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REP. 1990/91  
COMMUNICATIONS CANADA  
ANNUAL REPORT : 5

# Department of Communicatio

## Supporting Documentation to the 1990-91 Annual Management Report

May 1991

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Canada

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## Supporting Documentation to the 1990-91 Annual Management Report

May 1991

Canada

Ce rapport peut aussi être obtenu en français sous le titre :

Renseignements supplémentaires au  
Rapport annuel de gestion de 1990-1991

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*Part I:*  
**Program Accountability**

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## **Spectrum Management and Regional Operations**

### **1. Performance Indicator**

Results of international negotiations concerning the use of the spectrum

#### **Performance Target**

Canada obtains spectrum adequate for its needs. Specific targets for 1990-91 were:

- Signing of new broadcast agreements with the U.S. to ensure interference free broadcasting in the border areas,
- International standards developed for High Definition Television (HDTV) or advanced television quality
- Canada/US spectrum use agreements for
  - new digital cellular service,
  - 800 MHz conventional service, and
  - new technology paging services at 900 MHz.
- Canadian positions on International Technical Recommendations regulating the use of the spectrum ratified at the International Radio Consultative Committee (CCIR) plenary.
- Preparations for the International Telecommunications Union (ITU) World Administrative Radio Conference - 1992 (WARC 92).

#### **Findings**

The department ensures that Canada has access to its fair share of the radio frequency spectrum and can use it to meet its own needs through negotiations over the use of the spectrum, the establishment of technical compatibility criteria and the setting of technical standards and regulations, in national and international fora.

In addition:

- new agreements with the United States were signed to govern the cross-border sharing of the recent extension of the AM broadcast band 1605 - 1705 KHz and of the existing FM broadcast band 88 -108 MHz.
- the Department's demonstration of the European developed Digital Audio Broadcasting (DAB) system created strong awareness and support both in Canada and the U.S. for this novel use of technology. Following this, Canada was successful in promoting its position in the international arena for the accommodation of DAB and HDTV in terrestrial and satellite operations.
- in 1990-91, Canada's continued promotion of the "common image format" approach to the development of universal high definition television picture standards has further drawn together the international community towards a common HDTV standard.

Bilateral agreements that ensure equitable access to the Radio Frequency Spectrum in the border areas were also concluded as described:

- a digital cellular service to be implemented in existing cellular bands that will foster an increased efficiency in these bands.
- for the 800MHz public safety service.
- although no agreement was signed for the new technology paging services at 900 MHz due to a slower than anticipated development of paging technology, an agreement was concluded for land mobile services in 900 MHz which provided much needed relief to southwestern Ontario. This agreement represents a significant change to that of past agreements in that it allows Canada to make use of the entire frequency allocation covered by the agreement through the strict adherence to pre-approved emission levels.
- an agreement was concluded between the department and the Federal Communications Commission that reduces the administrative restrictions relative to the cross-border operation of radio systems.



In the international forum, Canadian delegations were successful for the following:

- ❑ incorporating Canadian positions in the numerous reports and recommendations that were approved by the CCIR Plenary on radiosystems technical standards for services such as mobile, maritime, satellite and cellular.
- ❑ having Canada's interests reflected in the major re-organization of the CCIR and its method of working.
- ❑ acceptance of Canadian inputs to a series of Interim Working Parties (IWP) associated with the CCIR study groups and to the special Joint Interim Working Party - WARC 92 which has prepared a report to establish the technical basis for WARC 92 allocation decisions.
- ❑ preparation and circulation for domestic and international comment of a first draft of Canadian allocation proposals for WARC 92.

## **2. Performance Indicator**

Description of and rationale for major spectrum management initiatives adopted to accommodate or determine new demands for spectrum

### **Performance Target**

The Department will release standards in 1991 to accommodate technological change and to encourage the innovative use of the Radio Spectrum by its clients.

Through its mandate to improve and extend the utilization of the Radio Spectrum, the Department will foster on a more frequent basis the increased use of spectrum efficient technology such as Spread Spectrum and Narrow Band techniques by Canadian spectrum users.

A procedure will be included in the licensing process of non-broadcast radio stations to ensure that the provisions of the Environmental Assessment Review Process Guidelines Order are addressed prior to the issuance of a radio licence.

### **Findings**

The performance target to establish a digital mobile communications standard was not met due to the failure of agreement with the Canadian and American communications industry on an acceptable technology and compatible standard. However, negotiations with the Canadian communications industry will continue in order to adopt an acceptable North American standard.

The Department has succeeded with the Canadian Standards Association (CSA) to establish voluntary immunity standards for radio receiving equipment. In the long term this will ensure spectrum users of a minimum standard of equipment performance in the presence of strong electromagnetic fields.

To further increase the efficiency of its automated licensing system and to improve its internal communications abilities, the Department developed and implemented a Wide Area Network which inter-links its district, regional and Headquarters operations.

As the Department has the responsibility for managing the Radio Spectrum in the best interests of Canadians, it has taken the initiative to fully incorporate the provisions of environmental assessment, as required by the 1984 Governor-in-Council Guidelines Order, in its broadcast certification procedures. This initiative ensures that an acceptable environmental assessment is conducted prior to the approval of an application for the issuance of a certificate to authorize a new installation or to renew the terms of an existing broadcast installation.

