



# A Call *for* Action

## *The Eleventh Hour*

FINAL UPDATE OF TASK FORCE YEAR 2000

JULY 1998

*...deadline is firm*

**SOS·2000**

**Task Force  
Year 2000**

**SOS-2000**

An initiative of Task Force Year 2000 and the Canadian Business Community

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July 6, 1998

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Dear Minister:

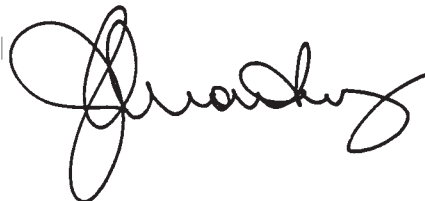
On behalf of my colleagues of the Task Force Year 2000, I am pleased to transmit herewith our final update on the state of preparedness of Canadian businesses for the Year 2000 technological challenge.

Although a new survey carried out in May by Statistics Canada at our request concludes that the state of preparedness of the Canadian business community has improved significantly since October 1997, too many executives still underestimate the scope of the challenge. With only 18 months left before the turn of the century, the national supply chain remains vulnerable.

This report, *A Call for Action: The Eleventh Hour*, makes a number of recommendations which supplement those in our February 3 report. This time, the focus of our recommendations is specifically on contingency planning at the firm and at the national level.

We trust that since the Task Force was created in September 1997, we have fulfilled our mandate and have contributed to laying the foundations Canada needs to enter confidently into the next century.

Yours sincerely,



Jean C. Monty

# A Call *for* Action

## *The Eleventh Hour*

F I N A L   U P D A T E   O F   T A S K   F O R C E   Y E A R   2 0 0 0

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# Compendium of Recommendations

## Recommendation 1:

- 1) All businesses that have not yet done so should immediately develop contingency plans, including extraordinary measures that might be required to minimize the impact their system failures would have on their partners, and to shield themselves from potential partners' failures.
- 2) In the spring of 1999, the Business Council on National Issues should hold another round table meeting for chief executive officers to assess Canadian progress in contingency planning.
- 3) The Task Force recommendations contained in the Task Force Year 2000 February report, *A Call for Action*, where still appropriate, should continue to serve as a basis for private and public initiatives to accelerate Canadian business preparedness for the Year 2000 challenge.

## Recommendation 2:

All privately or publicly owned businesses, whose operations are mission critical to others, should:

- 1) accelerate their testing efforts and realign their corporate priorities accordingly;
- 2) seek an independent audit of their Year 2000 preparedness activities; and
- 3) share with their partners and constituencies summaries of their testing activities and remedial actions based on their test results as soon as possible, preferably before the end of 1998.

### Recommendation 3:

- 1) Canadian businesses, as part of their contingency planning for the Year 2000 challenge, should anticipate the impact that an unexpected, but possible, failure of one of their mission-critical systems could have on the health and safety of their employees, on the environment, on customers and/or the public.
- 2) Canadian businesses, in close consultation with their employees and with local authorities, should participate in the development of measures aimed at mitigating the potential negative impact a system failure could have on their local community.

### Recommendation 4:

- 1) Consumer groups, Better Business Bureaus and the Alliance of Manufacturers and Exporters Canada should investigate the potential continued availability of products that are not Year 2000-ready.
- 2) If necessary, the federal government, in association with Canadian businesses and consumer groups, should plan and implement a communications campaign aimed at educating purchasers to inquire and systematically seek Year 2000-ready products.

### Recommendation 5:

- 1) The federal, provincial/territorial and municipal governments should put in place an information-sharing mechanism on the Year 2000 challenge, with a particular focus on infrastructure industries and other essential services, by September 1998.
- 2) At their next conference this summer, the provincial premiers and territorial leaders should endorse the creation of this mechanism.

- 3) National associations should set up ad hoc Year 2000 committees, enabling members of the same industries to share the experience gained by others to help accelerate their states of preparedness.
- 4) The Department of Foreign Affairs and International Trade, in cooperation with other federal departments with infrastructure services responsibilities, should monitor the Year 2000 preparedness progress of Canada's major trade partners.

#### Recommendation 6:

- 1) Statistics Canada should carry out a third survey on Year 2000 readiness in 1999. This survey should focus on testing results and time lines and be expanded to include the public, para-public and private sectors. The results should be made available no later than the end of March 1999.
- 2) The Standing Committee on Industry should continue to monitor the developments of the Year 2000 challenge in Canada, review the results of the final Statistics Canada survey and address recommendations to the relevant authorities.

On February 3, 1998, the Task Force Year 2000 published *A Call for Action*, a report based on the results of a Statistics Canada survey carried out in October 1997. The survey results indicated that the scope of the Year 2000 technological challenge—often referred to as the millennium bug—and its likely impact on Canada’s national supply chain was being underestimated by the majority of business people in Canada. Because of the seriousness and urgency of the situation, the Task Force decided to report four months ahead of schedule with a series of recommendations addressed to public- and private-sector authorities. It then launched an ambitious communications campaign targeted to the business community.

At the end of February 1998, The Conference Board of Canada released the detailed findings of its publication, *Do or Die*. These findings confirmed that the Year 2000 challenge could have a significant negative effect on the national economy. On June 4, the Canadian Bar Association released the results of its analysis of the legal implications of the Year 2000 challenge. The Task Force requested this report to help executives fully appreciate the extent to which they should exercise due diligence with respect to this challenge. The overall objective was to help them avoid as much as possible the costly litigation that may arise as a result of Year 2000 failures. These two reports are available from the Task Force Web site. They should convince the most sceptical executive of the need to take appropriate action immediately.

A key source  
of information:  
[strategis.ic.gc.ca/sos2000](http://strategis.ic.gc.ca/sos2000)

The communications campaign launched in March 1998 by the Task Force, in partnership with Industry Canada and the Canadian business community, included a series of sectorial press conferences, a direct mailing campaign by the Stentor

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Alliance to more than 800,000 businesses, a direct mailing of self-assessment questionnaires by several chartered banks to corporate clients, and a \$1-million advertising campaign targeted to the business community. The Canadian Bankers Association, in partnership with the Canadian Institute of Chartered Accountants and the Ministère de l'Industrie, du Commerce, de la Science et de la Technologie of Quebec, also held a series of seminars for small and medium-sized businesses in that province. The seminars are now being held in Ontario, and in the fall, will be held across Canada. In April, the Canadian Federation of Independent Business also released the results of a survey of the Year 2000 preparedness of its 89,000 members, many of which have five employees or less and were not included in either Statistics Canada survey. On the whole, the results were similar to the October 1997 Statistics Canada survey.

