government services.

Services are provided by cross-trained staff members who have been seconded from government departments. All staff members participated in an extensive training program that emphasized customer service. Staff members are expected to take ownership of citizen inquiries, and are able to do so through powerful personal computers linked to several government databases.

Outcomes
Providing 50 different services from 16 government departments at one common office was a tremendous challenge for the Management Services Division of the Ministry of Finance. Extensive consultation with Deputy Ministers, senior managers, and staff was required to determine whether departments would allow "their" services to be delivered by somebody else. The determination of costs associated with the operation of the centre, the implementation of proper accounting controls and information technology, the recruitment and training of staff, and a high tolerance for risk-taking were all cited as crucial factors in the success of the project. Rules (legislation and departmental) were considered to be the primary barrier to the implementation of the project. For example, in some cases, there is legislation that prohibits the exchange of client information between departments.

Service New Brunswick centres are committed to continuous improvement. The measurement of such things as types of transactions, waiting times, and demand for new services, provides management with valuable information. Client feedback suggests that citizens are pleased with the accessibility of services, the depth of staff knowledge, and the customer-oriented approach to service delivery.

Although Service New Brunswick centres are presently delivering services of the provincial government only, the possibility of delivering federal, municipal, and selected private sector services in the future is not being ruled out. The franchising of certain government services to the private sector (along the franchising model of Canada Post services) is also being contemplated for the future.

Access Ontario
Management Board of Cabinet

I   Origin

Access Ontario centres were established throughout the province in 1983. They are operated by the Management Board of Cabinet.

II   Description

Mandate
Access Ontario centres are designed to provide accessible information about provincial government laws, programs, and services.

Clients
Citizens.

Services
The centres, which are described as "windows on the Ontario government," provide information and referral services to the public. They also provide a few very basic services such as the selling of fishing licenses.

The centres are well stocked with pamphlets about government programs that are available to the public free of charge. They also sell some of the most popular government publications.

The centres are a very modest form of "one-stop shopping." Information about client accounts or applications to government programs cannot be obtained here. Instead, staff members refer citizens to government offices where licences, application forms, and other forms can be obtained.

However, to assist citizens in making contact with the appropriate government department, phone lines that connect citizens with individual departments can be used at the centre. Access Ontario also offers a telephone inquiry service.

III Outcomes

The centres have now been operating for 12 years. Client feedback has been positive during this time.

**Self-Service Kiosk Pilot Project,
Ontario Ministry of Transportation**

I Origin

The Self-Service Kiosk Pilot Project was a response by the Safety and Regulation Division of the Ontario Ministry of Transportation to both budget cuts and demands for better customer service.

II Description

The pilot project, begun in 1993, is based on self-service technology similar to automated banking machines. Eight ServiceOntario kiosks were originally set up at readily accessible locations across the province, usually shopping centres. The project has since been extended. The Safety and Regulation Division is currently approximately a third of the way through full implementation of a network of 60 kiosks.

Mandate
ServiceOntario kiosks are designed to improve access to selected services provided by the Ministry of Transportation.

Clients
The kiosk project is focused on urban (as opposed to rural) clients. The Safety and Regulation Division has found that it is difficult to segregate its clients in any other way.

Services
In the pilot stage, ServiceOntario kiosks dispensed vehicle stickers and allowed users to conduct driver, vehicle and carrier record searches, to record address changes and to pay certain fines. The kiosks accepted payment by credit card.

The scope of the project has now been expanded to allow users to order license plates and to make payments using both credit and debit cards. In addition, the Ministry of Transport has recently established partnerships with

(1) the Ministry of Consumer and Commercial Relations, to provide used vehicle packages through the ServiceOntario kiosks; and (2) with Metropolitan Toronto and Ottawa-Carleton to permit kiosk users to pay municipal fines.

III Outcomes

Over 60,000 transactions were completed at ServiceOntario kiosks during the first eleven months of the project. This represented over $2.5 million in gross revenues. An estimated 10-15% of the kind of services offered through the kiosks is now handled through the self-service format. The Safety and Regulation Division has determined, based on its analysis of client usage patterns, that there is little room for this figure to grow.

The main advantage of the self-service kiosk is that it allows clients greater freedom. Over half of ServiceOntario transactions presently occur outside regular office hours (up from a third in 1993), and a quarter on weekends. The Safety and Regulation Division conducts periodic surveys of users to measure client satisfaction. Recent surveys show that:

94% of users would use the kiosk service again;
87% felt the kiosk saved time;
95% would like the ServiceOntario kiosk service to continue;
78% found the kiosk's location convenient;
87% found the kiosk experience enjoyable; and
87% found the kiosk easy to use.

The ServiceOntario kiosk project is considered to be a testing ground for developing an overall strategy for self-service, general public access to provincial government services.

Canada (Municipalities)

Accès Montréal Offices
City of Montreal

I   Origin

In the 1980's, the administration of the City of Montreal committed itself to a decentralized approach to the delivery of services. It wanted to respond to the different needs of an increasingly diversified and demanding clientele, particularly in the business community. The most concrete expression of the administration's commitment to deconcentration and decentralization has been the establishment of thirteen Accès Montréal offices. Since 1987, thirteen of these one-stop service counters have been created.

II Description

Mandate
The Accès Montréal offices provide citizens with a broad range of information and services at one outlet. They are intended to save citizens repeated trips to several different departments.

Clients
The services of the Accès Montréal offices are available to all citizens of Montreal. However, in recognition of the different needs of their diverse clientele, they provide some additional services to members of the business community.

Services
Accès Montréal offices act as clearing houses of information for the full range of municipal services, and also serve as contact points from which requests from citizens can be forwarded to the various municipal departments. However, these offices also allow citizens to perform some transactions with the city such as the payment of fines and taxes, requests for permits and licenses, and the registration of births. In addition, the bureaus fulfill a consultation role by recording feedback from citizens and sharing it with committees of elected officials.

To promote accessibility, the Accès Montréal offices are distributed throughout the city and are situated on main roads in the heart of their neighbourhoods. Each office is staffed by social communications officers who share a customer orientation. Through the use of computers that allow them to communicate with databases on municipal services, 100 staff members at 13 different offices offer personalized services to citizens. A fourteenth Accès Montréal office has been established that is specifically designed to handle telephone requests from citizens.

III Outcomes

Prior to the establishment of the Accès Montréal offices, government information and services were available only at City Hall. Making them available at one-stop service counters throughout the city required not only a new approach to information management and front- line services, but also the cooperation of administrators from several departments who released information, granted access to citizen's files, and delegated portions of their operations to the Accès Montréal offices.

The Accès Montréal initiative has resulted in an enhanced flow of corporate information between departments and greater accessibility of government information and services to the citizens of Montreal. In 1989, more than 300,000 people approached Accès Montréal offices for information and

services, and that number has been growing ever since. In addition, private associations and community groups are reported to be pleased with the service that Accès Montréal is providing to their members. As a further service to the public, the inclusion of municipal politician's offices is now being considered. However, due to the high costs of the office sites, the future of the Accès Montréal centres is in doubt.

The Accès Montréal initiative won the Gold Award in the 1990 IPAC Innovative Management Competition.

Ottawa-Carleton Entrepreneurial Centre
City of Ottawa-Carleton

I   Origin

The opening of the Ottawa-Carleton Entrepreneurship Centre, in July 1992, reflected recognition of the important role the small business sector has played in recent years in growth in the regional and national economies and in the creation of employment opportunities. It also represented an effort to consolidate, expand and rationalize a hodgepodge of local programmes and services offered up until that time by the Ontario Ministry of Economic Development and Trade's Small Business Self-Help Office and the City of Ottawa's Small Business Development Centre.

II   Description

The OCEC is a programme of the Ottawa-Carleton Economic Development Corporation, the private, not-for-profit economic development arm of the Regional Municipality of Ottawa-Carleton. It offers a one-stop shop for new and expanding small businesses in the region. The OCEC office is small, with 3 to 5 employee consultants.

The OCEC is a partnership between the regional and provincial governments and the private sector. Funding and sponsorship come from the OCEDC and its 450 corporate members, the Regional Municipality of Ottawa-Carleton as well as the Ontario Ministry of Economic Development and Trade.

The OCEC is presently preparing to expand its role through a joint project with the federal government's Canada-Ontario Business Service Centre network.

Mandate
The OCEC assists entrepreneurs in achieving business success by providing timely, practical advice and guidance on business-related topics.

Clients
New and expanding small businesses in the Ottawa-Carleton region.

Services
The OCEC offers a wide range of services to its clients, including:

- a telephone service (e.g. to find out about relevant business regulations);
- a community outreach programme;
- a walk-in resource centre;
- electronic self-help;
- workshops and seminars on business-related topics (e.g. on starting or expanding a business, writing a business plan, operating regulations, sources of financial assistance, franchise opportunities, patent, trade-mark, copyright and industrial design issues and taxation);
- one-on-one consulting; and
- a mentoring programme.

The OCEC is also one of 15 sites for an Ontario government pilot project, Ontario Business Registration Acccess, which allows clients to conduct company name searches, register company names and register for provincial corporate and employer health taxes through a computer terminal.

III Outcomes

The OCEC conducts monthly telephone surveys of clients who visited six months previous (e.g. did you start up your business? how much money have you invested? how many jobs have been created?).

Approximately 38,000 client contacts were initiated in the OCEC's first full year of operation (1993) and over 40,000 in 1994. The number is expected to jump to over 60,000 in 1995 as a result of downsizing in the federal government.

The OCEC claims that it had a role in over 650 business start-ups in Ottawa-Carleton last year, 11,000 jobs and $20-million in sales.

Denmark

Inquiry Offices

In the late 1980's, municipal or local governments began to set up simple reception/inquiry offices.

The objective was to improve and simplify the services offered by the municipalities, but also to make information more readily available to citizens.

The main function was information provision, especially related to welfare and tax administration and employment (e.g. directing citizens to the appropriate government office, providing forms and pamphlets). However, staff were authorized to make decisions and take action in a few basic matters.

By 1990, these kinds of offices existed in approximately 30 munipalities.

Service Phones

Service phones in Denmark are a recent development that provide information to individual clients and help marshal them through the bureaucracy.

Service phones operate on a department-by-department basis — i.e. dedicated to a specific area of local government administration.

Finland

In the early 1980's, the national and local governments of Finland began an initiative to strengthen the customer service orientation of public management in Finland. Between 1986 and 1988, they undertook a campaign called Better Public Service. At the end of the campaign, a service declaration was issued in which the governments and public servants of Finland committed themselves to making the administration more service-minded. Since this time, several initiatives that involve the clustering of services to clients have been introduced.

One-Stop Shops

In 1989, a Ministry of Finance working group was established to discover how the largest possible number of client needs could be met at a single service point. The establishment of multi-sector service units, or one-stop shops, was seen by the Finnish government as a means of improving the efficiency and quality of client service.

After several years of pilot projects, a law was passed in 1993 that promotes the development of multi-sector service units. The law gives individual departments in the Finnish government the freedom to agree among themselves which services lend themselves to a common service delivery point, and to decide on the allocation of costs and the sharing of resources.

Under the leadership of the Ministry of the Interior and the Finnish Association of Local Authorities, twenty one-stop shops have been established.

Citizen's Handbook

As part of their commitment to making the administration of public services more service- minded, the national and local governments of Finland wanted

to provide citizens with one place in which they could receive information about all of Finland's public services. In 1992, they published a guide to public services called the Citizen's Handbook.

The Handbook provides citizens with a brief description of public services, entitlements, programs, and administrative routines. It also performs a referral function by providing citizens with information about which organization should be their first point of contact when they have a particular problem. The Handbook is organized from a client perspective in that public services are described on the basis of situations in which citizens generally need access to government programs (who should I turn to when I am seeking employment?, what are my rights and duties when I have a child?, etc.). The Handbook is also available in an electronic form through publicly-accessible data networks and as a diskette for use in personal computers.

Client response to the Citizen's Handbook has been very positive. The first printing of 20 000 copies has sold out, and 15 000 copies of a revised edition have recently been printed.

Italy

Municipalities' "Inform" Systems

A number of municipalities (such as Arrestso, Palma, Bologna) have set up "access to information" windows which provide information on all public bodies in their area. In the past, public bodies have had their own, usually ad hoc strategies for dealing with the public. This includes information related to the healthcare system, social security and regional and municipal government programmes and services.

It is also possible for users to receive personalized information. For example, they may receive information regarding decisions about their eligibility for government grants, etc.

Milano Chamber of Commerce

In Italy, chambers of commerce are public bodies and typically play an important role in regulating business.

The Chamber of Commerce in Milan has recently undertaken a project to set up "multiple- windows" near government services and offices that its clients, namely the business community, deal closely with — in particular, the windows have been set up near court/tribunal offices and social security offices.

The rationale is to reduce transaction costs for business.

Ireland

Until very recently, Social Welfare Services (SWS) in Ireland was reputed for the poor service it provided to its clients. Its clients, who receive payments covering retirement, sickness, child, and family benefits, described SWS as "slow, cumbersome, inaccurate, remote, and uncaring." As part of a comprehensive initiative to improve both its service to clients and its internal operations, SWS introduced two initiatives that involve the clustering of services for its clients.

Localization Project

This initiative was designed to ensure that all aspects of every type of claim could be handled at any one of their 200 offices. Under localization, all information on the client and their family would be available at every office, thereby making every desk the "right desk." Rather than telling recipients which office they must visit to receive the required service, SWS now allows clients to choose the office whose location is most convenient for them. Furthermore, since clients can receive all of their services at this one location, they are no longer required to shuttle back and forth between offices.

Social Welfare Services Cards

SWS also issued magnetic stripe cards to its clients. These cards act as basic forms of identification and allow the client's personal data to be accessed from the database. These cards assist in the detection of fraud and abuse, but are also used as a means of providing a cluster of services related to the operations of SWS. For example, Health Boards and Manpower Training Programs use the same cards to access information about clients whom they share with SWS. SWS is also encouraging other departments to layer their products and services on the card. The department suggests that the entire adult population will soon have a common card, and believes that this will attract investment by commercial firms who will want to use the cards for a variety of purposes.

New Zealand

Link Centres
Department of Internal Affairs

In 1992, 17 Link Centres were established in the regional offices of the Department of Internal Affairs. These centres provide a range of information and some services for clients of about 18 different departments and agencies. Participating departments include the Ministry of Consumer Affairs, the Ministry of the Environment, Statistics New Zealand, the Ministry of Youth Affairs, and the Privacy Commissioner.

Most of the agencies involved in the innovation are small and do not have their own network of regional offices. In addition, many of the agencies are policy-oriented rather than delivery-oriented. Therefore, the Link Centres allow these agencies to provide information and some services in areas where they otherwise would not have a physical presence.

Most of the actual services provided at the Link Centres fall under the responsibility of the Department of Internal Affairs (passport and citizenship services, the provision of official, legal, and historical publications, translation services, community grants, etc.). The Centres are primarily funded by the Department of Internal Services, although some of the costs are off-set by the contributions of clients, and in one case, a Link Centre operates in conjunction with a local authority.

"Government Within Reach"

Another example of the New Zealand government's attempt to make services more accessible to citizens is the "Government Within Reach" project. It is an interdepartmental venture that involves the compilation of information about a list of government agencies that will appear at the front of telephone books. Currently, government agencies are listed alphabetically in telephone books. This initiative is designed to make it easier for citizens to find out what government department they should contact and how to do so.

United States

"One-Stop Office Away from Home"
U.S. Commercial Centres

I   Origin

U.S. Commercial Centres are created through the Jobs Through Exports Act of 1992 to aid the promotion of U.S. exports to "Big Emerging Markets". The first U.S. commercial centre was set up in Sao Paulo, Brazil in 1994. On November 14, 1994, President Clinton, during the Asia Pacific Economic Cooperation (APEC) meeting, opened the second U.S. Commercial Centre in Jakarta, Indonesia. U.S. Commercial Centres symbolize a new commercial partnership between U.S. and businesses in emerging overseas markets.

II   Description

U.S. Commercial Centres provide a one-stop, highly-visible "office away from home" facility to help U.S. companies seeking trade opportunities in the host country and its surrounding regions. These centres grew out of co-operation between public and private sectors and co-ordination of various government agencies.

Mandate

The objective of U.S. Commercial Centres is to facilitate trade and commercial ties with these countries by assisting U.S. businesses familiarize themselves with industries, markets, and customs of host countries.

Clients

U.S. businesses interested in establishing exports and trade in emerging markets overseas.

Services

Information: Commercial law and related trade and export information.