Through its continued support of informatics based systems the Department has developed a program to facilitate the preparation of domestic and Canada/U.S. spectrum allotment plans to facilitate the introduction of Advanced Television Systems in North America.

### 3. Performance Indicator

Volume and timeliness of radio licence applications, volume of broadcast applications processed, and examinations conducted of radio operators

#### Performance Target

The overall target is the optimal response to demand in light of spectrum availability. Timeliness will be judged by the degree to which licences are issued within time periods specified in the sector's Management Manual (e.g., 45% of land-fixed applications processed within 15 days; etc.)

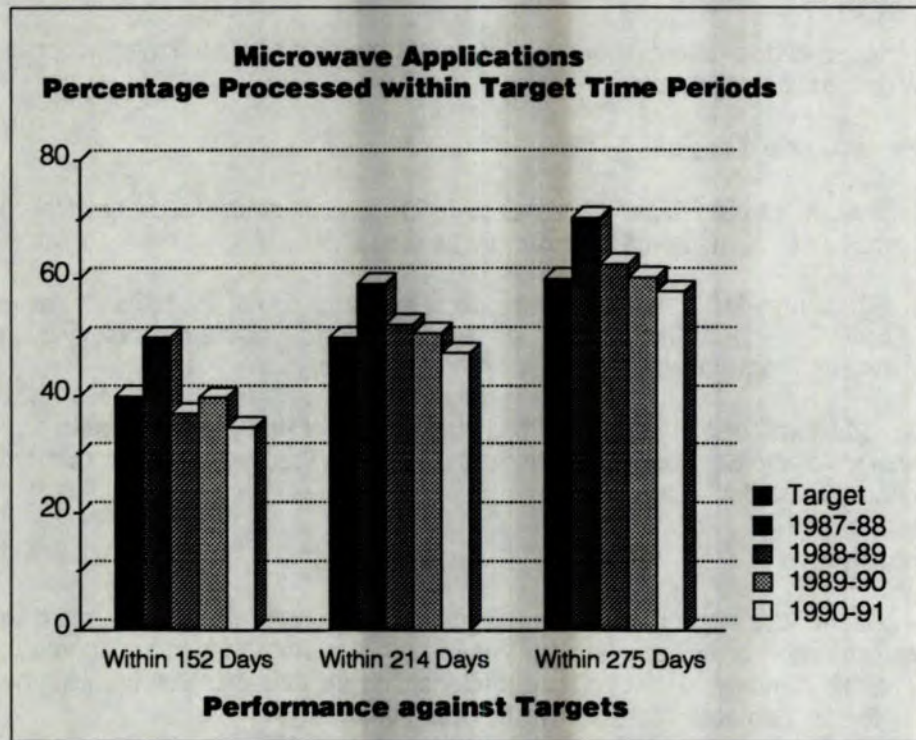
#### Findings

The spectrum is made available to Canadians by setting conditions on its use, assigning frequencies, and issuing certificates and licences. In 1990-91, 77,896 individual licences were issued. Fiscal year 1990-91 represents the first year of system licensing for radio common carriers which resulted in the issuance of 2,462 system licences for this service. The total number of system licences including cellular now stands at 3,604. At the end of fiscal year 1990-91, 761,794 radio station licences representing all classes of stations were in effect.

In 1990-91, 1,967 microwave applications were processed (up 15.8% from 1989-90), as well as 27,976 land-mobile applications (down 26.5% from 1989-90 due to system licensing), 18,402 land-fixed applications (down 7.9% from 1989-90 due to system licensing), 17,850 ship, aircraft and amateur applications (up 8.6% from 1989-90) and 950 space and earth applications (up 13.5% from 1989-90) due in large part to an increase in the number of requests for VSAT licences.

Performance standards are set for the length of time to process radio licence applications. For certain types of applications, as the number of spectrum users increases, finding frequencies for assignment that are compatible with all other users becomes more complex and time consuming. The processing of land-fixed radio applications in 1990-91, which comprise one quarter of the total number of applications, continues to lag the performance target this time by 14 percentage points, an increase of 2% over 1989-90 (see Exhibit 4). Further application of system licensing and the introduction of fleet licensing techniques coupled with the greater use of automation tools in other areas of the program may be a means of liberating resources to reverse this trend and improve the service to our fee paying client base. In addition, the response times for all other service categories continue to lose ground to the established performance targets (see Exhibits 1, 2, 3 and 5).