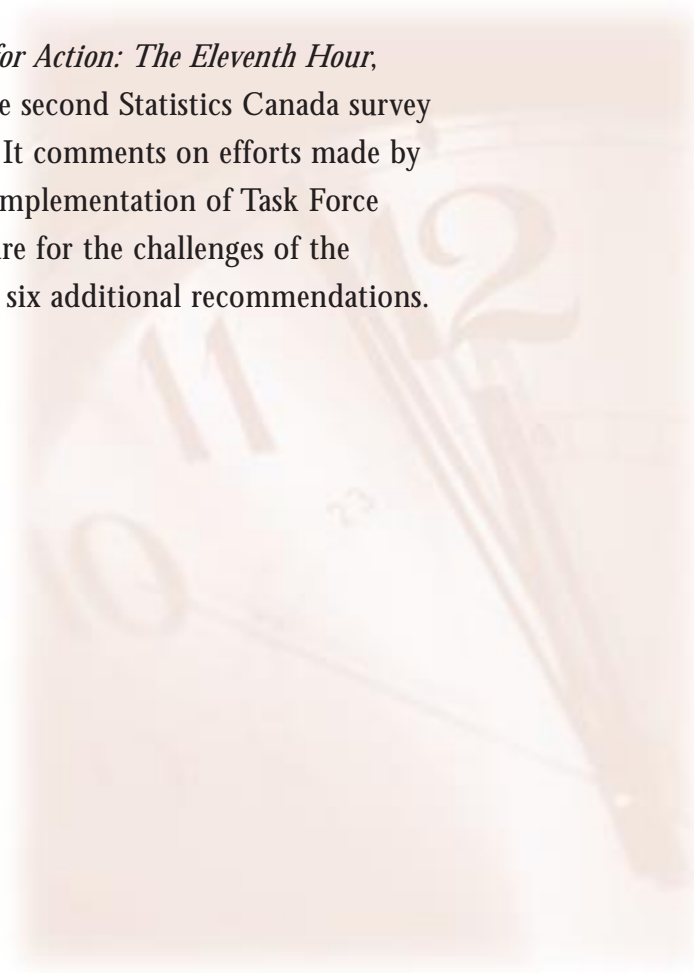
The communications activities carried out by the Task Force and its partners have resulted in requests for over 225,000 copies of the Task Force Year 2000 material through the 1-800 line and the Task Force Secretariat, and in about 150,000 hits on the Year 2000 Web site since February 3, 1998. Because of the demand for the Task Force report, *A Call for Action*, and other related material to assist executives, many of these publications had to be reprinted.

In *A Call for Action*, the Task Force recommended that Statistics Canada undertake a repeat of its October 1997 survey. The purpose is to assess the extent of the response of the Canadian business community to the report's first two recommendations: *the urgent need to implement formal action plans, and the requirement that firms also inquire into the state of preparedness of their key trade partners.*

Time is running out. There are only 18 months remaining until the turn of the century and the challenge is becoming increasingly complex and costly.

An enormous effort is still required—one that demands an extraordinary level of collaboration from most public and private authorities. In this era of globalization, Canada has the opportunity to lead the way in the development of synergies, alliances and partnerships that are required to develop effective action plans to deal with the problems and challenges of the Year 2000.

This final update, *A Call for Action: The Eleventh Hour*, draws conclusions from the second Statistics Canada survey carried out in May 1998. It comments on efforts made by various authorities in the implementation of Task Force recommendations to prepare for the challenges of the Year 2000, and formulates six additional recommendations.



## 2

## The Current Situation

The October 1997 Statistics Canada survey looked into the state of preparedness of the major economic sectors of the Canadian economy: finance and insurance; primary industries; manufacturing; trade and other services; and transportation, communications and utilities. It did not include sectors that were not in the scope of the mandate of the Task Force, including health, education and government services.

The Task Force considers that services provided by the communications, utilities and financial institutions are mission critical to the national economy and so requested that Statistics Canada increase the sample size of the May 1998 survey to provide more specific information on these industries. The Task Force also supported separating the huge trade and other services sector into wholesale and retail, in order to get a better picture of their respective states of preparedness.

Ninety-nine percent of Canadian businesses are now aware of the Year 2000 challenge.

### Overall Situation

The results of the May 1998 survey demonstrate that 99 percent of Canadian businesses are now aware of the Year 2000 challenge and that there is a marked improvement in the number of firms taking action:

- 70 percent of businesses are now taking action; whereas, last October, only about 45 percent of businesses were taking action;
- about 94 percent of medium-sized and large firms are now taking action;

## How Businesses are Approaching the Year 2000 Problem, by Industry and Size

PERCENTAGE OF BUSINESSES

	FIRMS NOT TAKING ACTION				FIRMS TAKING ACTION			
	Not aware		Aware, but not taking steps		Informal steps		Formal steps	
	Oct. 97	May 98	Oct. 97	May 98	Oct. 97	May 98	Oct. 97	May 98
<b>ALL BUSINESSES</b>	<b>9</b>	<b>1</b>	<b>46</b>	<b>29</b>	<b>36</b>	<b>52</b>	<b>9</b>	<b>18</b>
Small firms	10	1	51	33	33	51	6	15
Medium firms	1	0	29	6	50	57	20	37
Large firms	0	0	7	6	45	27	48	67
<b>PRIMARY INDUSTRIES</b>	<b>8</b>	<b>0</b>	<b>59</b>	<b>42</b>	<b>30</b>	<b>47</b>	<b>3</b>	<b>11</b>
Small firms	8	0	64	45	26	46	2	9
Medium firms	12	0	33	20	48	66	7	14
Large firms	0	0	8	8	69	26	23	66
<b>MANUFACTURING</b>	<b>7</b>	<b>2</b>	<b>43</b>	<b>27</b>	<b>40</b>	<b>49</b>	<b>10</b>	<b>22</b>
Small firms	10	2	50	33	36	51	4	14
Medium firms	0	0	24	7	55	50	21	43
Large firms	0	0	11	2	36	34	53	64
<b>TRANSPORTATION, COMMUNICATIONS &amp; UTILITIES</b>	<b>7</b>	<b>1</b>	<b>45</b>	<b>29</b>	<b>42</b>	<b>45</b>	<b>6</b>	<b>25</b>
Small firms	8	1	51	36	37	44	4	19
Medium firms	3	0	30	2	62	54	5	44
Large firms	0	0	3	0	47	26	50	74
<b>TRADE &amp; OTHER SERVICES</b>	<b>10</b>	<b>2</b>	<b>48</b>	<b>30</b>	<b>34</b>	<b>51</b>	<b>8</b>	<b>17</b>
Small firms	11	2	52	32	31	52	6	14
Medium firms	1	0	31	5	48	59	20	36
Large firms	0	0	8	11	52	22	40	67
<b>FINANCE &amp; INSURANCE</b>	<b>1</b>	<b>0</b>	<b>33</b>	<b>21</b>	<b>50</b>	<b>44</b>	<b>16</b>	<b>35</b>
Small firms	1	0	39	24	52	43	8	33
Medium firms	1	0	18	8	51	54	30	38
Large firms	0	0	3	0	21	25	76	75

Source: Statistics Canada, *The Preparedness of Canadian Businesses for the Year 2000 Computer Problem* (as of October 1997 and May 1998).

- the percentage of firms taking formal action has doubled from 9 percent to 18 percent;
- the percentage of large firms now taking a formal approach has increased from 48 to 67 percent;
- firms taking action represent close to 90 percent of employment in the survey population;
- three quarters of firms realize the potential for litigation related to Year 2000 failures; and
- close to one third of Canadian businesses indicated that their systems were ready; this represents 19 percent of the survey population employment.

There is marked improvement in the number of firms taking action. However, the challenge ahead is still serious.