Services: language translation and clerical services, facilitation of contacts between buyers, sellers, bankers, and government officials, co-ordination of trade missions and assistance with applications, contracts and clearances, counselling to identify potential agents and/or distributors.

Facilities: a commercial library, trade promotion and exhibition facilities, temporary office space, conference rooms, and computer facilities.

These Centres are located in attractive and highly visible locations. For example, the centre in Jakarta is housed in the World Trade Centre complex in Jakarta's main commercial district.

III Outcomes

Since the opening of the Centre in Sao Paulo, over 2,100 visitors have participated in trade events.

On a daily basis, the Centre receives an average of 12 visitors, 300 phone enquiries and over 20 faxed inquiries and letters.

Its success may be attributed to an active marketing and public relations program — information on the Centre is disseminated to "business" hotels and in-flight magazines in carriers serving host countries.

Another Centre is scheduled to open in Shanghai, China in the near future.

Quickcourt System
Arizona Supreme Court

I   Origin

Over two million court cases are filed annually in Arizona courts. Many litigants represent themselves in court but are often unfamiliar with court procedures. QuickCourt was launched in 1993 by the Supreme Court of

Arizona to assist citizens handle common legal matters without an attorney. The concept of using technology to access court actions came from a pilot project conducted in Colorado.

II Description

QuickCourt is an interactive computer system which uses a touch-screen format that allows users to access legal services and procedures. These services are free and are offered in English and Spanish. QuickCourt kiosks are located in courthouses in Scottsdale, Mesa in Maricopa County and Tucson in Pima County.

QuickCourt system was developed with a software grant from the State Justice Institute and hardware grant from the three courts.

Mandate
To inform citizens about the state judicial system and to make it more responsive to the needs of the community.

Clients
Citizens — litigants

Services
QuickCourt provides information on legal services and procedures. QuickCourt also guides users through alternative ways of resolving disputes. It can also produce complete legal documents for court proceedings such as landlord-tenant disputes, small claims and divorce.

III Outcomes

In mid-1994, 23,500 QuickCourt transactions had been recorded. About 3,000 transactions produced eviction notices or divorce forms that could be filed in court.

80% of the users surveyed found the system easy to use and would recommend it to others. QuickCourt helped those who are least able to afford an attorney to access the courts.

QuickCourt also helped to standardize forms.

The state is currently exploring partnerships with the private sector to expand the system in other counties.

Info/Cal — Self-Service Automated Information Kiosks
California Health and Welfare Data Agency (H.W.D.A.)

I   Origin

In 1993, the Info/Cal pilot project was set up through the Advanced
Technology Agreement between California state, the IBM Corporation and
the Health and Welfare Data Agency (H.W.D.A.) at an initial cost of
$1 million. The Info/Cal automated information kiosk was developed to
eliminate public perception of governmental fragmentation. Info/Cal provides
a single point of contact for information about a range of government services
using computer technology.

II   Description

Info/Cal information kiosks are similar to automated bank machines.
Individuals access information and services using computer menu options and
a "touch-screen" format. The kiosks are set up in public places (e.g. malls,
libraries, grocery stores) to provide easy access to government information
and services 24 hours a day. Although the pilot project kiosks were set up in
English and Spanish, the system could be programmed in many languages to
meet the diverse multi-cultural needs of the community. Info/Cal information
kiosks provide access to 90 kinds of information which are provided by
30 government agencies.

Mandate
To provide custom-tailored, cost-effective delivery of information and services
to a multi-lingual, ethnically-diverse population in California.

Clients
Citizens.

Services
Information on government services ranging from employment and welfare
to transportation, health care, and education.

Citizens can also order birth certificates and register automobiles using Info/Cal.

New services can be added on to the Info/Cal system to serve the needs of
the local community. Info/Cal is funded by government agencies who wish to
provide their services via Info/Cal. Funds are redirected from savings using
Info/Cal or through service charges and user fees.

III Outcomes

By the time H.W.D.A. won the Innovations in State and Local Government
Award in 1993, 15 pilot kiosks were set up in two counties serving 20,000

users per month. In a customer satisfaction survey, 75% of those surveyed found Info/Cal easy to use; 51% said that it saved them a phone call, letter and trip to the government office.

Based on the success of the pilot project, H.W.D.A. plans to expand Info/Cal kiosks state- wide. Info/Cal generated cooperation among different jurisdiction in California. According to program managers, state and local agencies are competing to be the first to introduce kiosks in their communities. Other states like Oregon, Washington, Texas, Colorado, Wisconsin and New York City have expressed interest in adapting the Info/Cal system.

Success factors:
1. Info/Cal was developed based on two earlier public access systems (Tulare Touch & Hawaii Access) which provided access to limited information.

2. There was a state-wide perspective to improving service without the encumbrance of turf issues because H.W.D.A. has already been set up to provide computer and network services to other state agencies. H.W.D.A. received support and enthusiasm because it was authorized by legislation in 1988 to self-fund research and development projects.

3. It is a self-financed project as it relies on the shared investment across all levels of government to create public satisfaction for government services.

4. To minimize strain between project managers and line-agencies, a steering committee made up of public information officers who represented a broad range of government services was set up. They focused on practical service needs of both government and public.

H.W.D.A. was one of the winners of the Innovations in State and Local Government Awards Program in 1993.

One-Stop Career Centres
Iowa Workforce Development

I   Origin

In the 1980's, two major sectors of Iowa's economy — agriculture and heavy equipment manufacturing were devastated by the recession. Various economic development and training programs were established to aid the state recover from the recession and to diversify its economy.

Iowa recognized that in order to meet the challenges in a rapidly changing environment and ensure long-term economic independence for its state, its

labour force must become more flexible and highly skilled. Greater collaboration among state agencies, departments and local government was needed to ensure a more integrated work force development system for the state.

II Description

Since 1991, the State of Iowa has been building toward a system of local, multi-program workforce development centres to provide a seamless delivery of services and information to all its citizens. To accomplish this goal, the Departments of Economic Development, Education, Elder Affairs, Employment Services, Human Rights and Human Services collaborated to establish a network of highly visible, well-publicized work force development centres in 16 regions throughout the state. Five work force development centres will be set up in 1995, two centres in 1996 and nine centres in 1997. Satellite centres and itinerant offices will also be set up in all 99 counties over the next three years.

Guiding principles of the work force development system are:
– universality
– customer choice
– integration (inter-governmental, multi-departmental approach)
– performance driven, outcome-based measures

Each of the 16 service delivery areas would provide a range of core services. Additional services are designed to meet local needs.

Mandate
To provide seamless delivery of services and information to citizens as part of long-term economic development for Iowa.

Clients
Citizens, i.e. job seekers and employers (government, business and industry)

Services
Services for Job Seekers — Information on labour market, demand occupations, availability and quality of education and training programs, career information and guidance counselling, job placement and development, basic assessment & testing, job finding assistance, and application for core employment and training programs.

Core Employment & Training Programs: JTPA Title III Dislocated Worker Program, Employment Services, Veterans Employment Services, JTPA Title II Program, Senior Community Service Employment, Unemployment Insurance Program, Food Stamps Employment & Training Program (where available), PROMISE JOBS, & Vocational Rehabilitation.

Services for Business and Industry — Training needs analysis, applicant skills assessment, access to customized training, technical assistance in training and work processes/organization.

Access service delivery points :
1. Work force development centres (16 service delivery areas)
2. Satellite and itinerant offices in 99 counties
3. Kiosks (at libraries, malls)
4. Toll-free telephone numbers
5. Access to information through statewide communications network connecting secondary and post-secondary schools and other sites.

Critical issues addressed in the development of these centres are:
– Lease arrangements and cost of lease buy-outs
– Site selection for work force development centres
– Integration and co-ordination of diverse staff into work development centres
– Cost allocation of shared service costs
– Multiple information and communication systems
– Different administration for different programs at state and local levels
– Variety of federal, state, and local policies and regulations

III Outcomes

Factors which would contribute to its success are :

1. Previous experience in delivering inter-agency services helped to minimize turf issues.

2. A sense of shared responsibility and agreement from all partners in the work force development system.

3. Universality and customer choice are assured through multiple access delivery points (work force development centres, satellite and itinerant offices and kiosks).

4. Iowa's state-owned fibre-optics network will further assure quality and universality of services.

5. Considerable local flexibility to expand beyond required programs and services.

6. Performance measures have been identified to assist work force development centres in preparing local implementation plans (e.g. labour market outcomes, learning outcomes and customer satisfaction).

Vendor Information Program — Electronic On-Line Services
Oregon Department of Administrative Services

I   Origin

In the 1990's, Oregon's Department of Administrative Services recognized that the state's central procurement system was facing difficulties. The state's cost of doing business was projected to increase by 24% over five years due to rising costs. There was also a negative perception of the procurement system by the business community.

The Vendor Information Program (V.I.P.) was conceived as part of a strategic plan to provide effective, efficient and equitable services and restore confidence in the state's bidding system. In 1992, the state of Oregon set up an electronic on-line service for state-wide bid opportunities. The Department wanted to automate the purchasing department fully in 5 years. V.I.P. offered one-stop shopping for all public contracting in Oregon. V.I.P. was used as a tool to transform staff from paper processors to marketing and procurement professionals. V.I.P. was launched at a cost of $400,000.

II   Description

Private vendors have access to information on government contracting in Oregon via a computer and modem in their own premises (24 hours/day, seven days/week) or at one of the 120 procurement centres around the state.

Mandate
To provide universal and timely access to information on state contracts to improve fairness of the state procurement system and broaden opportunities for small and minority-owned businesses in the States.

Clients
Businesses and private vendors

Services
Core Information : View and download historical and current bid information, state contracts, past bidding and contract prices and standard contract terms and conditions.

III Outcomes

By mid-1993, the increase in competition drove down the cost of goods and services, saving taxpayers more than $17 million in purchasing costs. The state also saved $60,000 in paper and postage and $500,000 in personnel costs.

Vendor participation increased by 50%. By fall 1993, 30,000 firms were involved (30% of the state's registered vendors).

In a vendor survey in 1993, 91% of the vendors reported that V.I.P. improved their access to current and historical bid information. 74% said that V.I.P. displayed opportunities of which they were unaware and 93% endorsed the expansion of V.I.P. to include local government bids.

Less tangible outcomes of a "transparent" process include improved public perception of an open and fair government and restoration of public trust.

Success factors:
1. There was universal buy-in to the program before the proposal was written. Buy-in to the program from legislators, leaders of state agencies, key professional and trade group representatives in the private sector was critical to ensure support and commitment for the program.

2. An advisory committee of business and government leaders was set up to guide the process through development and implementation phase. The Department of Administrative Services crafted an information campaign to convince the vendor community of the benefits.

3. Staff were committed to the program because they were involved in planning and setting up the system.

The Department of Administrative Services was one of the winners in the Innovations in the State and Local Government Awards Program in 1993.

One-Stop Permit Centres
Los Angeles

I   Origin

Most counties and cities in Los Angeles have consolidated their land development and construction permit services at a centralized location. It was felt that separating the development processing and permit issuing functions within departments will diminish communication between these operating units and cause inefficiencies. Consolidation of these related services and functions under one roof would not only increase convenience for the public but would also ensure consistency and compliance with State laws.

II   Description

Mandate
One-stop permit centres provide convenient access to information and services for development and construction in a centralized location.

Departments such as Public Works, Community Development, and Public Safety are consolidated in one location. These centres are aimed at providing consistent interpretations of laws and regulations, improving co-ordination and communication and streamlined procedures.

Clients
Developers and local citizens.

Services
Information and procedures for land development and construction in the county or city, permit history on land.

The Centres process applications for and issuance of permits or licences for development and construction.

III Outcomes

Some of the main issues that were addressed in the development of these centres include consolidation of management information systems, legislative changes, process streamlining, clear definition of roles and responsibilities, cross-training of staff (service management, case management). There is also a need to continually evaluate performance via regular meetings with facility managers, obtaining customer feedback on counter service and revising performance.

Other Countries

Mexico

Modernization Program for Micro, Small, and Medium Industries

In 1988, the Commerce and Industrial Development Secretariat adopted a "single window" concept to facilitate the development and modernization of the microindustry. This program has since expanded to include small and medium industries as well as the crafts sector.

The NAFIN-DDF Centre was set up in 1992 to provide a range of services for small, medium and crafts industries in Mexico. Services include financial supports, international commerce promotion, training and technical assistance, financial support for the "middleman" and other related services.

Malaysia

One-Stop Centres

Malaysia has set up three types of one-stop centres to serve citizens, investors and foreigners. The centres include:
(i) One-stop bill-payment centres where citizens pay their government bills.
(ii) One-stop investment centres to provide information to visitors and investors on investment opportunities, facilitate licensing applications and all project-related procedures.
(iii)One-stop service centres where a range of service stamps are made available for purchase and recovery.

Kuwait

Public Service Facility Centres

A Committee on Administration and Citizen Complaints was established to conduct research on the quality of public services in Kuwait. Based on its findings, the committee proposed the development of Public Service Facility Centres. These centres would provide citizens with a range of services (public and non-public) in the most-economical and simplified manner using the most advanced technology available. This project is considered as one of the major projects adopted by the state of Kuwait. Expected outcomes are: improved quality of services and client satisfaction; efficient use of resources (time, money and staff); additional revenue for government through user fees, and increased staff productivity and morale.

Critical factors considered are:

1. A full range of services offered through one centre
– partnerships among ministries and government bodies
– compatibility of information systems
– staff training and empowerment

2. Maximum benefit for lowest cost (for both citizens and state)
– in the long run, co-operation with the private sector may take the form of shared expenses or privatization

3. Evaluation of performance

4. Service management
– equity
– accessibility
– appearance of the facility
– customer service

5. Commitment to quality
– setting up a reward system

6. Organizational structure and administrative procedures to reflect the new culture

7. Use of technology

8. Flexibility in design to allow for modifications and changes in service and delivery

Sweden

Citizens' Offices

In Sweden, experiments with delivering "clusters" of services have taken the form of offices which provide a range of services to citizens. The first office was opened in 1987, and there are now fifteen of them operating in Sweden. It is uncertain whether the citizens' office concept, which is currently being evaluated, will see any expansion in the future.

Part IV: Summaries of Innovations from the Private Sector

Since the services delivered by private sector organizations are rarely as wide-ranging as those delivered by government, there are fewer relevant e x a m p l e s of service "clustering" from the private sector. However, one area in which there has been a lot of progress, and which is relevant to the clustering of government services, is the case management approach to serving clients.

Case Management
IBM Credit Corporation

IBM Credit Corporation is responsible for the approval of computer, software, and services financing. This process used to involve seven business functions. The turnaround time for quotes was six days on average (and up to two weeks in some cases). This meant that the customer could call off the deal, look for a competitive brand, or find another source of financing.

IBM Credit has since moved to a case management approach for its quote generation process. A case manager (a generalist) processes the entire application from beginning to end. Referrals to specialists (experts in credit checking, pricing, etc.) are done only in complicated deals. IBM Credit Corporation also developed a new computer system to support and guide the case managers through the whole process.

The company saw a dramatic performance breakthrough by making a radical change to the credit issuance process as a whole. Productivity increased — the number of deals handled increased a 100-fold. Generating a quote now takes only six hours.

IBM Credit hopes to move case management closer to the customer. The next step would be to move the quote generation function to the IBM field sales-person. This would allow the salesperson to provide quotes to the customer directly. Eventually, the case mangement role may be moved to the customer. Information technology will play a major role in moving this process forward.

Turning customers into case managers will significantly alter customer relationships and create a new organizational form. Implementation issues such as the breadth of the case management role, control, and decision rights will have to be addressed at the outset.

Case Management
Mutual Benefits Life, New Jersey

The process of underwriting and issuance of an insurance policy used to take 40 steps, 12 functions, 80 jobs, and an average of 22 days. Mutual Life Benefits was one of the first organizations to use a case management approach.

For each customer, a case manager (with the aid of two assistants) handles the whole process of approval and issuance of insurance. The case management approach has reduced the number of staff and turnaround time. The whole process takes between two to six days. This has helped to cut costs by 40%.

Human resource policies and issues were the most difficult aspects in the shift to case management. The creation of the case manager role raised many issues in terms of job classification, payment, performance measurement, and career path for staff. The personnel department did not understand the level of complexity of the case manager's role and where their careers would fit. Convincing employees that as they progressed, they would not change job titles but deal only with more challenging cases. Although Mutual Benefits Life was committed to hiring and training local, disadvantaged employees, few of the employees were able to perform the broad and complex set of case management tasks that their jobs required.