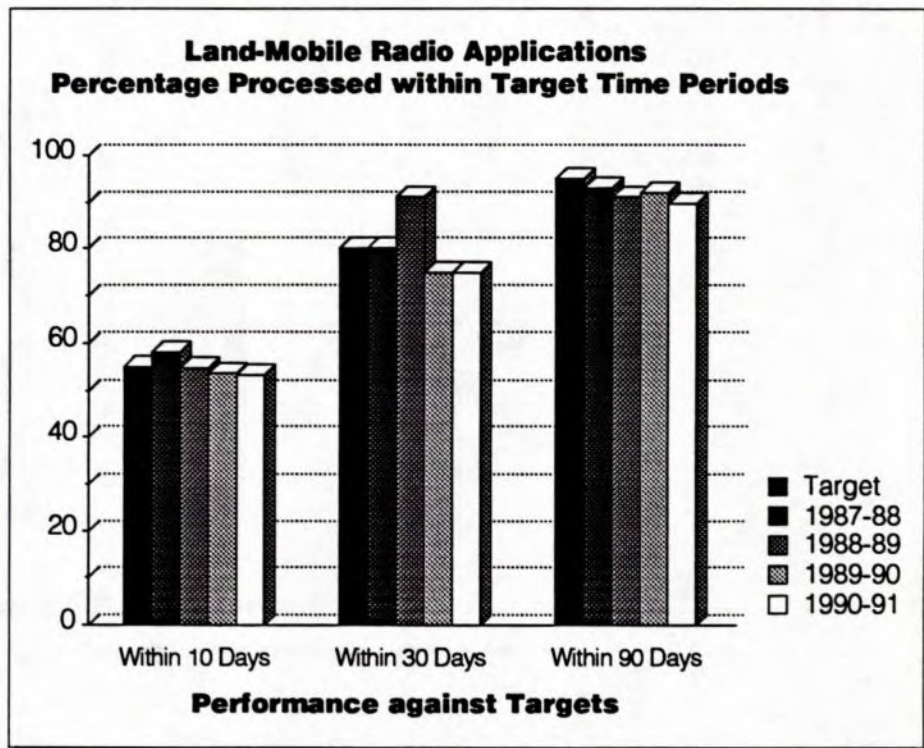
Exhibit 1



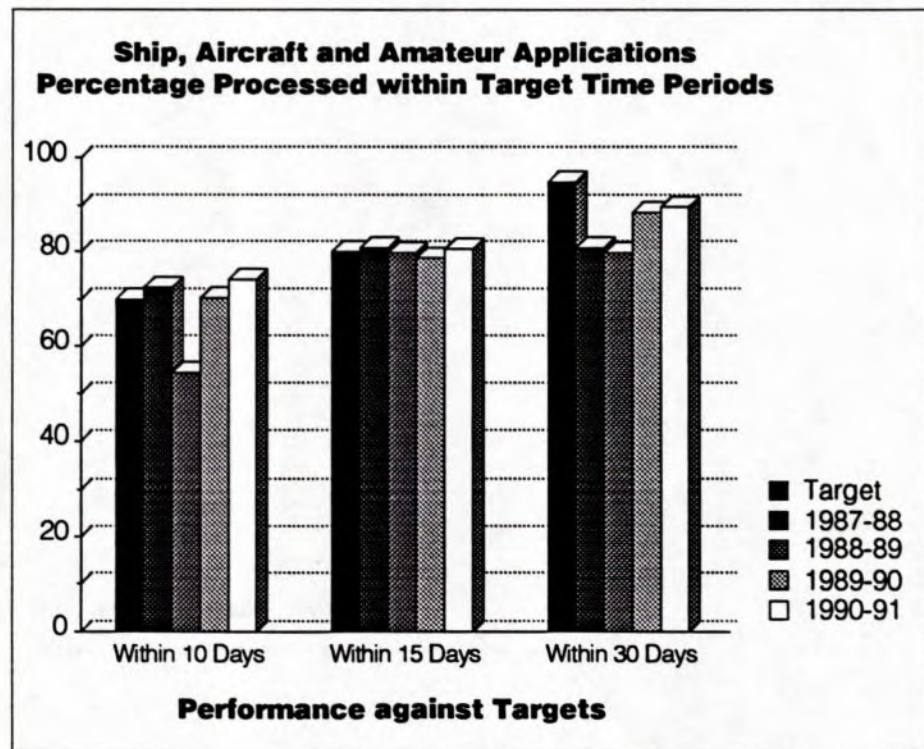


It should be noted that the results of the 1989 survey of clients conducted as part of the evaluation of the program indicated that one-quarter of licence holders felt the Department took a longtime to process their application.