With only 18 months remaining to the Year 2000, however, the challenge remains serious:

- one third of small firms have not yet acted;
- one third of large firms have not instituted formal action plans; and
- only 37 percent of medium-sized firms have formal action plans.

Clearly, too many executives have still not understood that they are probably underestimating the scope of the challenge they face in their own firms. Some, particularly in the larger firms, may soon realize that there is not enough time remaining to prepare for the Year 2000 challenge, and that their unpreparedness may affect others. For example:

- only 28 percent of firms have inquired into the state of preparedness of their suppliers. Large firms appear to understand the impact interdependencies could have on them better: 62 percent have begun looking into their partners' state of preparedness, as compared to only 32 percent in October 1997; and
- one half of all large firms do not expect to be ready until sometime in 1999, or do not know when they will be ready. Since one third of large businesses have no formal action plan, anticipated completion dates should be considered with caution.

As the Task Force made clear in *A Call for Action*, it is not sufficient for individual firms to be ready. They should ensure that their suppliers are in a position to respect their need for “just-in-time” inventories and other essential services. Uncertainties regarding partners' preparedness will result in executives either stockpiling supplies in 1999 or substituting current suppliers for better prepared ones. Either way, unprepared firms will suffer. All economic sectors should accelerate the development of contingency plans that anticipate the impact of externalities on their firms.

Contingency plans should anticipate the impact of externalities.

## S e c t o r i a l   S i t u a t i o n s

### Finance and Insurance

The finance and insurance sector has maintained its leadership position in preparing for the Year 2000 challenge: 79 percent of firms have taken action and 35 percent have adopted a

## When do Businesses say their Systems will be Year 2000-Ready?

	PERCENTAGE OF BUSINESSES				
	Now	Last half of 1998	First half of 1999	Last half of 1999	Don't know
<b>ALL BUSINESSES</b>	<b>31</b>	<b>13</b>	<b>13</b>	<b>5</b>	<b>6</b>
Small firms	32	10	11	5	5
Medium firms	19	37	21	8	8
Large firms	15	27	34	15	3
<b>PRIMARY INDUSTRIES</b>	<b>29</b>	<b>11</b>	<b>10</b>	<b>4</b>	<b>2</b>
Small firms	29	9	9	3	2
Medium firms	25	35	14	3	3
Large firms	12	17	44	18	1
<b>MANUFACTURING</b>	<b>28</b>	<b>15</b>	<b>14</b>	<b>9</b>	<b>4</b>
Small firms	29	13	10	8	5
Medium firms	29	23	26	12	4
Large firms	12	29	41	14	1
<b>TRANSPORTATION, COMMUNICATIONS &amp; UTILITIES</b>	<b>27</b>	<b>13</b>	<b>17</b>	<b>6</b>	<b>6</b>
Small firms	26	9	15	5	7
Medium firms	33	29	23	9	1
Large firms	10	30	43	16	1
<b>TRADE &amp; OTHER SERVICES</b>	<b>32</b>	<b>12</b>	<b>12</b>	<b>5</b>	<b>6</b>
Small firms	34	9	11	4	6
Medium firms	11	44	20	7	13
Large firms	20	22	27	17	3
<b>FINANCE &amp; INSURANCE</b>	<b>30</b>	<b>25</b>	<b>18</b>	<b>4</b>	<b>1</b>
Small firms	30	22	17	4	1
Medium firms	33	36	19	4	1
Large firms	7	47	28	10	7

Source: Statistics Canada, *The Preparedness of Canadian Businesses for the Year 2000 Computer Problem* (as of October 1997 and May 1998).

formal action plan. Small firms in this sector were fairly responsive to the Task Force messages: about 33 percent (compared to only 8 percent last October) now have formal action plans.

Unfortunately, larger firms in this sector seem to have remained relatively indifferent to the Task Force call for action, as the number of firms taking a formal approach has not changed, but remains at approximately three quarters of the industry. Close to one fifth of large firms either do not know when they will be ready, or do not expect to be ready until after mid-1999. Clearly, executives of these firms should be concerned about the limited time remaining to prepare—and their shareholders and customers should hold them accountable.

### **Primary Industries**

The survey indicates that primary industries are still trailing the other sectors in Year 2000 preparedness, despite progress. Forty-two percent of the sector—mostly small firms—still have to take action, and only 11 percent have adopted a formal approach. Large firms, however, have responded very constructively to our call for action, with 66 percent now taking a formal approach, compared with only 23 percent last October.

Corrupted embedded chips are being detected more and more frequently in sophisticated equipment used in production, field operations, and safety, security and maintenance systems in many industries. Primary industries are facing a similar challenge. Although manageable—but costly to investigate and

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to correct when discovered—extra due diligence must be exercised not to overlook corrupted embedded chips. If left undetected, a faulty system could impact significantly on the ongoing operations of these businesses and could even, in some instances, impact on the environment or on the health and security of field operations personnel. Executives are urged to accentuate the importance of embedded chips in their formal action plans and their contingency plans for the Year 2000 challenge.

#### Action Levels and Preparedness Timetables for Large Businesses, by Sector

	PERCENTAGE OF LARGE BUSINESSES							
	ACTION LEVELS				PREPAREDNESS TIMETABLES			
	Formal plan	Informal steps	No action	Ready now	Last half of 1998	First half of 1999	Last half of 1999	Don't know
All Businesses	67	27	6	15	27	34	15	3
Primary Industries	66	26	8	12	17	44	18	1
Manufacturing	64	34	2	12	29	41	14	1
Transportation	65	35	0	11	31	44	14	1
Communications	82	18	0	15	36	28	21	0
Utilities	95	5	0	0	16	60	24	0
Wholesale	81	19	0	14	31	41	13	1
Retail	67	30	3	9	37	42	7	3
Finance & Insurance	75	25	0	7	47	28	10	7
Service industries not classified elsewhere	64	21	15	24	17	21	19	4

Source: Statistics Canada, *The Preparedness of Canadian Businesses for the Year 2000 Computer Problem* (as of October 1997 and May 1998).

## **Manufacturing**

The manufacturing sector's preparedness activities have progressed. Ninety-eight percent of large firms are taking action, and two thirds of those have formal plans. The overwhelming majority of large firms expect to be ready by June 1999, at the latest. Unfortunately, only 22 percent of firms of all sizes have adopted a formal approach and only 23 percent of the firms in this sector have begun investigating the preparedness of their partners.

This sector is important for Canada's national supply chain and, if firms deliver as expected, it will do much to enhance Canada's competitiveness. The Task Force appeals to those firms that have not yet adopted a formal plan to do so immediately and underlines once again the significance of interdependencies among firms.

## **Trade and Other Services**

The trade and other services sector has improved significantly. The proportion of firms taking action has increased from 42 percent to 68 percent. Firms are also becoming more systematic in their approach. The proportion of large firms taking formal action has risen from 40 percent in October 1997, to 67 percent in May 1998. In the wholesale sector, the survey estimates that all large firms are acting and 81 percent have a formal plan. However, in the retail sector only 67 percent are acting formally. The vast majority of large firms are anticipating they will be ready by mid-1999.

Given the large number of firms in the trade and other services sector, the Task Force wants to remind all executives that preparedness will give them a strong competitive edge. This advantage is emphasized by The Conference Board of Canada.