Toward a Citizen-Centred Service Culture

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Canada Post Corporation: The Service Delivery Model

Overview

Canada Post employs tens of thousands of people, delivers billions of pieces of mail annually, maintains Canada's most extensive retail network, and is one of Canada's largest commercial operations.

When Parliament gave it a monopoly to maintain universal lettermail service at a universal price, Canada Post also gained the right to provide other services related to delivering mail. It may also extend products or services to take advantage of new communications technologies.

Background

The Creation of the Canada Post Corporation
Parliament created the Canada Post Corporation (CPC) in 1978 to address a large number of service delivery problems faced by the Corporation's predecessor, the Post Office Department. The Department had a history of labour unrest, an unreliable and slow lettermail service and a deficit approaching $500 million.[1] Several studies had recommended the change, which government, labour, and postal service users expected would:

- Provide a commercial operating structure that would attract professional managers better able to manage the corporation for efficiency and financial accountability;
- Resolve labour disputes by allowing bargaining units to negotiate directly with CPC management;
- Improve postal services through greater efficiencies, better management and a committed workforce.

When you've had a monopoly for 150 years, you don't have a customer caring culture. We've got to instill a service attitude in our people.[2]
— Georges Clermont
CEO, Canada Post Corporation

Canada Post Corporation — Service Delivery Model

The Canada Post Corporation is an important service delivery model because it illustrates:
- ✔ A service-driven and client-oriented corporation,
- ✔ Corporate strategies to address historically poor labour/management relations,
- ✔ Strategic approaches to financial self-sufficiency,
- ✔ A corporation which combines monopoly privilege with competitive enterprise.

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[1] R.M. Campbell, *The Politics of the Post*, Peterborough, Broadview Press, Ontario, 1994) p. 379

[2] *Financial Post Advertising Supplement*, February 28, 1996.

The Canada Post Corporation Act was passed in 1981 with unanimous support from all parties in Parliament and labour. CPC's corporate objectives were:
- To establish and operate a postal service for collecting, transmitting and delivering messages, goods, funds and information inside Canada and internationally;
- To manufacture and provide products and services which are "necessary or incidental" to the postal service;
- To provide, to all levels of government or any person, services which can be "conveniently" provided in the course of carrying out the other objects of the Corporation.[2]

While maintaining "customary postal (lettermail) service," the Corporation would be expected to:
- Improve and extend products and services in light of developments in communications;
- Operate on a "self-sustaining financial basis" while providing an adequate standard of service and security for the mail;
- Ensuring the commitment and dedication of its employees to the Corporation's objectives;
- Maintain a "corporate identity program" that reflects CPC's role as an institution of the government.[3]

The Act gave CPC a version of the POD's monopoly on letter delivery, although not without extensive debate on the definition of "letters." It also provided exceptions to balance the competing interests of the parties involved. These included electronic communications and messages conveyed by messenger, subject to fee and weight specifications. The possibility that these privileges would contribute to unfair competition with the private sector was never challenged.[4]

A board of directors was created to direct and manage, and like most corporations, CPC was given the rights and powers of a "natural person." The definition exempted the CPC's activities from having to be described by the Act and freed the Corporation to develop new business without requiring amendments.

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[2] "The Mandate of Canada Post Corporation and Its Development" (unpublished draft paper, Canada Post Corporation, October 1995), p. 5.

[3] Ibid. pp. 5-6.

[4] Ibid. p. 7.

When a unionized workforce moves from a government department to a crown corporation, the Canada Labour Code takes over jurisdiction from the Public Service Employment Act (PSEA), and the code allows a period during which both the composition of bargaining units and collective agreements can be opened to negotiation. In the case of CPC, union pressure prevailed and such a period was not declared. All collective agreements and bargaining units were transferred, intact, to CPC for their duration.

Like all crown corporations, CPC was expected to operate commercially. However, it was still subject to political decisions and directives[5] through:
- The setting of objectives in the legislation,
- The power of appointment for the chief executive and the president,
- Postal regulation and rates authority,
- Treasury Board scrutiny and approval of the annual five-year corporate plans including operating and capital budgets.

Treasury Board can request any information, documents, reports, etc., it needs from the Corporation, and the Minister responsible can give direction to CPC management. Such direction (never used) must be tabled in the House with cost estimates.

Mandate Reviews and Strategic Direction

By mid-1985, the CPC's deficit had not shrunk enough, the movement to self-sufficiency had not occurred, lettermail service had not improved and labour relations were adversarial. To reduce costs extensively, the CPC needed to rationalize core services and engage in tough bargaining with unions. Such bargaining required ministerial support and a commitment not to interfere in the collective bargaining process. Furthermore, the unions were angry with management, which had denied them the work conditions and guarantees they had sought.

Management opted to generate revenues by developing and marketing new products (advertising, electronic mail services, etc.) rather than reduce labour and fixed costs and improve the core lettermail business. But businesses offering similar products opposed the CPC's initiatives, and complaints about lettermail service continued to pressure MPs.

A new government, elected in 1984, intervened. The minister responsible for CPC, and the Minister of Finance, rejected CPC's strategic plans and initiated a review of its mandate and corporate direction.

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5   Campbell, op. cit., p. 202.

Consequently, the CPC's president resigned and CPC ended its product diversification and revenue development strategy.[6]

The diversification strategy's failure justified government efforts to set a new vision for the Corporation. The government took control of the CPC mandate and its strategic focus through the Crown Corporations Directorate (CCD) which serves both Treasury Board and the Department of Finance.

A steering committee was created with a new CPC acting chief executive and an assistant deputy minister from the Department of Finance. Their role was to sanction change and produce new strategic directions and recommendations for cabinet consideration and approval.

CPC's new direction focused on improving Canada Post's financial condition and improving postal services. The new focus and pressure from competitive interests limited investment in new business and labour's goals were largely set aside. The new, Cabinet-approved strategic direction included:
- Restraint in wage increases;
- Rationalization of rural post offices;
- Introduction of postal franchises in urban retail outlets;
- Limited investment in new business products and services;
- Rationalization of real property and reinvestment in capital assets to increase productivity;
- Caps on letter rate increases not to exceed inflation;
- Reductions in door-to-door delivery and use of "super boxes";
- Introduction of achievable service targets for letter mail with measurement and reporting by an external auditor;
- Financial self-sufficiency by 1988–89.[7]

CPC was soon in confrontation with labour, and with Canadians affected by the rationalization of traditional postal services, particularly in rural communities and remote regions. Nonetheless, CPC prepared a corporate plan in 1986 which was approved by Treasury Board, and in 1988–89, CPC achieved its first surplus of $96 million. As CPC changed and delivered on the new strategic direction, government gave it more freedom to function independently.

CPC then requested a second mandate review in 1990. The review producing over 30 recommendations, which included continuation of CPC's exclusive privilege for lettermail except during labour strikes, and CPC's integration of appropriate developments in electronic communications into the postal system.[8]

As CPC changed and delivered on the new strategic direction, government gave it more freedom to function independently.

6   Campbell, op cit., pp. 240-241.
7   "CPC: Case Study for Second Commonwealth Top Management Program for Public Enterprises", Crown Corporations Directorate, Dept. of Finance and Treasury Board of Canada, (April 22, 1991).
8   News Release, Standing Committee on Consumer and Corporate Affairs, House of Commons, April 24, 1990.

The Current Situation

Services

CPC's real strength is its ownership of the most comprehensive delivery network in Canada. Every day, carriers, couriers and agents deliver a huge volume of private and business messages and packages to every Canadian address.

Canada Post offers three main services:
- Delivering lettermail, express letter delivery, registered mail services, courier services and electronic transmission;
- Advertising mail (addressed and unaddressed);
  In both these areas, where appropriate, CPC offers volume production services for direct mail delivery to recipients, including receipt of mailing data on electronic media, printing, sorting and distribution of mail pieces;
- Shipping services: for parcel delivery using "Regular Parcel," "XPRESSPOST" or "Priority Courier" delivery.

About half of CPC's revenues come from services offered on a competitive basis.

Today's Corporate Vision and the Strategic Approach

CPC's vision is to serve all Canadians, businesses and organizations through the secure delivery of messages, information and packages to any address in Canada or elsewhere — basically, a universal service and a uniform basic rate for letters. CPC's focus on customer satisfaction is reflected in its slogan, "In Business to Serve." Canada Post wants to encourage repeat business.

CPC's vision is to serve all Canadians, businesses and organizations through the secure delivery of messages, information and packages to any address in Canada or elsewhere.

CPC's strategic approach for this vision focuses on four delivery mechanisms:

1. **Private Sector Partnerships**

   Partnerships with the private sector are a key strategy for providing timely, secure and reliable services that customers will find accessible and cost-effective. Retail franchises, for example, can be alliances or contracted-out arrangements. CPC believes partnerships and alliances are a way to include the private sector in its delivery of services without "privatizing" by selling equity or share capital.

2. Using Technology to Improve Service and Add Value to Existing Products

CPC has embraced technology to improve service efficiency and reliability, thereby re-establishing its credibility as a reliable provider of lettermail and communications services. Believing that "you can't manage what you can't measure," CPC uses technology to enhance delivery performance through constant electronic supervision and reporting by exception. Technology drives compliance as close as possible to the top of perfomance standards by continually correcting missed commitments and deviations. CPC also uses electronic formats to deliver messages to clients who prefer electronic mail, and to improve the speed and accuracy of direct mail production and distribution services.

3. Extensive Customer Feed-back Mechanisms

The CPC uses independent surveys, focus groups and customer councils to identify what services are wanted and what the Corporation is doing right or wrong. It also continually tracks customer satisfaction to identify needed changes and to set targets for service improvements.

4. Improved Labour Relationships

CPC's operating principles assume that employee motivation and satisfaction are essential to effective customer service. Consequently, the Corporation is changing its inherited corporate culture (traditionally characterized by adversarial management-labour relationships) by reaching employees directly through training, learning, merit recognition and communications programs designed to encourage trust and openness.

Core Issues

Partnerships

Franchises

CPC sees its franchises as important and successful elements of its private-sector alliances. Typical franchise holders are local urban/suburban and rural convenience shops and drug stores that enhance their business profitability by providing postal services. Typically open long hours and located near established consumer traffic routes, they provide clients with increased access to postal service. The Corporation ensures consistency and uniformity across Canada by regularly providing its franchisees with product and pricing information. According to independent client/user opinion polls, acceptance of franchised postal services is high. Furthermore, the CPC's costs are lower than if it had to fully staff an independent operation.

Because political considerations have forced the government to halt its closing of rural postal stations, CPC has ceased to expand rural franchises.

Contracting-out

CPC uses another form of partnership to contract out payroll, security services, systems technology, warehousing, stationery and other services to obtain favourable rates for longer time periods. For example, CPC's real-estate managers contract out services ranging from cleaning to building repair and supervision, freeing them to act as contract managers who set policy and have a firm grasp of company interests.

Other Partnerships

The corporation has also bought Purolator and invested in TNT, an international courier service which now has CPC on its board of directors. These investments ensure CPC customers' access to highly competitive domestic and international courier services.

Developing Successful Partnerships

CPC considers the following aspects essential:
- The deal must be long-term to ensure that each partner can recoup necessary upfront investments.
- CPC must gain both service and net financial improvements.
- During contracting-out negotiations and the transition period, the internal staff who deliver the change-over must be kept completely informed.

Accountability

CPC hired an autonomous agency to monitor lettermail delivery using blind, random tests of the mail system and to report all performance outcomes independently, through audits that CPC uses to publish results. The corporation also conducts internal measurements and reports daily on all other product lines.

CPC indexes management pay against these lettermail performance figures, and also bases compensation in part on financial performance and independent quantitative assessments of customer and employee satisfaction.

Ernst and Young audits the Corporation annually, looking at CPC's methodology for interpreting costs and checking for appropriate methods. As products and services increase, CPC will likely be asked to ensure that accounting systems show more clearly separate product costs and revenues.

The five-year corporate plan includes an operating plan and a budget which start from the previous plan's decisions. Like those of other crown

Like those of other crown corporations, operating and capital plans are subject to central agency review and approval.

corporations, operating and capital plans are subject to central agency review and approval. CPC consults Treasury Board regarding planned strategic goals and advises TB on politically sensitive issues. Treasury Board, in turn, has advance notice of CPC's intentions. When issues arising during the year require changes, CPC submits plan amendments for TB approval. CPC publishes a copy for employees and provides a summary for public use.

Corporation management is based on the corporate plans which are broken down into closely monitored performance measurements. Corrections are made on a continuous basis, as needed.

Technology

CPC has invested large capital amounts in "track and trace" technology. Its current high-technology National Control Centre (NCC) was equipped in 1993 with telecommunications and monitoring technology to track mail movements across the country on a continuous feed-back basis.[9] Satellite technology provides the location of highway trucks, the status of road deliveries, and the location of the nearest relief situation if a problem arises. These technologies have contributed significantly to the 97% achievement of letter-delivery goals (major cities in two days, in the province in three and across Canada in four).

Of CPC's approximately 15,000 knowledge workers, 9,000 to 10,000 use fully automated workstations, where all important financial, operational and commercial indicators of the company are captured and reported electronically wherever they are wanted.

CPC's in-progress counter automation systems will enhance the control and efficiency of private-sector partnerships.

CPC's in-progress counter automation systems will enhance the control and efficiency of private-sector partnerships in the retail distribution of products and services. This technology will provide franchise partners with accurate and consistent pricing lists, refund policies and other information. A linked cash register system will feed centralized inventory control and tracking. A similar accounting system will deliver reports in useful, familiar formats. On the counters of franchised operations, this technology lets CPC control and satisfy central agency standards.

Human Resources

In-house Learning Institute
In 1994, CPC created an internal human resources training organization, the Learning Institute, to change the Corporation's culture from process-driven to customer-focused. The Institute also aims to change the culture

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9   "The National Control Centre," CPC brochure.

surrounding labour-management culture and to address cultural changes associated with the introduction of private-sector partnerships. Where appropriate, partnership personnel attend its training programs. Training is categorized into three groups:

1. "Job Skills" courses that employees need to do their jobs better. The training is organized in functional groups;
2. "People Development" that focuses on leadership, business management and personal development. The course is not job-specific, applies across the Corporation and is delivered to cross-functional groups;
3. "Customer Service" training that examines a customer-service orientation to products and services, and also crosses functional lines and applies to the whole corporation. The training looks at concepts like corporate values, culture and operating principles from a client's perspective and asks questions like "What business are we in?"

The Institute is just beginning to offer coaching, counselling and employee development. Current training provides employees with personal plans that enable them to make a difference in the workplace and become part of a continuous improvement cycle. Validations of behaviour and changes to the culture took place in January 1996, through random sampling and surveys. Customer feed-back techniques will determine whether customers see improvements to customer service as a result of this training.

CPC believes that cultural change takes time and there are still those who want to direct change, not lead it.

Until 1997, a primary focus of the Learning Institute will be to provide management personnel with skills in human resources development through leadership, team-building and business management. Programs will be directed to all levels of management to change the control and command relationship between managers and employees. CPC believes that cultural change takes time and there are still those who want to direct change, not lead it.

By 1997, the Post Office "will have put all its 55,000 employees through two- or four-day sessions." [10]

Employee Communications Program
CPC's new communications program provides linkages between functional areas and staffing levels. Its purpose is to get as much useful, truthful information as possible out into the hands of employees and to improve communication among all staff. CPC believes that superior customer service depends on a well-informed workforce.

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[10] *Financial Post,* op. cit.

Other HR Initiatives

CPC's other human resource initiatives focus on employee recognition programs that reward leadership and excellence in customer service and service commitment. As well, a "1-800" career phone line for employees provides information about new jobs at CPC. An electronic career network also provides job profiles, staffing principles and other employment information.

Exclusive Privilege and Competitive Enterprise

CPC has a monopoly to provide a universal lettermail service at a uniform, basic cost. Canada Post believes that, if customer expectations and performance standards are to be met, it must conduct this business, and other commercial activities, using normal business disciplines.

CPC returns profits from competitive products to the lettermail side and helps subsidize the higher costs associated with providing universal service and standard rates to rural and remote areas. It has also defeated private-sector competitors' attempts to prove CPC has subsidized competitive products with gains from exclusive privilege activities.

Although any interested party can pursue competition review mechanisms, some competitors still feel that additional processes may be needed to satisfy themselves and the public that CPC competes fairly in the marketplace. Nonetheless, as long as the Act permits competitive activity, CPC will continue to produce competitive products.

Strategic Approaches to the Future

1. Using the retail postal network to deliver government products and services

CPC believes its distribution network is a logical choice for delivering government service. Under appropriate circumstances, and for the right fees, CPC clearly sees use of its distribution network as a way for governments to get out of the expensive "front-counter service delivery" they provide now.