**Exhibit 2**

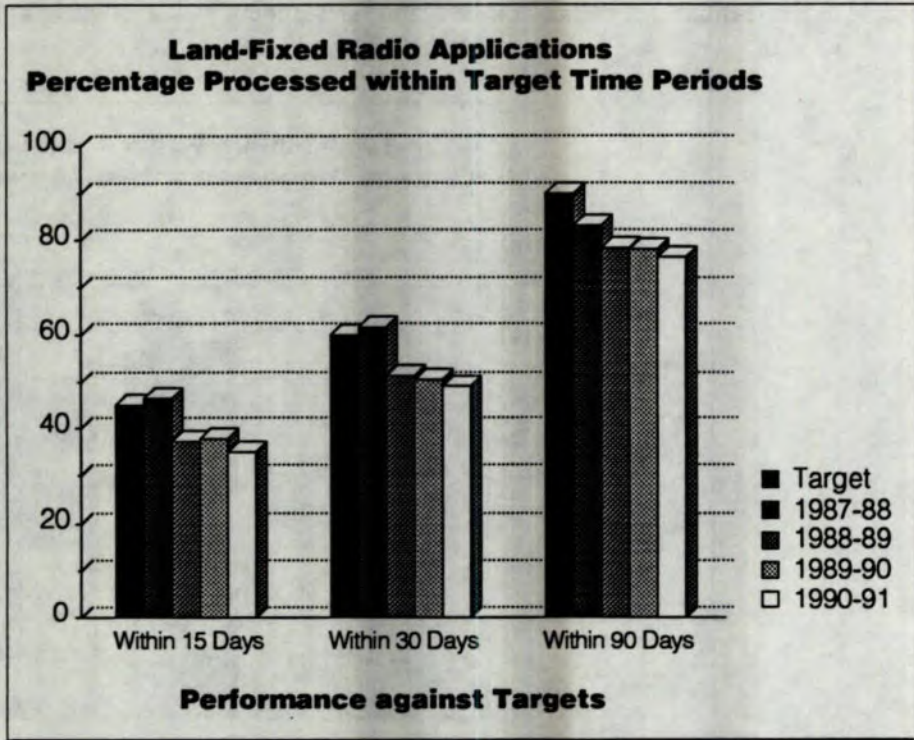


**Exhibit 3**

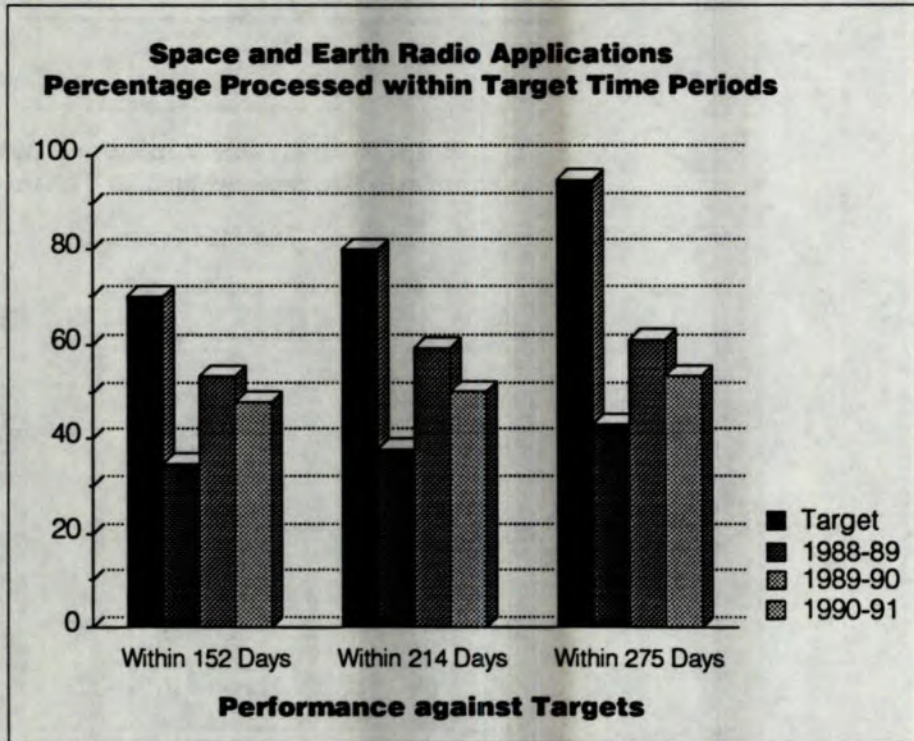




**Exhibit 4**



**Exhibit 5**



DOC conducts technical evaluations of CATV, television, AM or FM stations or sites to ensure that technical standards are met as part of the review process for broadcast certificate applications. In 1989-90, 6,499 such applications were processed by DOC and in 1990-91 6,253 (down 3.7%). An indicator of timeliness may be misleading for this activity as several factors beyond DOC's control affect the application processing time.

DOC also ensures that examinations are conducted for the certification of radio operators. The following table represents DOC's historical involvement from 1987-88 in the examination of professional radio operators since implementing a program to delegate examination authority to qualified personnel external to DOC.

**Number of Examinations Conducted for the Certification of Radio Operators**

	1987-88	1988-89	1989-90	1990-91
DOC Examiners	16,427	10,784	10,307	9,040
Non DOC Examiners	0	8,581	12,629	14,870
<b>Total</b>	<b>16,427</b>	<b>19,365</b>	<b>22,936</b>	<b>23,910</b>

**4. Performance Indicator**

Volume of individual, system and fleet licences issued relative to person-years overtime