### **Transportation, Communications and Utilities**

Transportation, communications and utilities are so significant that if they are not adequately prepared, they could cause considerable disruptions in our economic and social systems.

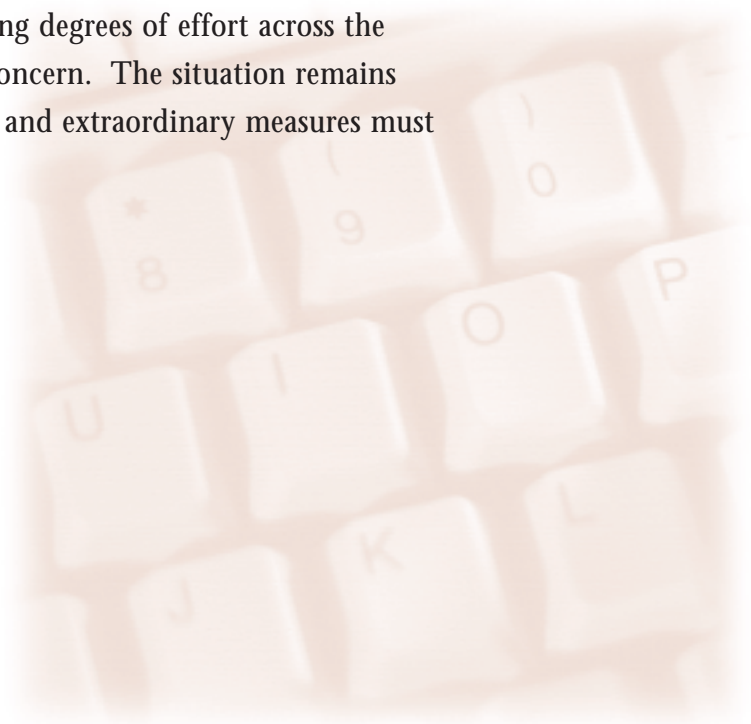
The transportation, communications and utilities sector has increased activities to prepare for the Year 2000 challenge, with 70 percent of firms now taking action, compared to 48 percent in October 1997. At the large firm level, all companies are taking action and the proportion that has adopted a formal approach has increased from 50 percent in October 1997, to 74 percent in May 1998. Ninety-five percent of large utilities companies in the survey population and 82 percent of large firms in the communications sector have adopted a formal approach; however, only 16 percent and 51 percent, respectively, expect to be ready before January 1999.

The transportation industry appears to be the least prepared in this sector. Only 65 percent of large firms are presently taking a formal approach, although 86 percent expect to be ready by June 1999.

If the transportation, communications and utilities sector were not mission critical to the national economy, the Task Force would have few suggestions to make—other than to urge the 36 percent of small firms that are not taking action, to take action, and to encourage the 45 percent of all firms that are taking an informal approach, to adopt a more structured one.

However, these industries are so significant to others that if they are not adequately prepared, they could cause considerable disruptions in our economic and social systems. The fact that 24 percent of large firms in the utilities sector and 21 percent in the communications sector do not expect to be ready until after June 1999 is a very serious concern. This will not leave sufficient time for others to determine their risks. They will have no choice but to develop, and possibly resort to, additional contingency planning measures. Since these services are mission critical, the Task Force considers that some of these sectors should demonstrate a greater degree of transparency in their preparedness efforts.

Even though the May 1998 Statistics Canada survey has revealed considerable improvement in the level of action by Canadian businesses, the varying degrees of effort across the economic sectors is a serious concern. The situation remains urgent. Contingency planning and extraordinary measures must become a priority.



### 3

## The Response to the Task Force Call for Action

Many stakeholders responded enthusiastically and promptly to the Task Force's call for action in February 1998. They have contributed substantially to the much improved national situation that is reflected in the May 1998 results of the survey on the preparedness efforts of Canadian businesses to the Year 2000 challenge.

A growing number of national associations are making the Year 2000 challenge an ongoing element in their communications to members. Many have developed innovative partnerships to widen their reach within their areas of the business community.

The print and electronic media have been key allies in focussing public attention on the Year 2000 challenge. The almost daily coverage of the issue has been, to a great extent, very responsible and informative.

Many financial institutions have used a broad range of levers to turn business awareness into action. For instance, an increasing number of lenders now include Year 2000 preparedness in their risk assessment criteria and have undertaken various initiatives—seminars, direct mailings and information brochures—to inform their customers about the Year 2000 challenge.

The insurance community has also been proactive in encouraging its clients to meet the Year 2000 challenge. The Insurance Bureau of Canada has been sensitizing and informing its members and the public. The industry has concluded that many Year 2000 problems can be anticipated and are, therefore, ineligible for insurance coverage. As a result, agents and

independent brokers are urging clients to be prepared and are beginning to advise them that, depending on the circumstances, losses resulting from Year 2000 problems may not be reimbursed.

In the auditing and accounting community, the Canadian Institute of Chartered Accountants (CICA) has recently made available on its Web site three new detailed and authoritative guidelines regarding Year 2000 issues in financial statements, in addition to pertinent information already on the site. CICA and l'Ordre des comptables agréés du Québec are also active giving seminars in partnership with other organizations such as the Canadian Bankers Association.

Securities commissions have also lent their support to the challenge. In late January, the Canadian Securities Administrators issued guidelines regarding disclosure of the Year 2000 computer situation by publicly traded companies. These guidelines have been widely publicized across Canada. In addition, the Ontario Securities Commission is reviewing a sample of annual reports and prospectuses for company statements on Year 2000 positions.

The Business Council on National Issues (BCNI) held a round table on cross-border issues with the chief executive officers of some of the largest multinational companies in Canada. While the participants were confident that the Year 2000 challenge would not have a significant impact on Canada-US trade, they agreed with the findings of the Conference Board regarding the potential consequences of the Year 2000 challenge caused by interdependencies on the national supply chain. All BCNI members were invited to contact their infrastructure

service providers—such as power and energy suppliers, telecommunications and other essential governmental services—and inform them that they were holding them increasingly accountable on Year 2000 compliance progress.

The Task Force acknowledges the leadership the Prime Minister of Canada has shown in inviting his Cabinet colleagues to position the Year 2000 challenge among their priorities, and in ensuring that federal initiatives are not a strain on the technological resources the private sector requires for the Year 2000 challenge. As indicated repeatedly in the Task Force documentation released in February 1998, accountability for the Year 2000 challenge in any organization starts at the senior executive level.

Accountability  
for the Year 2000  
challenge in any  
organization  
starts at the  
most senior  
level.

The Minister of Industry, the Honourable John Manley, has also shown strong support and commitment to meeting the national challenge. The initiatives undertaken by the Industry portfolio and the Canadian government are detailed in Minister Manley's letter in the appendix to this report. Programs initiated under his leadership, such as the Business Development Bank of Canada's \$50-million Year 2000-ready loan program and Industry Canada's Community Access Program, will assist small and medium-sized enterprises considerably. The tax relief initiative recently announced by the Minister of Finance is in agreement with both the House of Commons Standing Committee on Industry and the Task Force recommendations. It will encourage small and medium-sized businesses to give a higher priority to the Year 2000 computer challenge. The Task Force hopes that the work carried out by Justice Canada and by the Treasury Board Secretariat will persuade federal regulators to accelerate the exercise of due diligence on the Year 2000 challenge with their constituencies.