CPC could deliver many government programs electronically or — for those not equipped — physically, at CPC counters and kiosks. CPC's approximately 8,000 retail outlets across the country could provide clients with various departments' permits, documents and application forms.

The government also publishes many documents, which it now prints, ships across the country, stores in warehouses, and mails or gives out at counters, on request. When these documents change, the government must spend money to destroy the old inventory or to administer modified documents. CPC's DOCUPOST service will store a document electronically in a

> *CPC returns profits f r o m competitive products to the lettermail side and helps subsidize the higher costs associated with providing universal service.*

> *CPC believes its distribution network is a logical choice for delivering government service.*

centralized database. Through electronic access (a 1-800 or 1-900 number), clients can select and send a document electronically across the country to multiple printing points. The document can then be mailed to its destination.

DOCUPOST will produce savings in processing, handling, clerical time and distribution costs. It will eliminate inventories and, through its central data bank, ensure that all subsequent documents are automatically updated as changes occur.

2. Providing electronic data interface

For Canada to remain competitive, its infrastructure must provide extensive electronic access to the marketplace, whether or not individuals or organizations have their own electronic data interface capability. CPC's network can be used to accept communications in various forms and deliver them in a variety of electronic formats.

CPC's HDI (Hybrid Data Interchange) service allows connection to EDI (Electronic Data Interchange). EDI is a technical standard which lets computers transmit purchase orders or confirmation of orders to each other. EDI minimizes paper work, speeds up processing and provides links to inventory controls. Of some 8,000 businesses in Canada, only 3,000 are equipped with EDI. Many large purchasers will deal only with EDI-capable suppliers. CPC's HDI allows suppliers access to EDI.

CPC sees these services as a way to leverage its retail network and make the information highway accessible to all Canadians.

HDI converts EDI transmissions into a paper document printed close to the point of delivery. CPC delivers the paper document to the supplier, who returns it to CPC, where it is converted back into an EDI transaction and forwarded to the purchaser. Suppliers now have fast access to large purchasers, regardless of geography, size or EDI capability.

CPC sees these services as a way to leverage its retail network and make the information highway accessible to all Canadians, independent of their technological capabilities. Furthermore, as governments downsize and close regional offices, CPC retail outlets, in combination with kiosk technology, could provide a human interface wherever it is required to deliver various government services.

3. Providing electronic delivery of mail

CPC sees electronic transfer of messages and information as a natural and inevitable extension of mail services. Large-volume mailers, for example, produce cheques, invoices, statements and other lettermail now handled physically from source to letter carriers — a costly and time-consuming activity.

CPC sees electronic transfer of messages and information as a natural and inevitable extension of mail services.

CPC's response is "Hybrid Mail," an electronic transfer service that allows clients to deposit mail electronically. CPC receives it electronically, sorts it electronically by geographic area, and sends it electronically via a communications line into one of five printing sites across the country. The mail is printed there and given to the letter carrier. Cost and time are removed from the mail processing function and the mail is delivered sooner at a lower cost. Those savings can be passed to customers who use the service.

With technology such as personal computers, electronic mail and the Internet, more and more businesses and people have the ability to receive messages and information electronically. To address these changes in information accessibility and transfer, CPC intends to develop an electronic directory to complement its current comprehensive delivery network.

The directory will contain physical and electronic addresses and various preference profiles such as whether people want to receive unsolicited mail, etc. A key element will be privacy and security, particularly for electronic commerce. CPC will accept electronic mail files, match them against the directory and determine the people who want to receive their mail electronically. It will then send the mail electronically to the right electronic address.

Thus, the CPC infrastructure allows either electronic or physical delivery of mail from one stream of electronic input.

For people who do not want to receive mail electronically, electronic mail can be received by CPC, sorted and distributed electronically, and then printed physically closer to the point of delivery, from where a letter carrier will deliver the physical piece. Thus, the CPC infrastructure allows either electronic or physical delivery of mail from one stream of electronic input.

The key ingredients of the electronic delivery system are:
- The electronic directory, which over time will contain all addresses of people who want to receive mail electronically, by PC or fax or, eventually, interactive television.
- The infrastructure, which will provide security and privacy around hybrid mail transactions and speed up the use of the information highway for commerce.

If Parliament prohibits CPC from extending its service lines into electronic interface and hybrid mail delivery, the Corporation will be unable to adapt to changes in customer demand and its future as a financially self-sufficient, commercial operation may be compromised. If CPC is confined to the maintenance of a universal letter service, the carrying cost for such a service will be excessive unless fixed costs (mainly labour) can be radically reduced. If they cannot be brought down, CPC will have to increase postal rates or move back to appropriations.

Current Mandate Review

Under a current CPC mandate review, the federal government is examining existing and future CPC functions. The review is also examining the mail-service implications of technological alternatives (and associated financial risks) for government, businesses, the public, and CPC, including associated financial risk.[11] A key consideration for CPC will be to match its entrepreneurial spirit with a disciplined weighing of risk.

Key Success Factors

1. **Customer Service** Make the business run so that commitments are met and the customer is extraordinarily well served.

2. **Partnerships** For CPC, private sector partnerships bring the service level up to customer expectation, reduce the need for capital and keep costs down.

3. **Training** The purposes of training include labour stability, customer service and employee commitment.

4. **Long-Term Planning and Commercial Consistency** Essential to assure corporate clients that the rules (pricing, product features, etc.) won't change in the short term. Commercial consistency requires government commitment to the Corporation's goals. Successful crown corporations will have that commitment behind them.

5. **The Powers of a Natural Person** Being vested with these powers allows CPC to enter into partnership agreements more easily than a government department can.

6. **Technology** Technology enables CPC to maintain standards for service reliability and achieve high levels of customer satisfaction. Technology also adds value to CPC products by diversifying methods of product delivery.

7. **Targets and Dates** Precise and public targets (service improvements, financial self-sufficiency) with achievement dates, bring focus to operations and help introduce cultural change.

For CPC, private sector partnerships bring the service level up to customer expectation, reduce the need for capital and keep costs down.

Lessons Learned

✔ **The Crown Corporation Model #1** Due to political dynamics, crown corporations may not receive full government support when implementing tough decisions required by their corporate plans. As a result, there is more failure to follow through on corporate plans in a crown corporation than in private sector corporations.

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[11] Canada Post Corporation, Mandate Review Terms of Reference.

✔ **The Crown Corporation Model #2** A crown corporation structure gives management hands-on control over operations and asset management (real estate, machinery). This control allows quicker response to management issues and permits the retention and reinvestment of funds not possible in government departments.

✔ **The Crown Corporation Model #3** With a crown corporation, the reward for delivering on the political agenda is more freedom to manage as you want to.

✔ **Service Delivery Initiatives** have to be a success for the customer first. Customer loyalty, which comes from good service delivery and good rates, is the long-term objective.

✔ **Community Profile** A visible dedication to improved customer service and product delivery means the corporation can appear in the community and talk credibly about doing business differently.

✔ **Cultural Change, the Working Environment and Management Style** Employees can be prepared for cultural change through training but it will succeed only if the working environment permits them to change their behaviour. The key to this environment is management style.

✔ **Employee Satisfaction and Customer Service** Innovative training and job selection services enable employees to be better informed about career choices within the company and the kinds of jobs for which they are best suited. When employees have chosen for themselves the best available position for them, client service improves exponentially.

✔ **Collective Agreements** Historical, rule-heavy labour agreements from the public sector should not be taken across in their entirety to a commercial operation. A balance between thoughtful caring for the people and some discontinuance of earlier collective agreements is necessary.

✔ **Successful Postal Services World-Wide Share Two Characteristics** First, they are very commercial in orientation and business practice; and second, they have long-term, sustained targets and goals shared by the shareholder.

✔ **Mandates for Commercial Entities** Even the best commercial mandates change, not only through mandate review, but through federal budgets, court decisions, competition tribunals and parliamentary deliberations. Customer needs and market changes also influence a mandate.

✔ **Partnerships** Private-sector partnerships provide four valuable benefits to government agencies:
- They force private-sector business discipline on the agency;
- The agency gains from the business expertise of partners;
- The agency is able to share business risk with its partner;
- Partnerships help to insulate agencies from private-sector complaints of unfair competitive advantage.

Summation

In 1978, Canada Post Corporation was created to resolve problems related to postal service, labour relations and financial self-sufficiency. Since that time, CPC has had many successes:
- The massive deficit has been eliminated and service has been improved, producing much higher levels of customer satisfaction;
- CPC has been strike-free for over four years;
- Productivity has doubled since 1981;
- The workforce has been reduced by approximately 25%;
- CPC has the third-lowest distribution cost in the world within one of the world's largest geographical distribution areas.

Nonetheless, another mandate review has been called to examine Canada Post and its commercial operations:
- CPC has not made a profit in three of the past four years. Some in government believe losses generally have been due to restructuring costs, and profits, when realized, are usually the result of extraordinary gains on the sale of assets.
- Operations, viewed independently, have broken even over the last 15 years.
- Labour costs represent 70% of operating expenditures.
- Expenditures are higher than comparable postal services elsewhere.

One mandate review issue is what CPC's financial objectives should be. According to CPC management, to become financially self-sufficient the corporation will have to become and stay as fully active commercially as the original legislation allows it to be. This goal involves:
- Reducing fixed costs — especially labour costs;
- Delivering competitive, revenue-generating products in concert with universal lettermail;
- Continuing its partnership/franchising strategy; and
- Opening the future to electronic interface and hybrid mail delivery.

It also requires operating a business with a customer service focus provided by an empowered workforce engaged in a positive, constructive relationship with management.

However, over the past three years, government policy has had a greater impact on the management of CPC than assumed by the operating mandate in place since 1986. Halting the closure of rural post offices is one example of government intervention for policy considerations. Finding a sustainable balance between commercialization and a government policy role will be a key aspect of the mandate review.

Both government and Canada Post will benefit from the clarity the review will provide to CPC management. This clarity will specify which way CPC will go in its business and competitive activities, and on what strategic and financial premises its corporate plans are to be based.

Western Economic Diversification Service Centre

Canada has yet to find an organizational and policy approach to regional development that passes the test of time. Getting it right has proved elusive. The needs of the regions differ and the economic and fiscal environment is ever-evolving, as is political consensus on the role for government in meeting regional economic needs. In 1987, the government created the Department of Western Economic Diversification (WD) as part of a new national strategy to assign regional development to regionally based agencies.

WD was charged with the following:

- Promoting the development and diversification of the western Canadian economy.
- Coordinating federal economic development activities in the West.
- Representing the West's economic development perspective in national decision-making.

The mandate remains relevant, as does the federal commitment to regionally based development. But since 1993, the policy and programming environment has been changing, forcing WD to come up with a new way of doing business.

The mandate remains relevant, as does the federal commitment to regionally based development.

The WD case raises important issues about:
- Redefining a department's self-image and finding a new way to deliver regional development based on service and services, rather than on financial incentives;
- The process of establishing a client-centred service organization;
- Working to gain staff commitment to a cultural change within the organization;
- Getting senior management staff to work as team.

Background

"You are good, but not as good as you think you are," a former WD Deputy Minister (DM) told his staff in the early 1990s as a warning and a challenge. While the department had proven itself to be innovative and feisty early on, it needed to regain some of its vision and energy. By 1993, it was apparent that the political take on regional development was shifting. Moreover, WD had done little to win public acceptance — only 8% of Westerners could even identify the department. WD faced change.

In the run-up to the 1993 election, the major parties professed their commitment to assisting small business. They talked of the deficit and the need to curb the government's subsidization of the private sector. The main thrust of WD programming was ''last in'' loans to private sector projects satisfying certain diversification criteria. Within the federal government, WD had led the way in regional programming by insisting on repayable contributions for business projects expected to make a profit, but the loans were an interest-free subsidy. WD also offered grants for systemic projects expected to benefit a sector or coalition of interests, but for which no direct profit was expected. These non-repayable contributions accounted for about 30% of the financial assistance distributed.

WD did much more than ''cheque book'' development. It was a forceful advocate for the West on government policies and programs. Federal procurement policies were altered and the regions benefited more from procurement opportunities for major crown projects and other government purchases. Staff helped prepare suppliers and contractors to participate in the procurement system. WD offices worked with their provincial counterparts, organized trade missions and undertook economic analysis in support of more general activities to promote diversification and development in the West. WD also carries out national initiatives in the West. In recent years, it has been delivering the Infrastructure Program and helping with community adjustment to military base closures.

WD was a forceful advocate for the West on government policies and programs.

WD also had a strong tradition of client service as a supplement to delivery or programs rather than as its raison d'être. The first DM insisted on an aggressive policy to find and work with the entrepreneurs who would help deliver on the diversification agenda. Staff were encouraged to think of service broadly by pathfinding for clients lost in the maze of government programming — take them by the arm and lead them to where they could be helped. No passing the buck.

Staff were encouraged to think of service broadly by pathfinding for clients lost in the maze of government programming.

While WD did more than provide financial assistance, the funding program represented more than 80% of WD's budget and at least that much of the staff's efforts. If the funding program was in question, so was WD.

The organizational structure did not encourage the type of collective thinking needed for finding a new direction. The structure and culture it spawned were intimately tied to the funding program. Assistant deputy ministers (ADMs) in each of the four western provinces were responsible for the delivery of departmental programs in their regions, which operated independently of each other. In the early days, horizontal issues were addressed by sector executives (directors general [DGs] and the four ADMs). The DGs reported around the ADMs directly to the Deputy. Responsibility for major files was often unclear and this led to tensions and mistrust.

The matrix- type organization proved to be inefficient and was abandoned, except for international trade and agriculture, where sector DGs remained in place until 1994. The early DMs rarely held executive committee meetings. By 1993, stovepipes or silos described WD's organizational structure.

New Directions

Sensing impending change, in early 1993 WD embarked on a strategic planning process involving many staff. Some suggested strategies that hinted at working across silos. However, the climate was changing faster than WD could develop a new cohesive strategy or a culture to sustain it.

In November 1993, the new Minister, who came to WD with his own vision for western development, announced new directions for the department:
1. Move the focus away from the direct funding of firms;
2. Develop strategic initiatives — public/private partnerships to address competitive challenges in key growth industries;
3. Concentrate on small business;
4. Adopt a pan-western partnership approach — federal, provincial and business co-operation to support industry sectors across provinces.

The Minister clearly had a vision –– strategic, pan-western and focused on small business. It was up to WD to define it operationally so the department could pursue it. The new directions cut across the silos and suggested new priorities for assistance, but provided little guidance on how the Department should reorganize or manage competing funding priorities. WD was to start moving away from a traditional, transaction-based government department, but to ... what?

First Efforts

Following the new directions announcement, businesses employing more than 50 people were excluded from WD programs. Of the four announced shifts, this should have been the easiest as before 1993, the lion's share of WD's clients were small businesses anyway. Nevertheless, uncertainty over the changes and what could be assisted affected both clients and staff. In 1992, WD approved 816 projects; in 1993 — 560; and 1994, just 148. WD appeared to be on a downward spiral to irrelevance.

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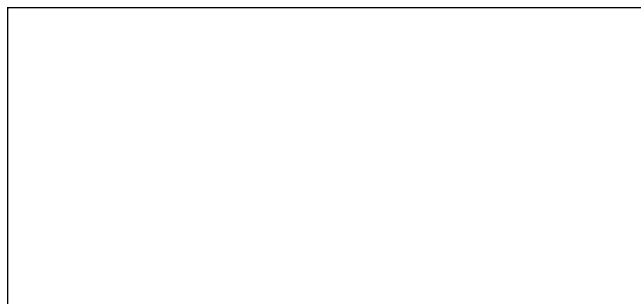
Realizing the need for horizontal approaches, teams were struck to work on new pan-western strategic initiatives. However, the team approach was new to WD. Approved strategic initiative procedures were slow to be established and teams had difficulty putting forth consensus initiatives. When one team's proposals were rejected, the team suffered a marked drop in morale and other teams feared the same fate. In a short time, the motivation to succeed was barely higher than the motivation to avoid failure.

Some early strategic initiatives came to life and others followed over the next two years. WD has long been involved in systemic projects that involved more than a single company and often more than a single region. Both the Tourism Alliance for Western and Northern Canada and the Women's Enterprise Centres originated as systemic projects, and came into existence as strategic initiatives.

Other Strategic Initiatives
- Aerospace training — Canada International,
- Western Environmental Industries Network,
- Food Beverage Canada,
- International Trade Personnel Program,
- S&T MOU with four western provinces.