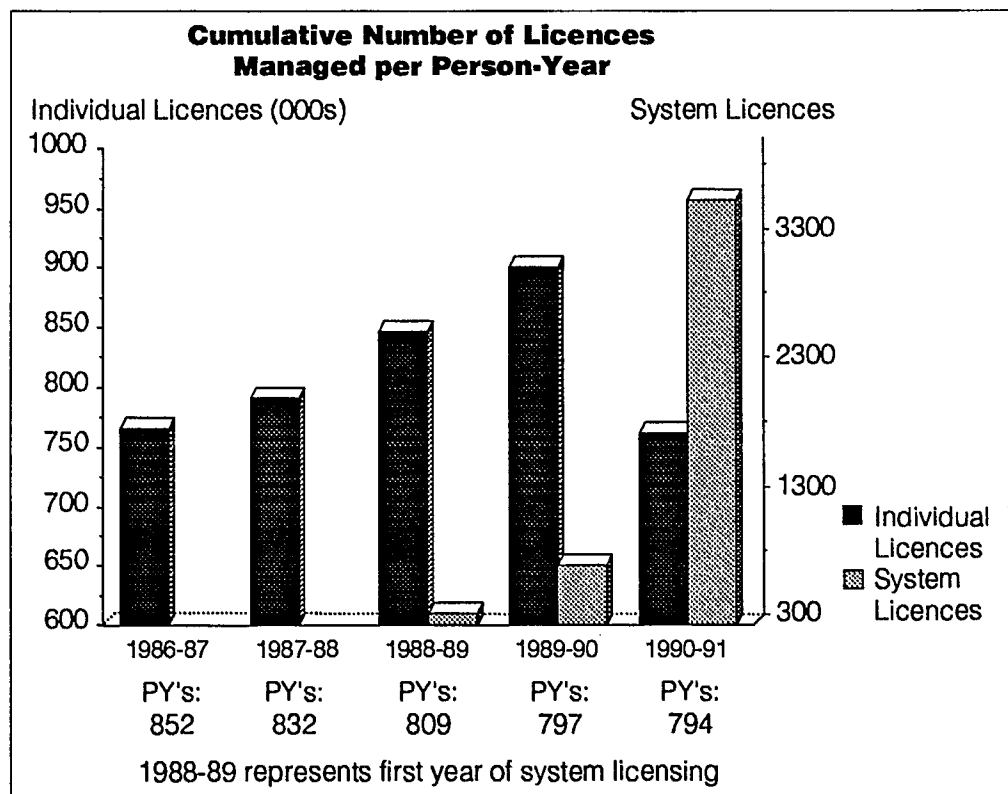
**Performance Target**

Monitor trends

**Findings**

As can be seen from Exhibit 6, the cumulative volume of individual licences managed has continued to increase over time, rising from 790,746 in 1987-88 to 899,890 in 1989-90 (an increase of 13.8%); however, in 1990-91 due in large part to the system licensing of radio common carriers, the volume of individual licences has fallen to 761,794 (a decrease of 15.3% over 1989-90). This decrease in the radio licence population has reduced the management burden on our spectrum

**Exhibit 6**



## Exhibit 7

resources resulting in increased administrative efficiency. For example, in 1989-90 the average number of radio licences managed per person-year was 1,129.1, whereas in 1990-91 it was 959. And with the anticipated introduction of fleet licensing in 1991-92, the number of licences managed per person-year will further decrease. Thus providing additional administrative relief from the continued effect of downsizing which caused the spectrum management person-year allocation to drop from 832 PY's in 1987-88 to 794 PY's in 1990-91, a decrease of 4.6% over the period.

Similarly, the number of radio licence applications handled in 1990-91 has declined over previous years (See Exhibit 7). The efficiencies realized from the gradual shift to system and fleet licensing will be used to impede the decline in our application turnaround times.

#### 5. Performance Indicator

Proportion of costs which are recovered

#### Performance Target

100 per cent recovery of spectrum management costs

#### Findings

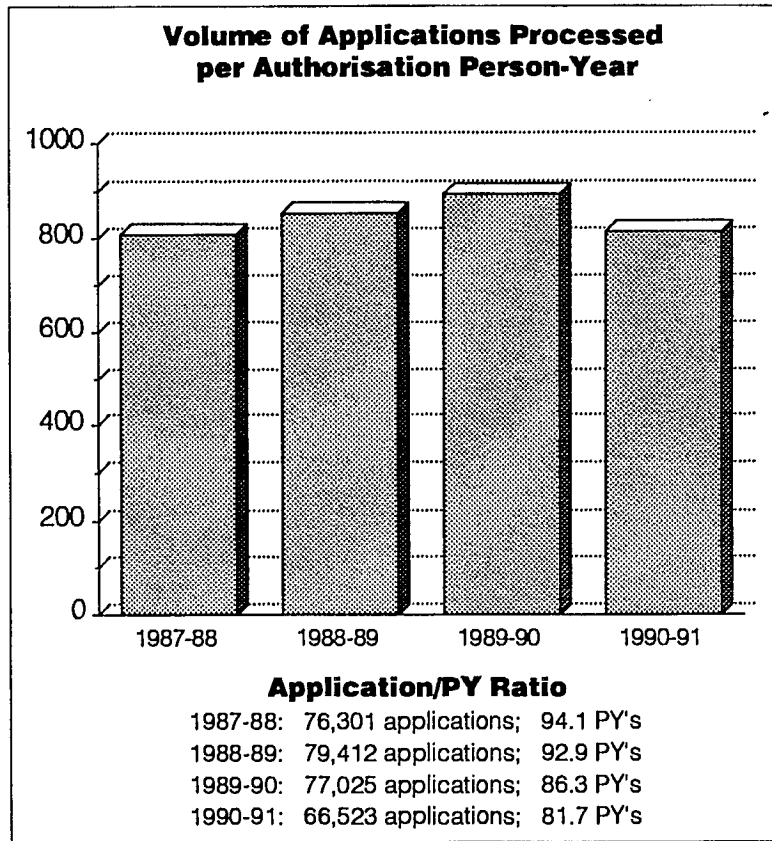
Again this year, all spectrum management were fully recovered in 1990-91 from radio licence revenues. In 1988-89, these costs amounted to \$67.3 million (estimated at \$68.7 million for 1989-90).