The Standing Committee on Industry has become a leader in advocating the need for action by the public, para-public and the private sectors on the Year 2000 challenge. So far, the Committee has heard submissions from more than 70 witnesses on such wide-ranging areas as immigration, lending practices, manufacturing, health-care services, government preparedness, embedded chips, telecommunications, transportation, utilities and small businesses. On May 14, 1998, the Committee tabled an interim report to Parliament. The report contained 26 recommendations dealing with critical areas such as increased Year 2000 testing and sharing of test results, cooperation among the various levels of governments and elected officials, and the importance of alerting consumers to the potential problems that may occur. The findings of the Standing Committee and those of the Task Force are very similar.

The initiatives undertaken by the federal government and the Canadian parliament, including the work of the Auditor General and the Public Accounts Committee on the internal state of preparedness of the Canadian government, are excellent examples of the kinds of initiatives that provincial authorities could implement to help accelerate the state of preparedness in Canadian communities.

In the past few months, the Secretary of the Task Force has met, where possible, with the offices of the premiers and the leaders of the opposition, the provincial auditors general and the chief information officers in all the provinces and with their counterparts in the territories. On behalf of the Task Force, the Secretary encouraged governments to: include Crown corporations and independent agencies in their Year 2000 work plans; use the parliamentary system to bring about a greater

degree of transparency on preparedness; invite their regulators to exercise, where possible, a greater degree of due diligence with their regulated industries; invite governments to monitor more closely the evolution of preparedness by municipalities; and, as much as possible, encourage small and medium-sized companies to accelerate preparedness. These authorities may find Minister Manley's report, reprinted in the appendix, of considerable interest.

### Topics of Interest

A Call for Action (February 1998)

<http://strategis.ic.gc.ca/sos2000>

Year 2000: Sharing CEO Perspectives and Executive Summary

<http://strategis.ic.gc.ca/sos2000>

Guidance for Directors—The Millennium Bug

<http://www.cica.ca>

Guidance material from ITAC

<http://www.itac.ca>

January 1, 2000: Crisis or Opportunity —

Detailed Findings (February 1998)

<http://www.conferenceboard.ca>

Do or Die: Attack the Millennium Bug Now! Viewpoint

<http://www.conferenceboard.ca>

Year 2000: Risk Management and Contingency Planning

[http://strategis.ic.gc.ca/sos\\_2000](http://strategis.ic.gc.ca/sos_2000)

Year 2000: Technology Checklist for Small Business

<http://www.cfib.ca>

Countdown to 2000: The Legal Issues

<http://www.cba.org/abc>

### Contingency Planning

The Task Force report, *A Call for Action*, asked public and private authorities to lend support and participate in the implementation of measures aimed at fostering action in their respective constituencies. The response has been very positive. Some authorities have been more aggressive than others and we commend them for their efforts. We invite others to join forces and accelerate the pace.

The recommendations in the February 1998 report remain relevant and encourage the type of national coalition that the Year 2000 priority deserves. Their objective—to create an environment contributing to faster action by the business community in dealing with the Year 2000 challenge—is gradually being fulfilled.

Some industries used different mechanisms than those suggested by the Task Force to achieve the same end. This was the case with the finance and insurance industries.

Despite significant improvements in Canadian business preparedness since October 1997, the situation is still serious. The national supply chain remains vulnerable. With only 18 months remaining, it is critical that firms, particularly the larger ones who started late, catch up. They may not, in fact, have enough time left to correct even their mission-critical systems. *Contingency planning must be a priority.*

The national supply chain remains vulnerable—contingency planning has become the order of the day.

Executives, from now on, need to anticipate the negative impact that malfunctions in their critical systems could have on their trade partners and take the necessary precautions to minimize these disruptions. Executives who had the foresight to start their repairs on time should take whatever measures they need to shield their firms from the impact of unprepared trade partners. The smooth functioning of the Canadian economy depends on it. For many, this may require massive budget reallocations, in-depth risk management, stringent prioritizing and total focus on mission-critical systems.

It is important that the Business Council on National Issues organize another round table discussion of chief executive officers from some of the largest multinational firms in Canada to take place in the spring of 1999. This round table would focus on the status of the contingency planning by large Canadian businesses.

**Recommendation 1:**

- 1) All businesses that have not yet done so should immediately develop contingency plans, including extraordinary measures that might be required to minimize the impact their system failures would have on their partners, and to shield themselves from potential partners' failures.
- 2) In the spring of 1999, the Business Council on National Issues should hold another round table meeting for chief executive officers to assess Canadian progress in contingency planning.
- 3) The Task Force recommendations contained in the Task Force Year 2000 February report, *A Call for Action*, where still appropriate, should continue to serve as a basis for private and public initiatives to accelerate Canadian business preparedness for the Year 2000 challenge.

## Testing

The next recommendation is addressed to those businesses that are working actively on their Year 2000 challenge. Firms know that they must complete the total functionality testing phase—the testing of all systems in interaction with one another in a Year 2000 environment—before they can be comfortable with their own state of preparedness. Many companies could see their deadlines slip as the scope of the embedded chips challenge increases and as they experience supply problems in replacing equipment, particularly in 1999. Now the testing phase is often exceeding 65 percent of the overall effort, rather than 50 percent, as they had originally calculated.

Yet, the sooner a firm has completed its testing, the sooner it can provide a reasonable level of assurance to its trade partners about its state of preparedness. In turn, partners can advantageously revise their contingency plans and reduce their costs. Multiplied across the national economy, these savings can have a significant impact on Canada's competitiveness. Furthermore, the sharing of early results should have a positive impact on the confidence that Canada would project to the rest of the world—with all of the advantages we could derive from an international competitiveness position.

The Task Force looks to the legal profession to encourage information sharing between firms, recognizing all the legal caveats this requires to protect all parties. The excellent work carried out by the Canadian Bar Association in their publication, *Countdown to 2000: The Legal Issues*, will prove useful on this important issue.

The legal profession is invited to encourage information sharing between firms.

Also, to enhance the level of confidence of firms in their own plans and progress, as well as that of their business partners, the Task Force strongly urges firms—particularly large ones—to proceed with independent audits of their Year 2000 preparedness activities.

#### **Recommendation 2:**

All privately or publicly owned businesses, whose operations are mission critical to others, should:

- 1) accelerate their testing efforts and realign their corporate priorities accordingly;
- 2) seek an independent audit of their Year 2000 preparedness activities; and
- 3) share with their partners and constituencies summaries of their testing activities and remedial actions based on their test results as soon as possible, preferably before the end of 1998.

## **Due Diligence**

Even after the testing phase is over, many corporations will not be able to provide an unconditional guarantee that all of their systems will remain fully operational. This is particularly true for those with an embedded chip challenge. Despite all of their efforts and all of their due diligence, the possibility remains that something serious could go wrong and the continuity of service would be jeopardized. With proper contingency planning, a failure in the corporate financial or management systems, although costly, may be manageable. On the other hand, the unanticipated failure of a sophisticated piece of equipment containing an undetected corrupted embedded chip, especially where there is no manual back-up procedure, could,

in some situations, create risks for the health and safety of employees, or for the local environment.