In spring 1994, WD invested significantly in more formal team-building. Team coaches selected from all four regions were trained to facilitate teamwork and spread the team culture. They led general team-building exercises of all staff back in their home offices.

In retrospect, not enough thought had been given on how to use the teams or operate them. Teams were formed for strategic initiatives, whether or not the team approach was suited for a specific initiative. Perhaps, more appropriately, it should have been seen as a management tool to be employed to achieve specific ends which may or may not relate to strategic initiatives.

The prevailing culture dominated the team-building, rather than the anticipated reverse. At one point, a member of the executive asked the Department's legal staff to review a written contract form for team leaders and members! It was hardly the innovative, flexible and co-operative spirit the teams were supposed to foster within WD.

Senior managers did not come through with a recognized process by which decisions could be reached on a team's work. Team leaders were not empowered and had to go through line managers for the requisite approvals. Managers, if not threatened, were at least uncertain how to manage in this trans-regional cross-cutting environment. The silos were still standing. Certainly, skills taught in the team-building effort, such as listening and communicating, proved useful later.

Some progress was being made in implementing the new directions, but it was hampered by lack of a common motivating vision or strong direction on how WD should operate in the new environment. In the absence of this

bottom-up common motivating vision, programming decisions tended to be directed from the top down.

Summer 1994: More Change on the Way

In the summer of 1994, a committee of western Liberal MPs seeking to redefine WD's mandate conducted a series of public meetings to obtain the views of Westerners, and offices in Alberta and British Columbia started asking clients what WD could do for them. The clients had a long shopping list of needs, many of which WD could help with — maybe they could do more than just give out loans. This client involvement provided the incentive for WD to take some bold steps.

The consultations provided some direction, but more was on the way in the form of program review and the 1995 federal budget.

In the summer of 1994, as part of the government-wide program review, each department began to re-examine its programs against six tests concerning the relevance, design and cost of programs. The exercise was a lead-in to the deficit-cutting February 1995 budget involving major cuts in government expenditures.

WD emerged from program review with its mandate re-affirmed, but its regular programming budget cut by up to 87%, to be phased in over three years. To somewhat balance this drastic reduction, a precedent-setting move allowed WD to be credited with repayments of prior contributions from its loan portfolio.

This client involvement provided the incentive for WD to take some bold steps.

> **Recommendations of the Bodnar Committee:**
> - The work of WD should be maintained and expanded;
> - WD should increase its information services to business, particularly with respect to export markets;
> - WD should consider a range of financial options for participation in projects, including partnerships with venture capital pools and other financial players;
> - The pathfinding and western advocacy roles of WD shoudl be expanded.

The 1995 budget spelled out the programming decisions that had been worked out among ministers and deputies. WD would:

1. Cease making direct loans to individual businesses;
2. Establish innovative Investment Fund partnerships;
3. Work to create single points of contact for federal services to small business;
4. Assume responsibility in Western Canada for Community Futures Development Corporations and Canada Business Service Centres.

Bogged Down

The budget signalled an end to the ways of a department that had never been able spend all of its annual budget. What was to follow? From November 1993, a plethora of soul-searching reports had been written, many of them

saying the same thing. All of them talked about what WD had done and what possibilities lay ahead. Yet by April of 1995, very little had actually changed. The cynical observer might have remarked, ''Not only is the pen mightier than the sword, but the written plan is better than departmental action.''

While not much had actually happened, the soul-searching had advanced departmental thinking and WD had defined its client base. Furthermore, the budget had given specific instructions on WD's direction. A vision was starting to take form: help small businesses develop and grow. Give them the services they need and the service they deserve.

To see results, some suggested that WD needed a Business Process Reengineering (BPR) endeavour to redesign existing tasks. It could improve efficiency, but for what? Virtually all existing tasks had lost their relevance. The dilemma was more existential, particularly for staff. The real issue was, what should WD be doing to help small business and promote regional development? Staff were asking: "What are we without the loans program? Why would a client even come to us if we don't have any money to loan them? What can our new value-added be?''

No one had tried regional development without the use of government financial incentives. Morale was sinking. Realizing that reengineering couldn't answer these questions, at least WD now knew what hot-topics bandwagon not to jump on.

> **WD Clients — Entrepreneurs and Small Businesses**
> - At an early stage of development;
> - With growth or export potential in key growth sector industries, and
> - With difficulty in accessing capital (including women entrepreneurs and new economy companies).
>
> **Client needs**
> - Access to information, capital and markets;
> - A Favourable business climate;
> - Skills development;
> - Innovation.

No one had tried regional development without the use of government financial incentives.

New Partners

The 1995 budget transferred responsibility for the Community Futures Development Corporation's (CFDC) program in the West to WD from Human Resources Development Canada. The CFDC had 79 offices operating in most non-metropolitan areas in western Canada, and their business was to identify and solve local problems to promote economic development. Clearly, their purpose fit nicely with that of the new small-business orientation for WD. But what should their role be within WD?
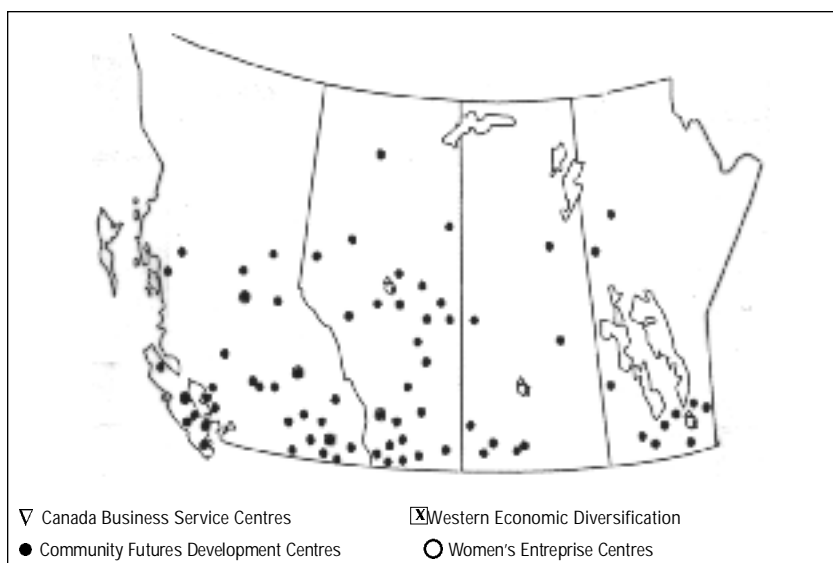
After eight months of wrestling with the issue, a light went on. CFDC was community-based and had a strong service culture, and their mission was very much in line with the latest trend in regional economic development. What's more, CFDC's 79 offices offered a potentially valuable distribution network to WD.

The prevailing theory advocates creating the optimal infrastructure (e.g., information systems, technology, access to capital and supportive government services). WD could use the CFDC mission to round out their own, and through the CFDC network give small business throughout the smaller communities of western Canada the single-window access the budget had challenged WD to deliver. But more significantly, WD could learn and adapt from the wide range of CFDC experimentation going on across the West. One of the first lessons was to think less about how to control the CFDCs and more about how to work with them as a partner.

The evolving network concept linking WD partners also benefited from the other "gifts'' from the 1995 budget — Canada Business Service Centres (CBSCs) in Saskatchewan and Manitoba, formerly under Industry Canada. WD already had responsibility for CBSCs in Alberta and British Columbia, so adding two more provided a larger platform from which to launch their inter-governmental service integration effort. To date, WD has established a successful partnership with B.C. for the Vancouver business centre, an integrated multi-government centre is scheduled for Edmonton by the spring of 1996 and work is under way on the other two.

| ▽ Canada Business Service Centres | ☒ Western Economic Diversification |
| ● Community Futures Development Centres | ○ Women's Entreprise Centres |

In addition to the Canada Business Service Centres and the Community Futures Development Corporations, the four Women's Enterprise Centres and the four WD offices would round out the WD Service Delivery Network to 90 points of service.

Investment Funds

While work on the Delivery Network evolved over 1995, the new WD's first tangible success came with the Investment Funds program. Even before the February 1995 budget, WD had begun working on a replacement for its assistance program, whose purpose was still valid (i.e. extend western entrepreneurs' access to capital beyond the traditional banks and institutional venture capitalists).

WD decided to lever its now-limited resources and work in partnership with financial institutions to extend their risk tolerance in the areas of the economy that would promote diversification. This would increase access to capital for

the new economy knowledge and value-added sectors, which often lack the collateral the banks demanded. WD funding would go into a loan loss reserve, helping to move traditional lenders higher up the risk curve. Small businesses could thereby access capital on commercial terms for projects the banks would not normally support. It also allowed "patient loans'' with the flexibility to defer repayments of capital or interest in accordance with the needs of the firm.

In addition to extending the risk curve, WD helps fill the management gap for small firms by lending its expertise in writing business plans and making the business case for presentation to banks. This also cuts down the administrative overhead or transaction costs to the banks from administering small loans in areas of higher risk.

The first investment fund was announced on June 28, 1995, and by March 1996, another three were on stream, with nine others nearing completion or under discussion with financial institutions.

With all due respect for the success in launching the Investment Funds program, it must be noted that it is not a 180° departure from the old assistance program. With the Investment Funds program, WD, if not the actual lender, is still in the money game. This time around they are on the other side of the table, partnering with the banks and then helping clients present sound cases to them. In a sense, they have gone from being lenders to insurers and, as such, are still one of the financial pillars.

Nevertheless, the loan funds, as with the CFDCs, signalled that WD would be operating under different rules. It no longer had the dollars to buy the result it wanted. In its partnerships, it would have work to influence others who had the resources. It would have to lead from the rear.

Loan Funds
- **Agricultural Biotechnology and Biotechnology Loan Program** (June 28, 1995) $30 million (WD share $3.75 million), was announced with the Royal Bank.
- **Agriculture Value-Added Loan Program** (September 22, 1995) $100 million (WD share $10 million), with the CIBC and the Farm Credit Corporation.
- **Knowledge-Based Industries Loan Fund** (November 10, 1995), $25 million (WD share $5 million) with the Business Development Bank of Canada.
- **Health Industries Loan Program** (January 19, 1996) $20 million ($2.5 million from WD) with the Royal Bank.

Working Together

In March 1995, the DM visited all the regions and conducted meetings to explain the need for change. Her message about the Minister's vision was clear, yet not all the pieces were in place and staff were not pulling in the same direction. By April 1995, the executive committee had not yet reached consensus on all their new product lines. While negotiations were proceeding on the first investment fund partnership, little agreement existed for other WD product lines.

The executive committee agreed to bring in external help, but a management consultant found no misunderstanding or ambiguity about the nature of the problem. However, the necessary cultural change was so great, and the territoriality of the structure and behaviour so entrenched, that progress seemed impossible.

With the consultant as facilitator, the next executive committee meeting concentrated on seeking consensus over how to proceed. The committee agreed to set up working groups to explore each new service line. Attempts in February and March had failed because each ADM prepared a paper on one service line without involving other ADMs. Because all these service lines were pan-western and overlapped, they could not be formulated without working together. Consequently, the papers were either rejected outright or were so bland as to be worthless.

In May, working groups representing each region were selected. They were given a clear mandate to focus on one service area, define it and describe how it meets clients' needs. The groups met the next month with the consultant as a facilitator.

Service Lines

Perhaps because there had been so many stumbling starts and so much analysis, consensus among the groups was relatively swift and easy. Each group took about a week of intensive work to finish their assignment.

The next executive meeting went smoother than anyone would have predicted, with high agreement on the new service lines. The executive committee came up with four general service lines or activities for WD:

WD Service Lines
- **Capital Services** Work with private and public financial institutions to assist targeted growth industries to obtain needed financing by underwriting risk differential and providing due diligence expertise (e.g., $300 million potentially available under the Investment funds, $107 million available from Community Future Development Corporations and $20 million over 5 years for Women's Enterprise Centres).
- **Information Services** Co-ordinate information support for small firms by increasing the number and quality of information products available in partnership with industry, government and communities; establish an interconnected electronic delivery network across WD offices, Canada Business Service Centres, Community Future Development Corporations and Women's Enterprise Centres and linked to Industry Canada, International Trade and other databases of use to the business community.

- • **Business Services** Develop services to help small business penetrate public sector markets; put small business issues on national policy agendas; increase export capability of targeted sectors; and streamline the regulatory environment for small business.
- • **Integration of Government Services** Improve client satisfaction by streamlining, integrating and rationalizing government programs and services, as well as promote interorganizational partnerships in the West.

What's Missing?

The DM realized that the drive to effect change must come from the top down and be sustained from the bottom up.

WD now had operational vision. It looked good on paper, but many felt something was missing. All the pieces were in place, but the energy seemed scant. The DM realized that the drive to effect change must come from the top down and be sustained from the bottom up, but a major problem existed in the way the executive committee exercised shared leadership. For example, they came away from executive meetings with widely different interpretations of what happened, which confused staff as to what was going on and what was expected of them. Although they had finally reached consensus on department-wide programs, they still had to work together in the future to concentrate on breaking down the silos.

Up to this point, the executive committee consisted of the DM, the Senior ADM (SADM), the four ADMs, and many of the direct reports of the SADM (e.g., Finance and Administration, Legal, Human Resources, and Executive Services) — 13 members in all. The structure reflected the old command-and-control function established for the administration of the now-defunct assistance program. Only the four ADMs actually dealt with clients regularly.

Not only was the executive committee designed for an outdated program, it was too large to instill the sense of unity and shared leadership needed to implement major change. The DM pared the executive committee down to eight — her, the SADM, the four ADMs and two DGs reporting directly to her.

Each individual now had to ride on the performance of the group as a whole. In a small group, if you make me look good, you look good. In a large group, my failures don't reflect on you. An implementation planning committee of senior managers was later established to aid in formulating and crystallizing ideas for the executive.

Another problem was accountability. The ADMs were still wrapped up in the day-to-day running of their regions, not realizing they had a new full-time

job — managing the change. They had to delegate their day-to-day chores and take on new responsibilities. The executive committee decided to draw up individual accountability accords. Over the next two months, working with the consultant and each other, each ADM wrote detailed accords that were then redone as a group in executive committee. The accords set the direction and starting point for front-line work. It took great effort to get the executive committee to accept their responsibilities for each other and for the department as a whole. Trust was a major issue.

The accords set the direction and starting point for front-line work.

Finalizing the accords represented a major accomplishment that led to a new corporate trans-regional culture. The accords established a new federal government standard for setting specific, moderately difficult, measurable goals. When distributed to all staff, they greatly aided the change process.

There was still skepticism about the ADMs' ability to manage a pan-western program, so the DM held another series of regional meetings to address these issues. They focused on progress to date and were generally well received.
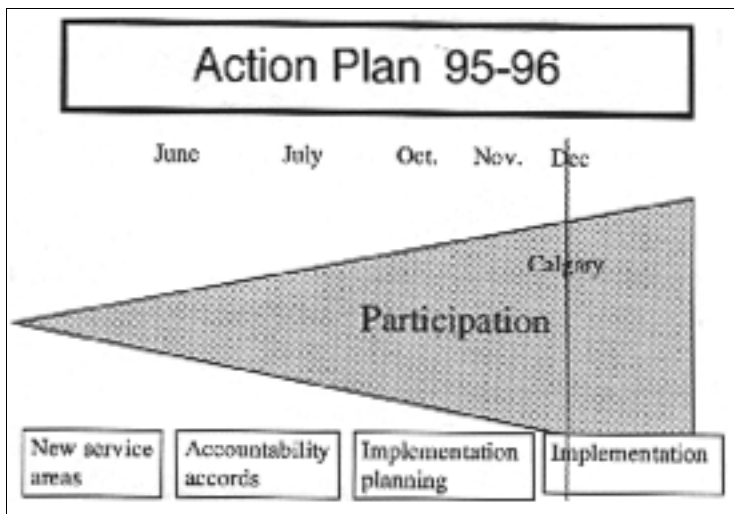
Service — Not Just Services

The executive committee had started to work well together. Communication strategies had been worked out and a management plan for change implemented and monitored, but personal and other barriers remained. The committee met for a team-building exercise in October in Canmore, Alberta. The retreat started slowly, but two individuals insisted on addressing the trust issue rather than continuing to avoid it. By the end of the retreat, all agreed that real progress had been made on how to work together. The challenge was to nourish a service culture that could deliver service lines.

The challenge was to nourish a service culture that could deliver service lines.

Just when WD looked like it was coming together, the DM moved on to another post. Had this occurred in August instead of late October, the change effort probably would have folded. Instead, the SADM (now Acting DM) and the ADMs had begun to gel as a team.