#### 6. Performance Indicator

Number of stations inspected and frequencies measured or level of client education (interface) activities undertaken

#### Performance Target

Both conducted periodically on proactive basis in congested areas, and in response to complaints in other areas

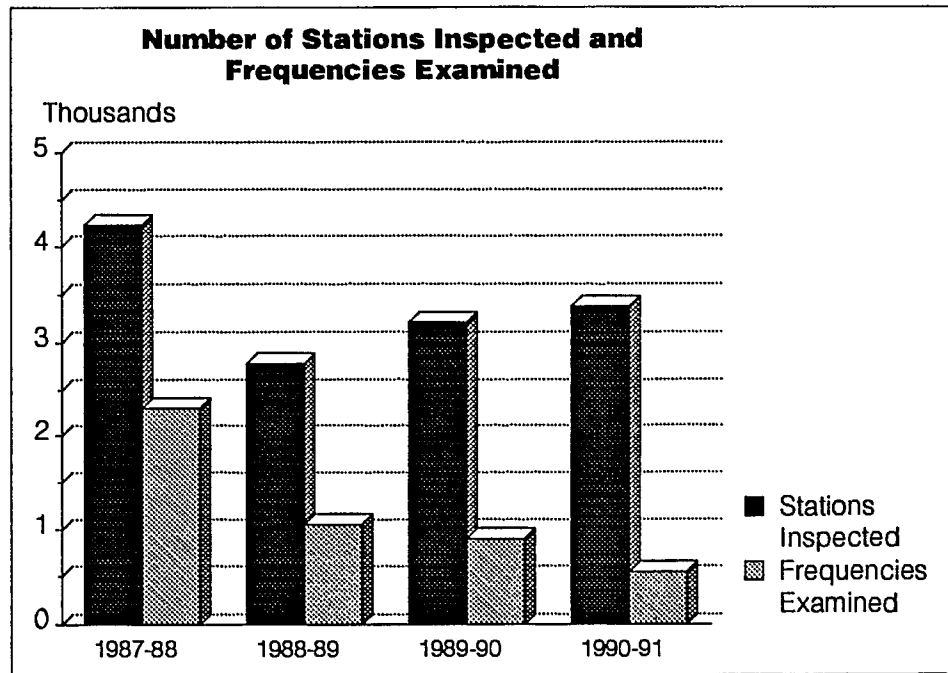




**Findings**

**Exhibit 8**

To ensure that those granted access to the spectrum are able to operate with a minimum of harmful interference, licensing conditions are policed, the spectrum quality is monitored, and client education efforts are undertaken. In 1990-91, 3,371 stations were inspected, 3,210 in 1989-90, 551 frequencies were measured, 893 in 1989-90 and 24.3 person-years were devoted to client education and interface activities, 25 PY in 1989-90. These are conducted periodically on a proactive basis in congested areas, and in response to complaints in uncongested areas. (See Exhibit 8.)



**7. Performance Indicator**

Extent of compliance with the licensing regulations, found as a result of periodic inspections and annual monitoring of interference complaints

**Performance Target**

If sufficient resources are provided, specific targets will be developed for each service and type. Targets will be maintained or improved.

If no additional resources are made available, DOC will try to maintain current compliance ratios, although this cannot be guaranteed.

**Findings**

In 1990-91, the Department conducted an extensive survey of potential users of the land-fixed radio service in order to determine the rate of unlicensed operation in this service. Private enterprise was the target group of the survey. All non-commercial and common carrier organizations were excluded. In the target group, both fixed and mobile stations operate. A statistically sound sampling and measurement technique was employed nationally to determine the compliance rate for both classes of stations. The acceptable standard for compliance and survey results for this group are as follows:

Station Category (Private Enterprise)	Acceptable Standard	Measured Compliance Rate	Sampling Error
Land-fixed	95%	94.0%	+/- 1.0%
Land-mobile	95%	89.8%	+/- 0.4%

The survey results indicate that for this target group the land-mobile station population is several points below the acceptable standard and the land-fixed population is within the acceptable standard.

## 8. Performance Indicator

Number of interference complaints and the ratio of this to number of new users

### Performance Target

Actual trends will be reported. Targets will be established for the 1991 AMR

### Findings

Spectrum quality can be indicated on an annual basis by the absolute and relative number of interference complaints. The absolute number of radiosystem interference complaints (reports) remains stable, however, the volume of new land-fixed radio licences, the greatest source for radiosystem interference problems, has declined in

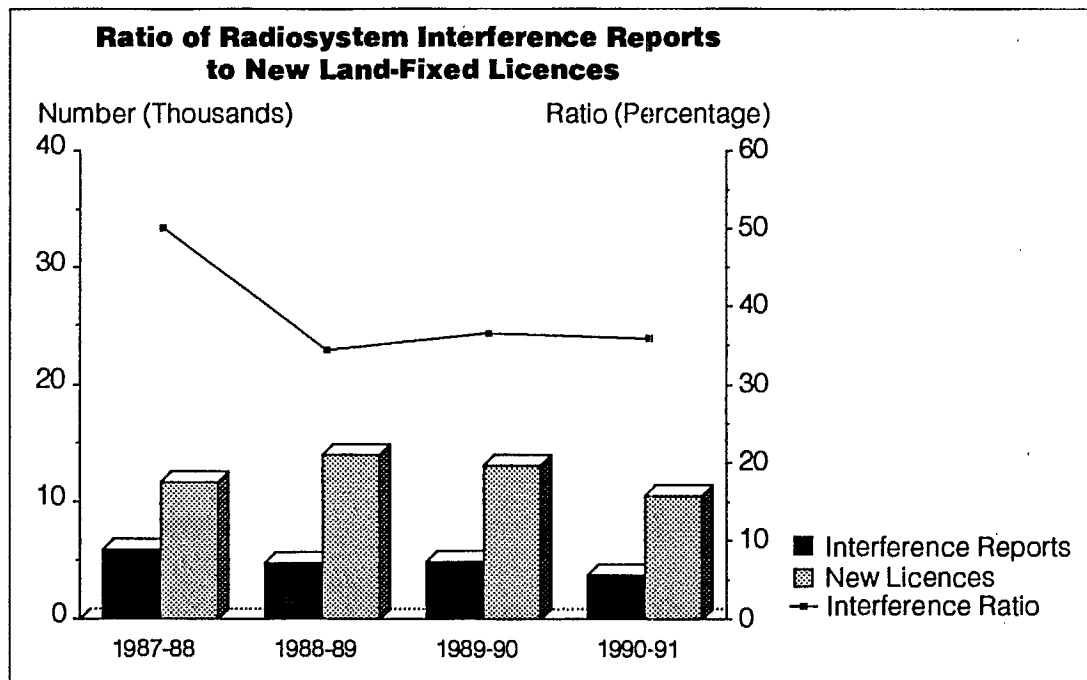
comparison to previous years. As described in Section 4, this decline is due in large part to the rise in the number of system licences.