The Task Force invites executives to exercise extraordinary prudence as part of their due diligence process. They should also anticipate in their contingency planning the possible impact that a sudden malfunction in any of their mission-critical systems could have on the health and safety of their employees, on the environment, or on the ongoing provision of essential services into the Year 2000. Business executives are also invited to participate with local authorities in the development of remediation measures.

#### **Recommendation 3:**

- 1) Canadian businesses, as part of their contingency planning for the Year 2000 challenge, should anticipate the impact that an unexpected, but possible, failure of one of their mission-critical systems could have on the health and safety of their employees, on the environment, on customers and/or the public.
- 2) Canadian businesses, in close consultation with their employees and with local authorities, should participate in the development of measures aimed at mitigating the potential negative impact a system failure could have on their local community.

### **Year 2000 - Ready Products**

The Task Force must draw attention to the fact that some manufacturers, wholesalers and retailers may still be distributing non-compliant Year 2000 products in Canada.

Manufacturers, wholesalers and retailers can gain a competitive advantage by advertising and confirming their products as Year 2000-ready.

This is an area that should be investigated. Industrial, commercial and consumer products that may have been ordered many months ago when awareness of the Year 2000 challenge was widespread may contain corrupted embedded chips. Purchasers, if they have not done so already, should inquire into the state of preparedness of all their acquisitions—even their most recent.

Despite ongoing media coverage of the Year 2000 challenge, little pressure appears to have been applied to the manufacturers, distributors and retailers of potentially non-compliant products. The Task Force invites purchasers to inquire about the readiness of products and to seek to obtain some form of written assurance.

The Year 2000 challenge is a competitiveness issue. The Task Force trusts that manufacturers, wholesalers and retailers will realize that they can gain a competitive advantage by advertising and confirming their products as Year 2000-ready. In the absence of a universal standard for compliance, and with only 18 months remaining, the Task Force does not think that legislation is the answer.

#### **Recommendation 4 :**

- 1) Consumer groups, Better Business Bureaus and the Alliance of Manufacturers and Exporters Canada should investigate the potential continued availability of products that are not Year 2000-ready.
- 2) If necessary, the federal government, in association with Canadian businesses and consumer groups, should plan and implement a communications campaign aimed at educating purchasers to inquire and systematically seek Year 2000-ready products.

## A National Information-Sharing Mechanism

The Task Force members have learned that the principal prerequisites for success in meeting this national challenge are communications, information sharing and a coalition of public- and private-sector interests.

Canada is now in the eleventh hour of the Year 2000 challenge. Fast-tracking Year 2000 preparedness in Canada will be facilitated if industry members pool the experience and knowledge of their Year 2000 leaders to assist those who are falling behind in their preparedness efforts. It would be an advantage for members of the same industry to share information from the same embedded chips manufacturers supplying similar equipment to the entire sector.

In this context, the infrastructure service providers deserve special mention. The telecommunications, banking and some transportation industries at present have national forums that make it possible to learn from one another. This is not yet the case for services such as electrical power, oil and gas, food and water supplies, emergency systems (fire, medical, police). In most cases, they work independently on their projects, often gathering similar information from similar sources, in order to achieve the same ends. Furthermore, federal and provincial authorities have both distinct and shared responsibilities for these different infrastructure industries. Each service is critical and some depend on one another—yet there is no concerted action.

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It would seem timely to institute a national information-sharing mechanism enabling federal, provincial and municipal authorities to pool their knowledge; take stock of progress achieved on an ongoing basis; use, where possible, their respective regulatory levers; and, if needed, participate in the development of contingency plans. This mechanism could also monitor the evolution of other essential services, such as transportation, communications and banking service providers—industries that provide the backbone of infrastructure services for the national economy.

Such a national information-sharing mechanism can only be established with the support of the responsible authorities at the highest political level. The Task Force, therefore, invites provincial premiers and territorial leaders to make the development of such an information-sharing mechanism a collective and individual priority at their next meeting in early August 1998.

The spirit of this recommendation is also directed to national associations. They are urged to set up ad hoc committees on the Year 2000 challenge to accelerate the sharing of Year 2000 technical information by the members of their industries. This should be a matter of some priority. The Task Force realizes that many national associations consider they do not have the necessary financial and human resources to add this task to their already heavy agenda. But meeting the Year 2000 challenge is a national priority and they should rearrange their work program to minimize the economic disruption that the Year 2000 challenge could have on their members.

The Year 2000 challenge is a global issue—it cuts across all borders. Every firm in Canada must inquire into the state of preparedness of all their partners and the infrastructure services that they rely on, both in the US and worldwide. The federal government is invited to keep a “watching brief” on preparedness internationally, especially in the infrastructure services of our key trade partners—including power, transportation, communications and financial institutions.

#### **Recommendation 5:**

- 1) The federal, provincial/territorial and municipal governments should put in place an information-sharing mechanism on the Year 2000 challenge, with a particular focus on infrastructure industries and other essential services, by September 1998.
- 2) At their next conference this summer, the provincial premiers and territorial leaders should endorse the creation of this mechanism.
- 3) National associations should set up ad hoc Year 2000 committees, enabling members of the same industries to share the experience gained by others to help accelerate their states of preparedness.
- 4) The Department of Foreign Affairs and International Trade, in cooperation with other federal departments with infrastructure services responsibilities, should monitor the Year 2000 preparedness progress of Canada's major trade partners.

### **Reviewing Progress**

The mandate of the Task Force was to assess the nature and scope of the electronic challenge in Canada, and the state of industry preparedness to deal with issues related to Year 2000 computer risks, and to provide leadership and advice on how

these risks could be reduced. With the publication of this report, the Task Force considers that it has fulfilled its mandate.

The second Statistics Canada survey demonstrates that Canadian businesses are increasingly answering the challenge and that actions of the various private and public authorities in response to the Task Force's earlier recommendations are having a positive impact.

The ultimate test of success will be the number of Canadian businesses that will remain unharmed, and hopefully more competitive at the arrival of the new century.

The ultimate test of success will be the number of Canadian businesses that will remain unharmed—and hopefully more competitive at the arrival of the new century.

The Year 2000 challenge calls for these private and public authorities to continue to provide leadership and the Task Force is grateful in advance for their sustained efforts.

The recommendations in this report focus on contingency planning and risk management—from the firm to the national level. Business executives are ultimately accountable for the decisions they make or do not make on behalf of their companies. However, accountability for the overall Year 2000 challenge extends beyond the sphere of the business community because of the negative impact some failures could have on the national supply chain, on the health and safety of Canadians and on essential services. This explains why the Task Force invites all levels of governments to cooperate and work together on this serious and urgent issue.

The degree of preparedness of Canadian businesses and government operations at all levels can only be measured after their testing phases have been completed. The Task Force has emphasized the need to accelerate work in this area, so it would

be wise to request Statistics Canada to carry out one last survey, with a focus on testing results and time lines.

This survey should concentrate not only on business, but also on areas such as all the government services—including health, education and municipal fire and security—that were not included in the Task Force’s mandate. This information could prove useful to all authorities to better target their contingency planning initiatives. It is important, therefore, that the survey results be available in the spring of 1999; these results could be reviewed by the Standing Committee on Industry, and recommendations for action be made at that time.