The Canmore retreat was followed the next month by a Calgary retreat for about 50 management staff. This meeting marked the end of the planning process and the start of implementation. The executive pointed out that while WD might have many services, unless they provided true *service*, clients wouldn't come to them. Sheldon Bowles, author of *Raving Fans*, hammered home the distinction between providing services and service.

Everyone got behind the service orientation espoused at that meeting. Through discussion, the managers began to see the vision of WD and their role in it — in fact, they came away with a "movie" in mind of how WD would operate in a client-centred service culture.

Action Plan 95-96

June   July   Oct.   Nov.   Dec

Calgary

Participation

| New service areas | Accountability accords | Implementation planning | Implementation |

The ADMs prepared an all-day "road show" for each of the four main western offices and Ottawa, and the reaction was extremely positive. A typical comment was that the ADMs were relaxed and confident with their information and looked as if they enjoyed working together.

Service is the unifying force for change and the integration of WD's four activities. It's service that bring clients through the door even when you don't have cheap money to offer them –– real service, not just a smile and no help. Honest service, not just "I'll get back to you when I can.'' Head-turning service. The envy-of-other-government-departments service.

That last reaction to service provided a healthy competitiveness to WD's change effort. WD staff had always been proud of the department's record as an innovator in regional development and in government. If their delivery service could be that good, then they could be the model for service delivery in other departments. They could multiply their impact.

To be sure, many other government departments are trying to change to a service-oriented culture –– in fact, the former DM is chair of a task force looking at alternate service delivery models. But if WD, with fewer than 400 people, can't catch the service bug, then what hope is there for larger departments?

A Service Culture: The Next Steps

WD is moving from a traditional, transaction-based government department to a client-centred, service-based department delivering service through a network of partner organizations.

WD is moving from a traditional, transaction-based government department to a client-centred, service-based department delivering service through a network of partner organizations. The far-flung network will harness technology to become a "virtual'' service delivery organization.

To become a true service culture, WD will be working to instill within the department the following attributes:

• Continuous improvement, driven by continuous client feedback;
• A knowledge-based continuous learning culture;
• High investment in training, tools and information for the job;
• Strong internal communications;
• Teamwork;
• A flexible work force and organizational structure;
• Clear performance standards and accountabilities;

- An emphasis on marketing based on relationships rather than products;
- Strong leadership and personal initiative.

The process is ongoing and represents a profound change, involving all positions and how all work is organized. Achieving an impact through the provision of services instead of dollars presents a major organizational and marketing challenge. Some of the staff will not be suited to the new role, and the department will face a period of adjustment as staff are trained and new blood brought in who have the aptitude and desire to provide service.

While WD seems to have a handle on the how to transform itself, it must also deal with changing political circumstances. In January 1996, the Prime Minister put all regional development agencies under one Minister, with Secretaries of State for each of the agencies. This new portfolio approach, which includes Industry Canada and other science and economic agencies, aims to equip the government with a more coordinated structure for delivering on its national jobs and growth agenda. Regional development remains a high priority, but now WD will be challenged to work co-operatively within the portfolio to deliver on a national agenda. The continuous change and learning organization that WD aspires to should find that it is up to the task.

Lessons Learned

✔ There are other ways to work than by the cheque book. If programming funding is cut, think of partnerships, leverage and service to provide value-added to your clientele.
✔ Partnerships open a department to new experiences and methods that can be invigorating. Without major financial clout, it requires a new way of thinking –– greater use of consultation and persuasion; the art of leading from the rear.
✔ Initiating cultural change requires lots of work. You need a vision and a sound plan, and you must follow through. Set goals and timetables, and measure progress at each checkpoint. Are things not getting done? Redouble your efforts.
✔ Define your clients –– know who you are dealing with and what they need. Use that information to design an organization that can serve them.
✔ Make service lines more user-friendly to clients. Think of the verb "to serve" before thinking of the noun "service." Service can be the means of achieving your organizational ends.
✔ As budgets become more restrictive, departmental survival may depend upon how well a department can sell itself based on the quality of service it provides. Invest in staff and technology to ensure that high-quality service can be delivered.
✔ The executive must work as a team. If they can't, no one else in the department will.

Think of the verb "to serve" before thinking of the noun "service."

Revenue Canada

Overview

Revenue Canada copes daily with volume. Each year it handles 21 million income tax filers, 2 million GST registrants, 900,000 employers, 150,000 importers and exporters, 100 million travellers at the international border, 28,000 registered pension and deferred profit holders, and 70,000 charities. Last year, it collected more than $188.6 billion in revenues for the federal and provincial governments.

The volume increases each year, yet productivity has been maintained or increased. Between 1992 and 1995, there was a 9% increase in the number of audits per employee (i.e., per full-time equivalent [FTE]), a 14% increase in the number of public enquiries and a 36% increase in the number of returns processed per FTE.

Defining a Sea Change

The "service" ethos is not new in government. It was a major element in the "access to government" program of the 1970s. And it was also a feature of the PS 2000 initiative of 1989; governments exist to provide services to the people. In its most recent guise, this idea is refined and embodied in the notion of "citizen government."

However, it continues to be difficult for the public service as a whole to come to terms with the enforcement/service dichotomy. Of all federal government departments, Revenue Canada appears to have made the most successful transit of this change: it has moved from tax collection based upon enforcement to revenue administration based on voluntary compliance — from being a "public oppressor" to a "service provider."

The Way It Was

Revenue Canada has four inter-related lines of business:
- **Generating revenue for governments**;
- **Facilitating trade** through the administration of GATT, NAFTA and bilateral trade agreements;
- **Border services**, including the collection of customs duties and the administration of countervail, anti-dumping, and a range of statutes relating to health, environment, etc.; and
- **Making social and economic payments**, including the child tax credit, GST rebates, drawbacks from importers, etc.

Service Delivery at Revenue Canada

Revenue Canada has reduced operational costs, improved productivity and speeded up the delivery of its services to clients, despite cutbacks (a $300-million resource cut had to be absorbed over three years) and dramatic increases in volume. This was accomplished largely by reengineering business processes and operations. But equally important was a deeper change in *style*; a shift of the department's primary focus from "enforcement" to "service."

Operationally, the Department was divided into six isolated parts that dealt exclusively with the GST, Customs, Excise, Tax, Trade Administration and the Tax Payer. In the words of the Deputy Minister, "Each of the lines was aligned by its legislative mandate, not to the customer." Even though five of the six operations had common clients and stakeholders, there was no common business plan. "There was a strong case for integration and tremendous opportunities to reduce overhead and generate economies of scale."[1]

… And Now Is

Revenue Canada's new orientation is based on six pillars:
- **Client Involvement** Strategies and business plans are drawn up in consultation with clients, helping to reduce compliance costs. The consultations demonstratead that the department needed specific strategies to deal with specific client groups such as importers, employers, seniors, etc.
- **Employee Involvement** Senior management at Revenue Canada quickly became aware that a change of this scope was impossible without support and direction from the front line.
- **Risk Management** Tools had to be invented to identify the risk of non-compliance and then to target resources according to the risk.
- **Performance Measurement** Client surveys are conducted at each branch office and there are regular "report card" meetings with industry association, interviews with travellers, etc., along with mechanisms to monitor and respond to complaints.
- **Leadership and Training** Revenue Canada invests heavily ($27 million a year) in training and development. To sustain the "service" ethos, leadership is promoted at all levels.
- **Innovation** Creation of an environment supportive of innovation was vital.

Specific Service Initiatives

Revenue Canada's success was achieved partly through the government-wide program review and partly through an administrative consolidation within the Department. Another factor was the implementation of several innovations designed to speed up the delivery of services to specific client groups.

Business Number (BN)

This is a unique business identifer that will eventually replace the many account numbers that companies now must have for income tax, import/export, payroll deductions and the GST, etc. The identifier will help companies reduce costs and save time, and it will help the Department in such areas as client assistance, collections, audit and revenue accounting.

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[1] Pierre Gravelle, address to the Private Sector Resource Group, Task Force on Service Delivery Models, March 5, 1996.

Single Business Windows

This new service, available in 1995–96, allows companies to register for a BN, enquire about refunds, balances, payments and notices, and obtain forms and information on all business programs.

NAFTA Enquiry Line

A toll-free telephone enquiry service provides importers and exporters with information on the North American Free Trade Agreement (NAFTA) and services provided by Revenue Canada. The enquiry line logged nearly 5,000 calls in the first six months of 1996.

EFILE

EFILE permits the electronic filing of individual tax returns. In 1994, more than 3.9 million returns were filed in this way. The system reduces the costs of data entry and error correction, reduces paper burden and provides refunds in record time. (This service received a merit award for public service entrepreneurship from the Public Service Commission).

Simplified Tax Return Forms

Simplified forms were introduced in 1994/95 to make it easier for taxpayers to self-assess their returns. These measures reduce paper burden and costs for taxpayers and government alike. Streamlined forms have cut the time required to process tax returns from seven to three weeks.

Electronic Filing for GST

This is a pilot project undertaken in partnership with Transact Data Services Inc. and the Bank of Montreal, using a point-of-sale device through which registrants enter payment information. The GST return is transmitted to Revenue Canada, while the request for payment goes to the bank. The bank then forwards the funds to the Receiver General from the registrant's account.

Direct Deposit

Clients have the option today of having tax refunds, other tax credits and benefits deposited directly to their bank accounts. In 1993, about 12 million refunds worth more than $2.8 billion were made using direct deposit.

CANPASS/PACE

This is a streamlined border clearance process for frequent, low-risk travellers, such as cross-border commuters. The CANPASS/PACE technology eliminated archaic paper-based processes and ensured that information and services were in place to permit voluntary compliance.

CADEX

Customs Automated Data Exchange (CADEX) was the department's first application of electronic data interchange (EDI), allowing brokers and importers to transmit data to Customs using a private network. It has greatly speeded the processing of shipments across the border.

Customs Line Release System

Line Release couples the electronic handling of cargo and release documents with automated enforcement and tariff databases, allowing shipments to be cleared by customs officials who are thousands of miles from the point of entry. The system has reduced processing times at the border –– in the case of trucks, from hours to about 20 seconds. More than 160,000 transactions per month are processed through Line Release.

A Service Compliance Strategy

These innovations flow, at least in part, from a service mind-set within the Department. Revenue Canada's strategy is based on the idea of voluntary, rather than enforced, compliance. Arising from this basic notion is a three-part strategy.

1. Market Segmentation

The Department identifies distinct groups of clients and stakeholders according to their service needs. Tailored solutions and services are then developed in consultation, employing risk analysis and targeting. Alternative service options are offered whenever feasible.

2. Simplification and Streamlining

Legislative and regulatory frameworks are continually being rethought and modernized. Paper forms and guides, and their electronic equivalents, are reviewed frequently to simplify and make them more user-friendly.

3. Application of Technology

Wherever possible, technology is developed to reduce processing times. Clients are offered direct electronic access to programs and services through a single window of access. Automated systems applications and integrated databases are used to achieve operational economies. This usually reduces costs for both the Department and its clients.

Lessons Learned

Revenue Canada was able to move fast because senior management took a "pit bull approach" to managing change and had the patience to see it through. The Department developed many of the solutions on its own. Probably, there would have been less buy-in if a consulting firm had been contracted to tell the Department what to do. Another factor in Revenue Canada's success was the appointment of external advisory committees; they pointed out problems and suggested improvements.

The following "keys to success" are adapted from comments made by Pierre Gravelle, Q.C., Deputy Minister of National Revenue, in an address to The Private Sector Resource Group, Canadian Centre for Management Development (March 5, 1996).

✔ The prime imperative is for management to introduce and sustain a service ethos. Along with this, clients and stakeholders must be involved at every stage of the effort to enhance services.
✔ There is no standard template for managing change.
✔ Revenue Canada's service improvements have been achieved by:
  • Decentralizing programs, operations and services.
  • Streamlining and de-stratifying processes and administrative requirements.
  • Using risk identification and assessment when introducing service enhancements and options.
  • Applying well-known problem-solving principles and techniques.

Prince Edward Island Health and Social Service System

Overview

Why would a province with a population smaller than that of many Canadian suburban municipalities create a system of social and health services delivery run by five regional boards? Prince Edward Island did it because they wanted a system in which the citizen had more responsibility both as a recipient of services and in deciding how to allocate and deliver those services. Health and Community Services would become a centrepiece of a major government initiative on citizen- and community-centred service delivery.

Prince Edward Island Health and Community Services Reform
- Reform based on societal values
- Breaking down institutional barriers to citizen-centred service
- Local control and decision making
- Partnerships in service delivery

The Prince Edward Island experience illustrates a model of citizen-centred government service delivery. Much has been accomplished at the organizational level in the two years since the reform began, but continued success requires that attitudes and lifestyles must change. That takes longer. Nevertheless, the P.E.I. experience is worth documenting for its comprehensive approach, the principles it espouses, and its efforts to make government work for people.

Background

In the early 1990s, the health and social services in Prince Edward Island were similar to those in other provinces. There was no clear direction for health care. Political leaders were too caught up in delivery issues to focus on policy direction. The system was geared to curing illness instead of emphasizing health promotion, illness prevention and community-based services. There was no way of determining which elements of the system were effective and which were a waste of resources.

Three main agencies — the Department of Health and Social Services, the Hospital and Health Services Commission and Addiction Services — provided a range of health and social services. The system also operated nursing homes, community organizations and seven hospitals. Each had its own way of operating, and none was obligated to work with the others for cost-effective service delivery. Overall management structures were inefficient and excessive for such a small population.

The public had come to expect more and better health services, and the doctors had come to rely more on expensive procedures and tests. Although, Prince Edward Island had one of the lowest per capita health expenditures in Canada at $1,534 in 1987-88, it had one of the highest percentages of gross domestic product spent on health care, 12%. Little new money would be available for health care, and with cutbacks in federal transfers, the province could anticipate having even less to spend. With a population of about 135,000, P.E.I. could no longer continue with excessive management structures and a fragmented and overlapping range of services.

Rethinking Government

The government of P.E.I. started to rethink many of the ways it did business. The Cabinet Committee on Government Reform concluded that the province needed to become more self-reliant. While federal transfers had accounted for as much as 55% of provincial revenues in 1980, by 1987 the share had fallen to 50%, and the downward trend was set to continue. With recent cutbacks in federal transfers, P.E.I. expects the federal contribution to account for only 38% of its budget by 1997.

A group of senior public servants and politicians wanted to break free from the silo effect of departmental organization. Instead of taking on major horizontal issues piecemeal, within the constraints of departmental jurisdiction, government as a whole should be defining societal outcomes. It should focus on what to achieve, define goals, and then organize accordingly. In the area of health, that meant setting the goal for health "as a state of physical, social and emotional well-being." Health policy should not limit itself to the avoida n c e of disease; it should promote the active pursuit of wellness. This requires consideration of the broad determinants of health. The Province defined these as income and social status, social support networks, education, employm e n t and working conditions, physical environments, personal health practices and coping skills, healthy child development and traditional health services.

Basic financial considerations gave a boost to this philosophical change. React and cure approaches cost too much — health and social services accounted for 35% of the provincial budget and were growing. More doctors and hospitals, however, were not providing gains in health. Most health care funding went to curing illnesses that may have been prevented in the first place. To be self-reliant, people and communities must take more responsibility for their own well-being. This approach, more so than traditional approaches to community health, has the potential to save money and result in a population that is healthier, in the broader sense of that word.

PEI Health Expenditure Per capita

$2,000
$1,000
$0
    1978   1987   1995

Per capita
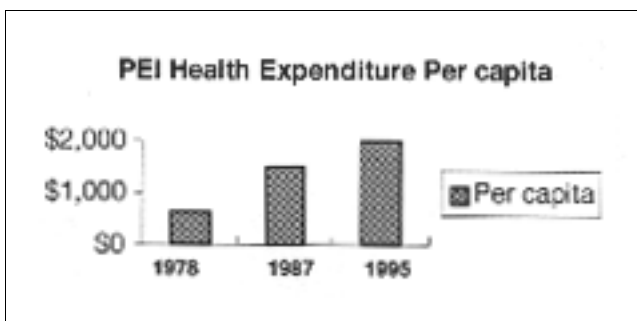
While too many people depended on government, some observers perceived that public servants and their agencies were actually dependent on their clients. With a relatively small client base, agencies needed a certain number of clients to justify their own existence, and they treated clients as a collection of needs to be met. The system perpetuated a situation in which each agency "claimed" a bit of the juvenile delinquent or the welfare case. No one looked at the client as a person or marshalled the resources and expertise to help the client return to society as a fully functioning member. This meant that the client's needs were not being met.