An approximate indicator of spectrum quality is the ratio between the number of radiosystem interference complaints received and the number of new land-fixed radio licensees. (This latter population does not represent the total number of new users as multiple land-mobile radiostations could be associated with each land-fixed licence.) Interference complaints expressed as a percentage of all new land-fixed licences has remained stable over the last three years at approximately 36%. This indicator may rise in the short term with the implementation of system licensing in the radio common carrier service as this will change the composition of the base figure of the comparative formula. However, stabilization will occur over the long term. (See Exhibit 9 above.)

## 9. Performance Indicator

Timeliness of response to interference complaints

Exhibit 9



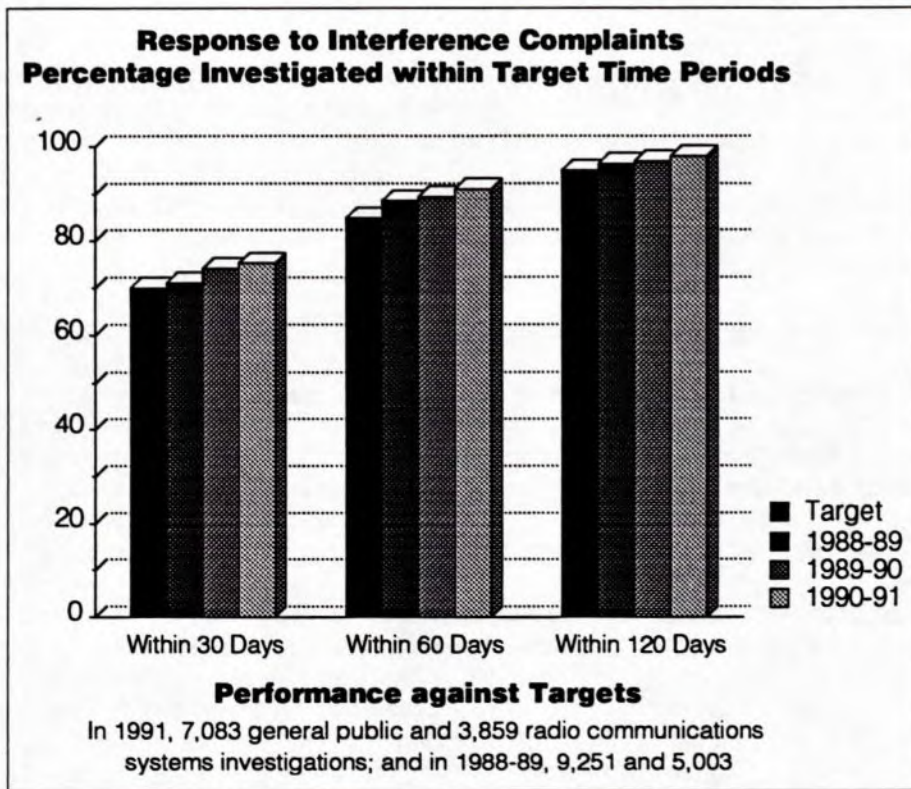
**Performance Target**

As per Management Manual guidelines (e.g., 95% of radiocommunications system investigations resolved within 120 days)

**Findings**

In 1990-91, 7,083 general public and 3,859 radiocommunications systems investigations were completed, a decrease from last year when we had 8,215 general public and 4,899 radiocommunications systems investigations. This decrease is due to increased involvement in investigating activities by outside agencies and better awareness of interference resolution by service industries. Service standards have been set which specify the proportion of these which must be completed within 30, 60 and 120 days. These targets were met or exceeded in 1990-91. (See Exhibit 10.)

**Exhibit 10**



**10. Performance Indicator**

Ease of access to the spectrum by would-be users; the quality of the spectrum available to users; the principal criticisms of regulatees; the best alternatives to the current program or aspects of its delivery, and the general nature of their advantages and disadvantages

**Performance Target**

Findings from the 1988-89 program evaluation. Targets to be developed based on the evaluation

**Findings**

**Ease of Access to the Spectrum by Would-Be Users**

The results of a survey of licence holders (1989) indicate that relatively few applications for licences were rejected by the Department. Specifically, the Department could not satisfy licence application requests for just four per cent of radio licence holders (i.e., those already holding a licence) in the year before the survey. No figures were available for first-time applicants. Furthermore, for those few organizations with rejected or delayed applications, most had their needs met with an acceptable alternative. The incidence of rejected applications was higher for larger organizations which tended to make a greater number of applications;

however, the overall number of organizations for which rejections caused a major inconvenience was very low (less than two per cent).