#### **Recommendation 6:**

- 1) Statistics Canada should carry out a third survey on Year 2000 readiness in 1999. This survey should focus on testing results and time lines and be expanded to include the public, para-public and private sectors. The results should be made available no later than the end of March 1999.
- 2) The Standing Committee on Industry should continue to monitor the developments of the Year 2000 challenge in Canada, review the results of the final Statistics Canada survey and address recommendations to the relevant authorities.

## **F i n a l   W o r d**

As members of Task Force Year 2000, we are encouraged by the progress that has been made to date. We trust that our contribution will continue to have a positive impact on Canada’s preparations for the Year 2000. We hope that those authorities to whom we have addressed our recommendations will implement them with due diligence.

We would like to acknowledge the support we received from the many chartered banks and the Stentor Alliance in our outreach objectives as well as the following organizations: the Business Council on National Issues, the Canadian Bar Association, the Canadian Bankers Association, the Canadian Broadcasting Corporation, the Canadian Federation of Independent Business, the Canadian Institute of Chartered Accountants, The Conference Board of Canada, Industry Canada, the Information Technology Association of Canada, and Statistics Canada.

And we would be remiss if we did not express our warmest appreciation to the Task Force Secretary, Alain-F. Desfossés, for his leadership and outstanding support throughout our proceedings.

# Appendix

## RESPONSE BY THE MINISTER OF INDUSTRY TO THE RECOMMENDATIONS OF THE TASK FORCE YEAR 2000 REPORT, FEBRUARY 1998



Minister of Industry

Ministre de l'Industrie

Ottawa, Canada K1A 0H5

The Honourable

L'honorable

John Manley P.C., M.P. c.p., député

JUN 24 1998  
JUN 24 1998

Mr. Jean C. Monty  
Chair  
Task Force Year 2000  
c/o BCE Inc.  
1000 de la Gauchetière Street  
Montréal, Quebec  
H3B 4Y7

Dear Mr. Monty:

I want to take this opportunity to personally thank you for accepting my invitation to chair and spearhead the Task Force Year 2000. You and the Task Force members accepted the daunting challenge of initiating Canada's counter attack on the millennium bug. The Task Force report of February 3 has been instrumental in bringing Year 2000 issues to the forefront, and I wish to congratulate you and the other Task Force members on your success to date in raising awareness about the millennium challenge in Canada.

Upon receipt of your report, I wrote to my Cabinet colleagues and requested that they act to address your Task Force recommendations. I also sent your report to the House of Commons Industry Committee and to all MPs and Senators, asking them to deal with this important issue in all fora open to them. And, because your report was addressed to all levels of government and the private sector, I wrote as well to all my provincial colleagues, suggesting they make this a priority issue within their governments. Most recently, I raised the Year 2000 issue at the federal-provincial meeting of Information Highway Ministers and was pleased that Provincial and Territorial Ministers both recognize the gravity of the problem, and appear to be taking actions in their respective jurisdictions.

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Canada

Responding to the call for action in your report, the Prime Minister has issued a directive to all Ministers and Deputy Ministers to ensure that each department and agency deal urgently with Year 2000 problems in federal government computer systems, and encourage similar urgency among industries regulated by the federal government. The Prime Minister participated in discussions on the Year 2000 issue at the recent G8 Meeting, and the conference communiqué stated that member countries “agreed to take further urgent action and to share information, among ourselves and with others, that will assist in preventing disruption in the near and longer term.”

The Task Force’s *Call For Action* has received widespread consideration within the federal government. As you can see from the attached annexes, in the Department of Industry and the Industry Portfolio, we are moving rapidly to implement the Task Force recommendations where they apply. My colleague, the President of the Treasury Board, the Honourable Marcel Massé, has been very aggressive in getting the federal government systems in order. Similarly, the Minister of Justice, the Honourable A. Anne McLellan, has been dealing with the complicated liability issues across government.

However, in spite of all the initiatives undertaken to date, I am still concerned about the possible impact on our economy, if we are not better prepared for the millennium bug problem. This issue is a critical one for all countries, and in particular, for maintaining the economic growth we have been able to establish in Canada over the last number of years. In this regard, the private sector must continue to play the lead role in preparing itself for the Year 2000 computer problem, and I look forward to the results of the second Statistics Canada survey on business preparedness. This survey will obviously be a key component of your report in July, which I hope will also deal with the state of preparedness in critical sectors such as transportation, utilities, banking and finance, and telecommunications.

I intend to continue to encourage business preparedness and raise public and business awareness of the Year 2000 challenge. I believe that by maintaining Canada’s position among the world’s leaders in addressing the Year 2000 problem, we have the opportunity to turn the millennium bug problem into a competitive advantage for Canada in global markets.

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Once again, I wish to express my sincere appreciation for the outstanding contribution that you, as Chair, and the Task Force members, have made to Canada's public interest.

Yours very truly,

A handwritten signature in black ink, appearing to read "John Manley". The signature is fluid and cursive, with the first name "John" and last name "Manley" clearly distinguishable.

John Manley

Enclosures

**ACTIVITIES UNDERTAKEN BY INDUSTRY CANADA AND OTHER MEMBERS OF THE INDUSTRY PORTFOLIO  
IN RESPONSE TO RECOMMENDATIONS MADE BY TASK FORCE YEAR 2000**

Recommendations	Activities
<p><b>Recommendation 7:</b> National, provincial and regional associations should immediately take a more proactive awareness and support role on Year 2000 preparedness and publicly report on initiatives taken, if they have not yet done so.</p>	<ul style="list-style-type: none"> <li>As part of the awareness campaigns undertaken by <b>Industry Canada</b> and by other departments and agencies of the <b>Industry Portfolio</b>, over 1000 associations have been encouraged to raise the Year 2000 issue with their members and been provided Year 2000 material.</li> </ul>
<p><b>Recommendation 11:</b> All levels of government should require their lending bodies/programs to make the existence of Year 2000 action plan a condition for securing grants, contributions, loans and loan guarantees.</p>	<ul style="list-style-type: none"> <li><b>Industry Canada</b> is implementing a process to ensure that all recipients of contributions and loan guarantees, have a Year 2000 action plan as a prerequisite to participation in programs such as <b>Technology Partnerships Canada, Fednor, Aboriginal Business Canada and Ontario Community Futures</b>. These guidelines are also being shared with other departments and agencies.</li> <li>Since April 1, 1998, all existing <b>Business Development Bank of Canada's</b> clients and all new borrowers are encouraged to be Year 2000 ready or have a formal plan and an active project in place to meet Year 2000 readiness requirements in a timely manner.</li> <li><b>The Natural Sciences and Engineering Research Council and the Social Sciences and Humanities Research Council</b> Year 2000 Working Group communicated with Canadian universities to raise Year 2000 awareness and stimulate action regarding the approach to be taken to promote universities and researcher preparedness. Universities will report by November 1998 on their Year 2000 action plans to ensure that sponsored research is not adversely affected.</li> </ul>