As well, the agency silos remained, and the client had to go from silo to silo to get the service he or she wanted. Although personal contacts among service providers were often used to assist clients navigate this bureaucratic maze, the system seemed oriented more to satisfying its own organizational needs than those of the client.

Wellness

In 1992, a Task Force on Health, which set the direction for reform, elaborated a vision for citizen-centred, community-managed, cost-effective health service. The basic elements of the vision were:

1. Focus the health system on people. "Individuals receiving health care services should receive services adapted to meet their needs and not the organizations' or the health professionals." (P. 8) "Individuals should be active participants in pursuing control over their own health, as well as the health of the community and society."
2. Emphasize health promotion and illness prevention as the means of achieving health.
3. Recognize that the determinants of health are often outside the realm of health programs. The broad determinants of health include the social environment, adequacy and quality of nutrition, the genetic make-up of individuals, environmental conditions of water, air and food, stress, self-esteem and the individual's ability to cope.
4. Provide health care through partnerships among all service providers.
5. Incorporate community participation in health care planning.
6. Increase community-based services as a key element in the evolution of P.E.I.'s health care system.
7. Articulate the direction and philosophy for delivering health care services through provincial policy development and leadership.
8. Express health goals according to measurable criteria.
9. Endorse the basic principles of the Canada Health Act.
10. Endorse the principles of primary health care — "essential health care made universally accessible to individuals and families in the community by means acceptable to them, through their full participation and at a cost that the community can afford."

The Health and Community Services System

The province completed its reform of the health system in 1994 (see organization chart below). The government reduced the number of administrative structures from 23 to 8, including 5 regional authorities.

Regional Authorities: The regional authorities bring together a range of social services such as health, addiction treatment, income support, social services and corrections into an integrated system. It removed the existing barriers to service delivery. No longer does an individual have to go from agency to agency for assistance. The reforms pushed decision making down to the local level. Community volunteer boards took on the responsibility for the local authorities. They determine the priorities for meeting local health needs and the resources available to satisfy those needs. By bringing the decision making closer to home, new partnerships between the formal system and the informal community network of resources and expertise would be more likely to form. Integrated service delivery also permits greater cost-efficiencies.

Prince Edward Island Health and Community Services System
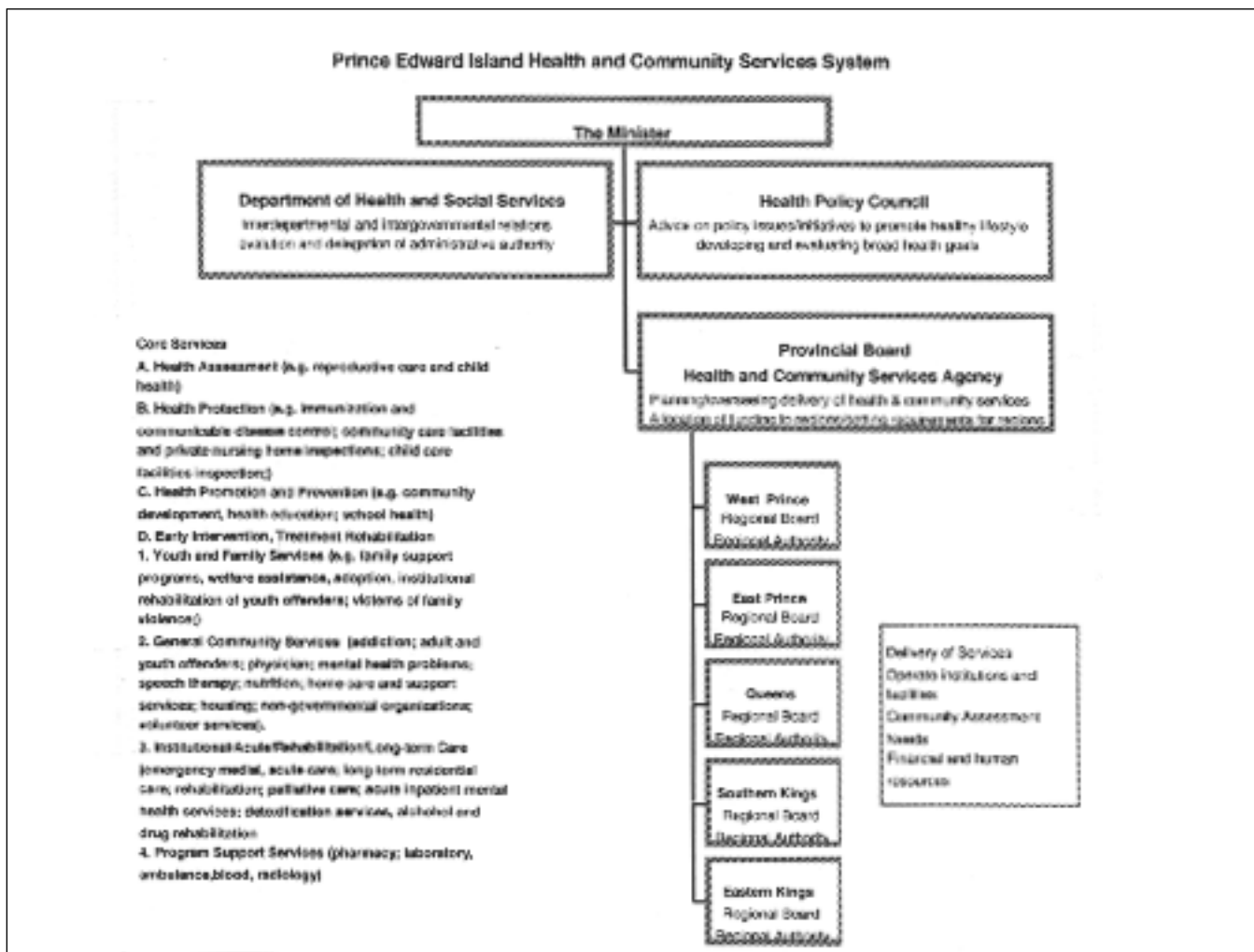
Health and Community Services Agency: The government created a provincial-level Health and Community Services Agency that functions under the direction of a Provincial Board. The Agency handles development of the provincial plan (including core services) to be delivered regionally or provincially, program design, planning, co-ordination, personnel issues and resource allocation for health services. It reports through the Chairperson of its Board to the Minister.

Health Policy Council: The Health Policy Council, appointed from the public and service providers, advises the Minister on issues affecting the health of the general population. These include overall policy and philosophy for the health care system, indicators for measuring health care, development of provincial goals and objectives, and the results of public discussions.

The Department of Health and Social Services: The Department, which previously contained much of the health and social services network, provides overall administrative support, evaluation and advice to the Ministers. It also deals with federal-provincial relations, policy analysis, and coordination with other government departments.

The new system separated, to a large extent, policy, programming and delivery.

The reform aimed at enhancing the system's ability to pursue population health outcomes within the framework of the broad determinants of health. It offers a new system of governance based on individual, family and community participation. Citizens take more responsibility for planning and delivering health services. They also take more responsibility for their own health and welfare. Individuals and communities now think more about what it means to be healthy, what the determinants of good health are, and what they can do to maintain and improve their own health.

This shift in responsibility requires a shift in thinking by a public that has been accustomed to having service providers and government provide all the answers. The change of thinking is essential for the new system to work effectively — and it will take time. Both the public and service providers

must adjust to the new approach and learn to co-operate to foster a new organizational culture, a culture in which service providers, individuals and community organizations work together to devise creative strategies for addressing health issues.

Regional Agencies and Partnerships

The 1994 reform taps into the strengths often found at the local level — a practical focus on getting the job done, the willingness of people to get involved, and the rich networks of personal contacts. In the professional community, people know each other on a personal and professional basis; within the community they tend to know their clients and their families. As a result, people work together to solve problems without being unduly restricted by the formalities of organizational or intergovernmental structures. As well, Human Resources Development Canada (HRDC) program officers have the same client base as the Regional Health and Community Services officers. They know each other and over the years develop cooperative approaches to dealing with their clients and common problems.

Figure 4 illustrates the relationships among the various components of the system at the regional level.

Although the integration of the social and health services breaks down many of the barriers to comprehensive service delivery, some important elements remain outside the system. The school system, for example, runs on a separate track with its own boards. School and regional authorities do connect at the community level, but there is a perception that the school system should work closer with the Health and Community Services System.

Boards: A key element of the regional authorities is the community control through volunteer boards, of seven to ten community members, that focus on policy issues. While the provincial government appointed the initial boards, the communities will elect them beginning in 1997. To get the boards off on the right track, the province used an approach developed by American management and governance consultant John Carver, with the help of a facilitator from the P.E.I. Health Association. The approach ties in with the provincial government's concern for societal outcomes. It separates governance from management activities.

The five boards are responsible for planning, integrating and coordinating the delivery of health and community services locally. They identify goals and desired outcomes, define issues and policies, and delegate tasks. They determine

policy by defining values, in the broadest sense, for their organizations and then considering more narrow operational and performance values and policies. The Boards keep the regional authority accountable by requiring staff to report on progress in achieving the desired results. The approach attempts to break the chronic ineffectiveness of many boards, which often tend to intervene ineffectively or destructively in delivery issues or react negatively to policies and initiatives submitted by the organization for board ratification.

Partnerships: With much of the managerial and delivery initiative now coming from the community level, managers have greater freedom to establish more formal partnering arrangements with community organizations and the federal government. Much of the success of the reform will depend on the ability of the regional authorities to tap into the energy and commitment of community organizations. The authorities can also benefit from the resources, expertise and enthusiasm of non-governmental organizations with programs that promote various aspects of community health, such as the YMCA or Alcoholics Anonymous.

HRDC Partnerships: An important federal partner at the community level is HRDC. For example, East Prince Health has a project officer working within HRDC offices in Summerside on a "People Investments" initiative to deal with unemployed. In Queens, the regional social services officers are co-locating with HRDC's Charlottetown office in a shopping mall and plan to integrate their operations and systems into the HRDC systems. In Souris, HRDC and provincial regional officials share facilities and common data bases. If the goal of providing seamless delivery of employment services is successful, the client may not even be aware of when provincial and federal services mesh.

The proposed change to HRDC legislation encourages devolution and closer partnerships with clients. The P.E.I. reforms, however, provide a challenge to local federal offices. Often federal officials provide responsive service in spite of the federal system. From the community level, approval from Ottawa for funding and innovative initiatives seem based more on satisfying needs in Ottawa than in providing relevant support for local needs. "If a project goes to Ottawa for approval, people shudder." Timing is also an issue. Federal officials cannot respond quickly when they need authority from Ottawa. Informal innovation can go only so far. The federal and provincial governments must eventually work out, on a more formal basis, real issues such a privacy of information, financial management and accountability for partnerships to work.

Attitudes: One of the major challenges professionals face is to go beyond their circle of professional contacts and make links to non-professional support within the community. Local self-help groups and a range of other

non-governmental organizations must be integrated into the process of meeting the needs of clients. Much of the success of the innovation will depend on the attitude shift of professionals and the effort they make to draw in all the community into the delivery of social and health services.

The attitude of communities must also change. Citizens can no longer expect to be passive recipients of health and social assistance. They must take more responsibility for their own welfare and participate in the efforts to improve their conditions. Citizens may be slow or reluctant to make this shift, and in such a small province unhappy people can easily bring their grievances to the Ministers and the Premier. If political leaders take too active an interest in local priorities and delivery issues, however, they will undermine the effectiveness of local authorities.

East Prince Youth Development Centre: Figure 5 illustrates a community initiative for youth in the East Prince region. It shows how many of the system's elements come together to provide a fully integrated service to a
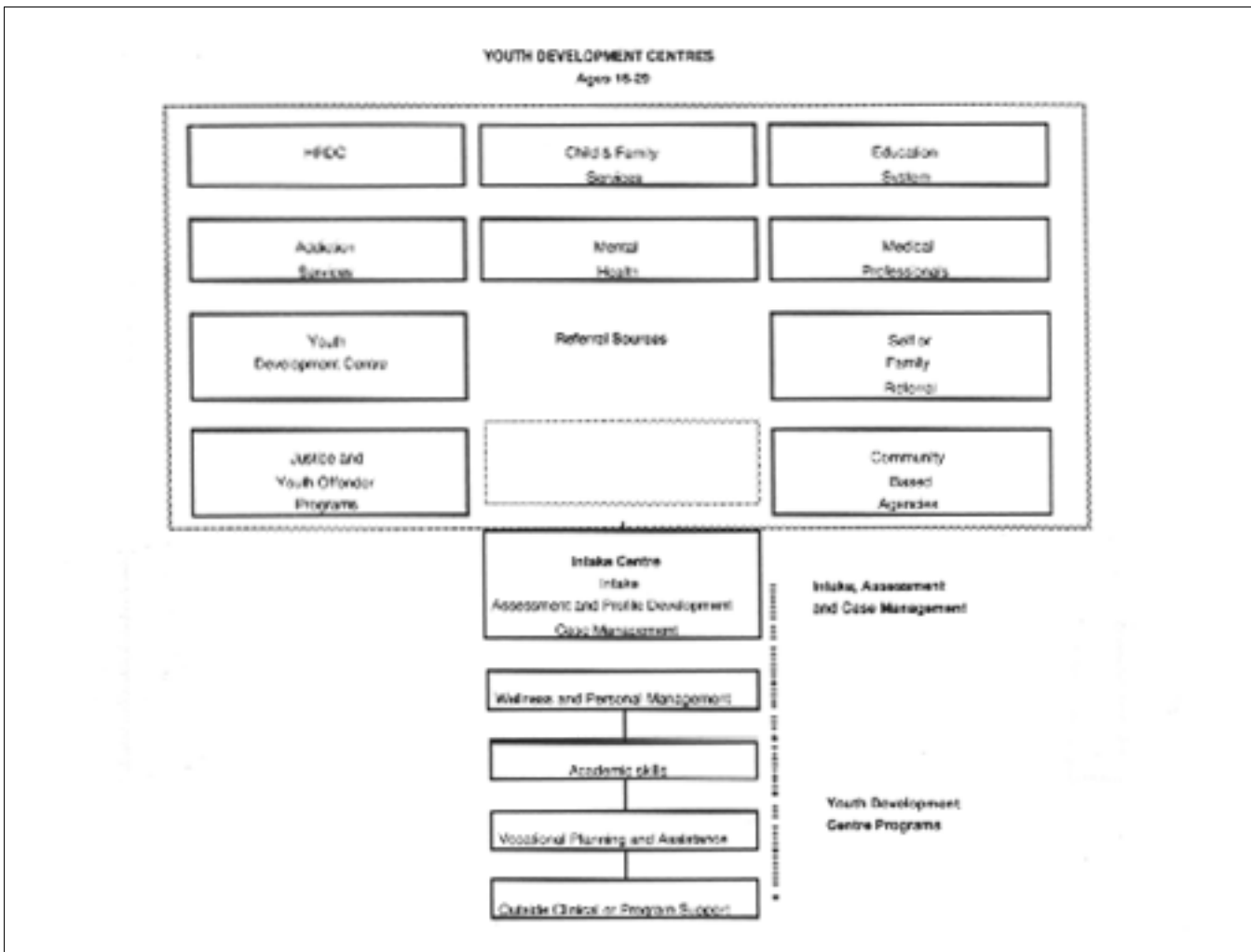
particular client group. The initiative grew out of series of inter-agency and community discussions concerning the needs and issues faced by youths and young adults in the Summerside area. Partners in the discussions included Summerside HRDC, Summerside RCMP, East Princes Health (including its various agencies: Addictions, Services, Young Offender Custody Programs, Child and Family Services); the Western School Board; three senior high schools; the City of Summerside; Summerside Police; the John Howard Society; the Greater Summerside Chamber of Commerce; the Summerside Christian Council; and the Youth Employment Services Program. Previously, these organizations dealt with youths and youth issues independently or with little interaction, even though on many occasions they were dealing with the same client.

Making the New System Work

Prince Edward Island is only in the second year of reforming its health and social system. The reform appears to be more far-reaching and innovative than anywhere else in Canada. The citizen is at the centre of the health and social services, and the communities have taken responsibilities for delivery of these services. The 1994 reforms removed the silos for a large part of the delivery system. It is all there — on paper. But it is too early to say for certain whether the progress made to date will result in a truly effective citizen-centred and community approach to service delivery. The signs are good and attitudes are changing; but the transition is not complete.