Recommendations	Activities
<p><b>Recommendation 13:</b> Regulators at all levels of government should:</p> <ol style="list-style-type: none"> <li>1) complete, by April 1, 1998, an assessment of the impacts that Year 2000 computer failures in their regulated industries would have on their regulatory objectives;</li> <li>2) revise, where appropriate, their compliance assessment procedures; and exert, wherever possible, moral suasion on the importance of Year 2000 preparedness.</li> </ol>	<ul style="list-style-type: none"> <li>• The impact of Year 2000 on international telecommunications was raised at the International Telecommunications Union who established a Year 2000 Committee in response to the issue.</li> <li>• Year 2000 issue raised at Federal/Provincial Information Highway Ministers conference in June, 1998.</li> <li>• The Canadian Radio-television and Telecommunications Commission wrote to 1500 regulated clients in both the broadcasting and the telecommunication sectors alerting them to the issue. Since telecommunications services have been targeted as critical services, follow-up has been done with telecommunications clients requesting a Year 2000 plan. Further action by the CRTC is being contemplated.</li> <li>• An assessment of the radio communications industry is underway by <b>Industry Canada</b> to determine the impact of Year 2000 on radio certification and terminal attachment certification as well as the impact on the Mutual Recognition Agreements between international partners.</li> <li>• <b>Industry Canada (Measurement Canada)</b> is assessing the impact of Year 2000 on measuring devices and of accredited metre verifiers (third party delivery agents).</li> <li>• All Marketplace Service Organizations in <b>Industry Canada</b> (including the <b>Canadian Intellectual Property Office, Corporations, Bankruptcy, Spectrum and Legal Metrology</b>) are undertaking awareness efforts with their clients in their respective sectors.</li> <li>• <b>The Standards Council of Canada</b> has prepared surveys for the laboratories and their partners which conduct certifications (such as ISO 9000) requesting them to assess the impacts of Year 2000 computer failures on their operations. Replies are expected by the end of August.</li> </ul>

Recommendations	Activities
<p><b>Recommendation 16:</b> In all jurisdictions, government departments and agencies that are in a position to influence businesses should disseminate and facilitate access to Year 2000 information and support services, including Task Force material.</p>	<p><b>Industry Canada</b></p> <ul style="list-style-type: none"> <li>• Financed Task Force Year 2000 in launching its communications campaign to prompt business to action, including a national newspaper and trade magazine advertising campaign, the establishment of a toll-free telephone information line and a Web site.</li> <li>• The departmental awareness strategy has included a mail out of a brochure to 3 million Canadian businesses in collaboration with Revenue Canada; letters to major clients and associations; two mass mailings to wireless licensees; a Year 2000 logo developed for use on departmental correspondence; Year 2000 promotion at conferences; briefings at association meetings; regular bulletins in sector-specific publications, maintenance of the SOS2000 Web site, distribution of diskettes to those without Web access and widespread promotion of the Web site.</li> <li>• Has partnered with the Canadian Bankers Association to produce a nationwide series of Year 2000 information seminars.</li> <li>• Has collaborated with the Task Force Year 2000 to promote access to local service through national yellow-page advertisements.</li> <li>• Announced on June 16, "Year 2000 First Step", a Student Connections initiative, targeting 15,000 SMEs, in partnership with the Canadian Imperial Bank of Commerce, will assist over 15,000 SMEs in analysing their Year 2000 problems and developing specific action plans to address their needs.</li> <li>• CAN2K program, through 1000 Community Access Program interns, will provide Year 2000 assistance in rural Canada.</li> <li>• The <b>Industry Portfolio</b> organized seminars on Year 2000 as part of its info-fairs and conferences for small and medium-sized enterprises throughout Canada.</li> <li>• <b>Business Development Bank of Canada</b> is facilitating SMEs cash-flow management via its \$50 million loan program with flexible repayment terms.</li> </ul>

Annex A

Recommendations	Activities
<p><b>Recommendation 17:</b></p> <ol style="list-style-type: none"> <li>1) Canadian and provincial legislative bodies should hold public hearings, inviting national or regional associations, relevant government authorities and others able to exert influence on the private sector, to report on their efforts to encourage their constituencies to meet the Year 2000 challenge with formal action plans.</li> <li>2) The Task Force report and recommendations should be brought to the attention of the Prime Minister and the provincial premiers.</li> </ol>	<ul style="list-style-type: none"> <li>• Minister Manley encouraged the House of Commons Standing Committee on Industry to hold hearings on the Year 2000 problem. The Committee held numerous hearings and released its interim report on May 14, 1998.</li> <li>• Minister Manley wrote to provincial counterparts encouraging them to make Year 2000 a priority, to pay due consideration to Task Force recommendations and implement them as appropriate.</li> </ul>

**ACTIVITIES UNDERTAKEN BY OTHER GOVERNMENT DEPARTMENTS IN RESPONSE  
TO RECOMMENDATIONS MADE BY THE TASK FORCE YEAR 2000**

Recommendations	Activities
<p><b>Recommendation 1:</b> A formal action plan for Year 2000 preparedness...should be implemented.</p>	<ul style="list-style-type: none"> <li>The Treasury Board has completed two comprehensive federal government-wide surveys and a third is in progress. The results indicate Year 2000 work is well underway across government and that all departments with Government Wide Mission Critical Systems have active Year 2000 plans in place.</li> </ul>
<p><b>Recommendation 12:</b> Before introducing legislation or regulatory changes, all levels of government should consider the impact they may have in terms of reprogramming information systems and diverting resources away from Year 2000 preparedness efforts.</p>	<ul style="list-style-type: none"> <li>Human resources are being managed to ensure that Year 2000 activities are given top priority over all other information technology activities.</li> <li>All legislative changes proposed by the government now require Year 2000 assessments before proceeding.</li> </ul>
<p><b>Recommendation 13:</b> Regulators at all levels of government should: 1) complete, by April 1, 1998, an assessment of the impacts that Year 2000 computer failures in their regulated industries would have on their regulatory objectives; 2) revise, where appropriate, their compliance assessment procedures; and exert, wherever possible, moral suasion on the importance of Year 2000 preparedness.</p>	<ul style="list-style-type: none"> <li>Treasury Board Secretariat, with Justice Canada, is co-ordinating a government-wide response addressing all significant areas of federal regulatory responsibility.</li> <li>Deputy Ministers of all departments and agencies with significant regulatory responsibilities are carrying out legal and public policy assessments of the implications of the Year 2000.</li> </ul>

## Annex B

Recommendations	Activities
<p><b>Recommendation 14:</b> The governments of Canada and Quebec should adopt immigration laws, regulations and policies...permitting persons with specialized Year 2000 skills and experience to work in Canada....</p>	<ul style="list-style-type: none"> <li>• Industry Canada, with Citizenship and Immigrations Canada and Human Resources Development Canada, are collaborating on immigration measures to simplify entry of temporary workers, especially those in high-skilled occupations.</li> <li>• Pilot project fast-tracking entry of information technology-skilled workers extended until end of December 1998.</li> </ul>
<p><b>Recommendation 15:</b> The federal government should consider introducing revenue-neutral tax encouragement measures with a primary focus on small and medium-sized enterprises (SMEs) as early as possible.</p>	<ul style="list-style-type: none"> <li>• Department of Finance, in collaboration with Industry Canada, announced changes to the Income Tax Regulations to greatly increase capital cost allowance deductions for year 2000 compliance costs for small and medium-sized enterprises (SMEs) to take up the Year 2000 challenge.</li> </ul>