1. Citizens must feel more confident in local decision-making and in the new approach. They must become less passive and more responsible for taking an active part in pursuing their own welfare and for delivery of the health and social services at the community level. The transition may not be easy. Islanders traditionally complain directly to provincial political leaders. If community decision-making is to work, local boards must gain the confidence of their communities; otherwise, citizens will continue to appeal to provincial ministers and the Premier. While boards may retain legal political accountability for delivery issues, the de facto accountability will remain with the politicians, to the detriment of effective community responsibility.

2. Will politicians learn to focus on policy issues rather than on management and delivery issues, which in the face of constituent demands may not always be easy or avoidable?

3. Will board members remain focused on providing forward-looking policy direction and not succumb to unproductive interference in management issues?

4. Professionals within the system need to break down attitude barriers and look to non- professional allies in providing health care and social services.

Many of the difficult decisions have yet to be made. The Health and Community Services Agency has allocated funding to the boards based on historical expenditure patterns. As of yet, boards have not had to set priorities for reallocating funding among the different services they provide. Of even greater difficulty are decisions to close hospitals. Responsibility rests with the boards as to whether and which hospitals to close. The West Prince board, when faced with the decision to close one of its two hospitals, could not decide. Currently there are seven hospitals on the Island. Planners suggest the need for only two and funding cutbacks will force more attention on this issue. Could a board realistically decide to close its only hospital and retain the confidence of its community? The system will also be tested if the Province endures a major economic setback, such as another recession. In that case, entitled users of the system may require more social assistance funding than currently allocated, which may undercut the ability to deliver in other priority areas of the system. These types of hard decisions will test the viability of the reform.

In designing the system, the 1992 Task Force emphasized the need to get away from measuring the inputs within the system — services provided, visits to clinics, hospital days. The Task Force recommended identifying the information needed for evaluating the achievement of goals. Measures that would tell whether the system is working are not in place. Efforts are now underway to implement system evaluation and health indicators that would provide evidence to guide policy and demonstrate accountability for public expenditures. The Province sees the development of this evaluation framework as a first in Canada. It is looking to Health Canada as a partner to field-test methodologies and refine traditional health statistics and indicators. The evaluation will be important in determining the value of the community-based, citizen-centred approach and in strengthening evidence-based decision making. For the present, there is no information to show the effect of the changes on the people's health.

Lessons Learned

1. **Elaborate a vision and organize change around desired societal outcomes.**
   Reform of the health and social services system in P.E.I. was part of a larger process of rethinking how government can work better. With the broad goal of achieving greater self-reliance, reformers were able to focus on breaking dependency relationships. For the health system, this included emphasizing illness prevention and community health instead of just curing illnesses. The broad values and the more specific values for the health system are apparent throughout and the service providers understand well the intentions of the changes.

2. **Consult with the community and all the groups that will be affected by change.**
    Wide-ranging consultations with service providers and the public helped define objectives and the elements necessary to reach a consensus in favour of implementing the resulting reform initiative.

3. **Wide-ranging reform is not possible without the leadership from the politicians and senior public servants.**
    The reform effort benefited from a commitment to change by the political leadership and a core group of deputies with the vision to think beyond departmental silos. They defined societal outcomes and worked to re-arrange governmental departments and agencies to achieve those goals. They were able to communicate their vision in a way that motivates staff to work in accord with that vision.

4. **Build on and encourage the formalization of existing informal relationships and networks.**
    In the small Island society, personal contacts often account for more than governmental structures. The changes in the health and social services system did much to clear away institutional obstacles to meeting citizens' needs. It was recognized that true community-based, citizen-centred service required the participation of all the institutions and people within the community that could contribute. The reform encouraged the creation of partnerships and the integration of services among partners to provide the service. The in Establishing lasting and effective community partnerships and networks is critical to the long-term success of the reforms.

Conclusions

Prince Edward Island has transformed its health and social services in a way that demonstrates many of the principles of citizen-centred service. Much work remains to turn the past two years of organizational turmoil into a fully effective service-delivery system. The provincial government sees itself as an ideal laboratory for experimenting in government renewal initiatives. The small population, the political commitment to change, and the ready accessibility of senior politicians and public servants provide conditions to test and demonstrate new approaches to governance and public service on a manageable scale.

The province wants to increase federal partnerships in a number of areas and use them to demonstrate a positive, new, dynamic dimension to federal-provincial relations. Informal partnerships exist at the local level, particularly with HRDC, and the province is awaiting federal decisions for more formal

participation in local efforts such as the East Prince Youth Development Centre. Also, the province is looking for Health Canada to participate in the evaluation of the health and social system.

More far-reaching, the provincial government proposes to renew the way the Province deals with labour force development. This would incorporate work from HRDC and provincial agencies, such as the Office of Higher Education, Training, and Adult Learning, Health and Community Services Agency, and the Department of Economic Development and Tourism. The Province also wants to build on federal support for information technology infrastructure, such as provided by Industry Canada for SchoolNet and Community Access. These initiatives can play into employment training and other social service strategies.

Given the commitment and the progress already made in establishing a citizen-centred health and social system, the Task Force on Service Delivery should consider recommending that the federal government respond positively to the provincial proposals. The federal government should develop a federal-provincial action plan to form partnerships, which would include building up the information technology infrastructure of the province, to achieve citizen-centred service in the health and social services.

Concluding Observations

What are the lessons from the recent spate of experiments in delivering government programs and services? In general, the case studies suggested by Task Force members and others illustrate that government can innovate and that there are new ways of doing things through partnerships. The results promise both better service to clients and better governance. While these cases illustrate only some of the innovation underway, they do indicate the range of experimentation undertaken. Most of the cases have not had time to pass the "raving fans" test, but the experiences to date suggest some observations, questions and lessons for service delivery.

Observations

1. **Service delivery is more than direct delivery of services**

    The cases reflect five models for service delivery.

    Partnerships in Delivery
    We tend to picture face-to-face encounters when thinking of client-centred service delivery. Service New Brunswick, Clearing the Path, Canada Business Service Centres, HRD Service Delivery Networks and other examples of clustering services for the clients' benefit illustrate different partnership possibilities, ranging from single-window integrated delivery to co-location. Direct service delivery partnerships have the advantage of improving service to identifiable clients, often at considerable savings.

    Internal Service Delivery Improvements
    Although not a focus of this Task Force, perhaps the greatest scope for face-to-face service improvements is through departmental client-oriented service. Revenue Canada has led the way in improving service to business and other clients.

    Devolving Service Functions
    Cost cutting, inflexibility in traditional government operations, and re-thinking of policy, programs and delivery functions has led to the creation of a number of new entities.

> ### Who is the Client?
>
> For the Task Force, the case studies have raised an interesting question: When the government delivers services, who is the client?
> *   Should the Task Force focus strictly on the traditional face-to-face delivery of government service?
> *   Should it create the organizational entities in which face-to-face delivery can flourish?
> *   Or should it, in addition, address innovative new ways in which government can work with and be more responsive to stakeholders — as David Crombie says of his work on the Toronto waterfront, "We did it their way?"

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In some devolved operations there is a real opportunity for service improvements to identifiable clients — local airport authorities and the Canada Post Corporation, for example. In others, the client's face fades into the more amorphous general public. Nav Canada provides a service directly to airlines, more indirectly to the traveling public and only generally to the public as a public service. The National Capital Commission strategy adopts Employee Takeover Corporations to deliver on their operations. The Commission in effect becomes the client. Again, with Forintek the client base can be very narrowly defined — the government, which created the organization, and its private-sector partners.

Catalytic Partnerships
How can government exert authority in areas within its jurisdiction when it doesn't have the resources or when traditional approaches don't work? The Department of the Environment innovated by creating the federal-provincial Lake Superior Program Office (Making A Great Lake Superior). The Department retained federal regional presence, authority and accountability through the work of the Office, which is staffed largely by provincial employees. The organization became the focal point for initiating environmental remediation and management through a wide range of partnerships with municipalities, industry and community organizations. The Toronto Waterfront Trust takes the animator role a step further by disavowing formal authority in favour of getting results through use of its influence. The abnegation of traditional government roles appears justified by the results — actual improvements and a greater sense of community involvement in the achievements.

Partnership in Regulation
The ARET case provides an alternative to regulation. DOE, working with industry, has introduced a self-regulatory regime that results in less toxic-chemical pollution, at little cost to government. Governance questions do remain about a non-binding, non-enforceable approach to dealing with highly toxic substances. On the other hand, this approach recognizes the limits of DOE's capability to regulate properly all the potential toxic chemicals in use. Industry prefers this approach because it has free reign to use the most cost-effective measures, gain credit for their achievements in reducing use, and replace an adversarial system with sense of partnership with government. Environmental and labour groups, however, remain skeptical about the appropriateness of DOE-industry partnerships. Similar types of partnerships are emerging in the mining sector.

2. **Service to the client seldom drives institutional reform**
   For the most part, innovation was forced by budget cuts. Of the cases studied, in only two were the clients put first — Service New Brunswick and the Ontario business registration initiative, Clearing the Path. Client dissatisfaction no doubt influenced decisions to opt for creation of the Vancouver local airport authority and for a Crown corporation for the Post Office. But the evidence suggests that these were only part of the reasoning; clearly the desire to cut costs counted for more. Whatever the motivation, many of the changes have enabled the creation of more client- and service-oriented organizations. The cases show that often you can eat your cake and have it too — better client service at less cost.

3. **Where is the citizen?**
   With neither time nor funds for surveys, the cases offer little empirical data on client or citizen satisfaction, the supposed aim of reform. In addition, many of the cases are so recent that there are few client experiences to record. Having said that, it is notable that the clients do not stand out as centrepieces of the stories. The cases are mostly from the managers' perspective and relate the story of internal reform and the processes put in place to achieve change.

   The fact that the citizen or client appears invisible reflects limitations more in the case studies than in what may happen at the service counter. Anecdotally, we've been told that many pockets of service culture can be found, often far from the centre and without official support, where front-line workers conspire to put the client first. In periods of uncertainty, staff may define their tasks and receive their job satisfaction from their contacts with clients.

4. **Never a discouraging word**
   We wanted to focus on the positive. We chose cases that were reputed to be positive, and the results largely are positive. Should we believe them? That each of the subject departments reviewed their respective cases should mean that the facts are right. But such a review process imposes a check on critical comment. The potential positive bias and the lack of a clear client voice in the studies raises a yellow flag about reading too much into the cases.

5. **Improved services means loss of direct control**
   Government traditionally runs along lines of command and control. This approach is well suited to deliver products and services that meet the demands of the centre — senior management, central agencies and the policies they administer, and political leaders. Service culture puts the client at the centre. The case studies show a tension between the two

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competing requirements. The tension may be resolved through indirect means. Control over devolved organizations can be retained through the legislative mandates, such as those being proposed for air navigation; through contracts (NCC employee corporations); and through accountability mechanisms, such as reporting relationships to a Minister (Crown Corporations). Government can maintain some control through contracts with its more independent partners, for example, Post Office franchisees. How far federal control can be exerted, however, in partnerships in which the federal government is a true minority shareholder, such as Forintek, remains to be seen.

Partnerships of convenience, that is, co-locations, offer few accountability and control problems; however, the level of service to the public is generally not high. The lessons from the more integrated operations, such as Service New Brunswick, Canada Business Service Centres and Clearing the Path, indicate that a building block of success is horizontal management, which breaks line accountability.

Depending on the model, the federal government will not be able to retain the full level of control and accountability as with traditional structures. Letting go is essential to success, but it carries a risk — the risk of political reaction to mistakes and failures, and the risk of losing the ability to achieve government-wide policy objectives. In an era of entitlements and interest-group politics, there may be some rough water when threatened interests find the federal government no longer in the vanguard of demonstrating progressive human, social and economic values in the operations carried out under its authority.

6. **Leadership**
Leadership runs as a theme through all the studies. Good leaders are needed to stick-handle around organizational obstacles to change and motivate staff to provide the type of service that will make clients "raving fans." Staff, however, may be cynical, suspicious and fearful, since the motivation behind service delivery is often wedded to the more pressing priorities of budget cutting. Part of the leadership challenge is to foster a spirit of innovation and pride in service delivery in this debilitating climate of uncertainty. Another is to recognize the "local heroes" on the front line who may be working on the margins of formal authority to provide the service clients need rather than just what the system has on offer.

7. **Federal Visibility**
"Canadians don't really care who they get their public service from. What they want is value and they don't think they are getting it." EKOS Research

> *In periods of uncertainty, staff may define their tasks and receive their job satisfaction from their contacts with clients.*

> *The potential positive bias and the lack of a clear client voice in the studies raises a yellow flag about reading too much into the cases.*

The federal government may be entirely successful in improving service, yet receive little credit. The visibility problems arise from partnerships. The public may soon lose sight that the improved service at the Vancouver Airport is the result of federal action to devolve its operations in order to improve service. The public may deal with a provincial agency to receive a federal service, or access government information from the Internet from a non-government web page. If the only payoff being sought is client satisfaction — no problem. But improved service delivery has another objective, and that is to restore public confidence in the federal government. Along with actually improving service, there is the issue of ensuring the government gets credit for it.

How far federal control can be exerted in partnerships where the federal government is a true minority shareholder, such as Forintek, remains to be seen.

Some Ingredients for Success

Like a good golf swing, the elements are simple.

Clients come first

Don't accept excuses. The client comes first. Think like a customer. Don't say "customer service," act it. Get everyone from the Minister to the counter staff committed to serving customers well.

Leaders make all the difference

Start with a win-win approach. Use the carrot. Don't neglect the stick. Mandate the stragglers to change. Walk the talk, communicate with staff, follow through with promises and obligations, show personal commitment. Leadership is difficult when the public has trouble believing government can do anything right and budget-induced fear and cynicism hangs heavy over government employees. Commitment and communication are needed.

I can see clearly now

Paint the picture. People — clients, staff, central agencies, local MPs, the Clerk, Ministers — must see where you are going, where they fit it and what they can do to help.

Listen, learn, talk

Know what your clients and stakeholders want, ask opinions of experts, talk to potential partners on common interests and get staff involved in working on needed changes. Start early. A client service culture emerges from commitment, not executive fiat. Managers and staff make it happen. "Hyper-communicate" to avoid misunderstandings and to build commitment and enthusiasm for the chosen strategy.

But improved service delivery has another objective: to restore citizen confidence in the federal government.

Old attitudes (of staff at least) die hard

Employees may be willing to change but remain resistant in face of uncertainty and suspicions about management motives. They need to know:
- what is going on;
- what is expected of them;
- how to serve effectively (training and tools); and
- that the rewards come from catering to the citizens rather than to the bosses.

Show early results

Some battles require warfare, others do not. A sensible rule is to take the low-hanging fruit first and (to mix a metaphor) go for the tough nuts later.

Start small.

Pick pilot projects that have a high probability of success. Attending to basics and then building on them leads to success. And nothing succeeds like previous successes. Individuals build relationships and thus knowledge and trust of each other. The organization gains confidence and credibility.

Technology

Make technology central to planning good client service but not a substitute for service.

Mandate

Give the organization a plan, a business plan that builds on its core competencies; identifies the public interest to be served; has realistic expectations of the demand (revenue) for its services; has commitments where appropriate from willing partners; and identifies assured source of financing.

Partnerships expand capabilities

Federal partners can benefit from the business expertise of partners, the sharing of risks and from investments. Private-public partnerships force government attention to business discipline. One-stop shop integration can balance the utilization rates of the original programs, for all staff become brokers for whatever program best fits the client's needs.

Partnerships need leaders

To get things moving, one partner must be prepared to take the initiative and be willing to shoulder much of the burden of implementation

Think of virtual partnerships

More things may be wrought by voluntarism than are dreamed of in government management theory. Small, independent groups, not directly associated with government, can cut corners and get things done quickly. Industry wants credit for working toward a better world; use that to lever their co-operation in achieving departmental objectives

Measure qualitative service, if you can

Naive measures like "number of firms created after a visit to the centre" are… well, naive. Helping a client realize that his or her business idea is about as feasible as putting garbage on the moon is a value-added service to the economy. One less failure is a savings. Such things are hard to measure, however.

"People get absorbed in the process of tracking quality instead of improving it. We operationalized quality by putting in place principles for people to follow. We made more progress getting quality into the organization than by establishing processes."

Internal concerns frustrate client service

If you can't get your own house in order, integrated change won't happen. Egos and personality clashes limit interdepartmental co-operation, which will ultimately hurt the customer.

Turf

"We'll get absorbed into something we now do better." "We don't want to be dominated." "We have different fiscal and practical procedures." All are excuses that stem from the providers' perspective. The wrong perspective. The only right perspective is the customers' — and they don't care who provides the service as long as they get the service they need.

Get the system on side

Get central agencies on to your way of thinking to gain needed discretionary maneuvering room for flexible implementation and operations.