Similarly, only about five per cent of broadcasters who ever had an application request rejected experienced a major inconvenience. Sixteen per cent of radio licence holders and 24 per cent of broadcasters expressed dissatisfaction with the overall application process. The cost of the process was a major concern for both broadcasters and radio licence holders, with about one-third of each group agreeing that the process was costly.

Next to the costs, radio licence holders tended to be most concerned about the time taken by the Department to process applications, with about 24 per cent thinking that the Department took a long time. Broadcasters were most concerned about the complexity of the process, with almost 40 per cent noting the complexity of the process and some of its specific aspects (e.g., the length of time required to complete the form). It should be noted that some of the costs and delays incurred by broadcasters are due to the necessary involvement of the Canadian Radio-television and Telecommunications Commissions (CRTC) and thus are not under the control of the Department.

Therefore, one can conclude that the program does not present serious barriers to access to the spectrum.

### **The Quality of the Spectrum Available to Users**

Evidence from the evaluation relating to the quality of the spectrum available to users involves two issues: reducing interference and reducing levels of congestion.

#### **1. Reducing Interference**

The main evidence about reducing interference comes from a survey of interference reports (1989). Before presenting the results a few comments are necessary. Interference problems are not a priority of the Department and the strategy in recent years has been to reduce DOC's role in resolving interference problems (and to sensitize other actors, such as retailers and hydro companies, to their role); therefore, one would not expect DOC to be a prime actor in interference reduction. The real value added from the Department in this area is in establishing sound allocation plans (based on engineering requirements) and in ensuring during frequency assignments that the technical properties of the new station will not interfere with existing users. It is, however, extremely difficult to establish a performance measure related to this strategy since the only indicator would be the sheer number of interference complaints over time but this measure would also be very sensitive to technology breakthroughs and extent of spectrum use. Indeed, the sheer volume of new devices would swamp any meaningful analysis of this issue.

The solution to these theoretical difficulties was to examine actual reports of interference. This has the merit of basing findings on actual experience from which it is possible to determine the scope and nature of problems.

Information obtained during the evaluation allows one to address issues of satisfaction with service, reduction of interference, program delivery and any differences due to respondent characteristics. The answers to all of these questions are positive. Activities by the staff of spectrum management lead to client satisfaction, reduction of interference and the solution of interference problems. These benefits flow to all clients and are not concentrated in any particular group.

#### **2. Reducing Levels of Congestion**

Spectrum congestion is a difficult problem to evaluate because it is largely driven by customer demand and the introduction of new technologies. For example, in 1990 there were an estimated 100 million hand held cellular telephones (worldwide) and this is expected to increase to over 500 million before the end of the decade. Most of these users are concentrated in large urban centres and it is in these centres that congestion



can be a problem. Since the spectrum is a finite but non-degradable resource it is possible to manage the spectrum to reduce interference and alleviate congestion. Respondents to the survey of licence holders did not report serious problems with congestion or being seriously inconvenienced because they were unable to access the channel of their choice. These results, while true in 1989, may well change as more services (particularly mobile services) are introduced.

### **The Principal Criticisms of Regulatees**

While radio licence holders and broadcasters who were surveyed were largely positive in their opinions about the service provided by the Department with respect to management of the spectrum, there was some concern expressed about the cost of the licence fees, the cost and time involved to process applications, and various issues related to the Department's regulations and procedures.

#### **1. Impact of Licence Fees on Users**

One of the more important evaluation issues was the impact of the collection of fees on licence holders. Related issues include the financial burden of fees, the costs of fees relative to the overall investment in radio, the fairness of the fee structure for the various participants in the system, and the price elasticity of demand for the spectrum. Financial data and opinions about fees provided by licence holders are the basic types of evidence used to address these issues.

In general, most licence holders (about two-thirds) regarded the cost of their licence fees as reasonable and fair in comparison to other factors. Licence holders who were more likely to be concerned about the costs of fees include respondents who have accounts of over \$10,000 (55.7 per cent indicating they were concerned), who live in the Prairie region (40.1 per cent of Prairie respondents), and who represent public sector organizations (42.2 per cent of respondents associated with public sector organizations). It should also be noted that this evidence was collected before the recent increases in licence fees for municipalities, thus the percentages would be expected to be higher if the questions were repeated today. Although most licence holders consider the current trade-off between licence fees and the quality of service as fine, there were also indications that many licence holders would be willing to pay higher fees to receive an improved quality of service and better access to the spectrum. Large organizations and business users in particular were inclined to prefer the notion of higher fees coupled with an improved quality of service.

Although clients stated they would be willing to pay for improved service, more work needs to be done on finding out exactly what is meant by this. Some types of service (e.g., around interference problems) may not properly fall within the work of spectrum management. Some clients also said they would be willing to pay more for exclusive use of a channel. This is a level and type of service which this Department has not agreed to because it conflicts with the objective of accommodating as many users as possible. Thus, the issue of levels and types of service needs to be examined carefully. The extra work to obtain solid information on this point should be a priority for the Department.

#### **2. Time and Cost to Process Applications**

As discussed in the section on easing access to the spectrum, a minority of licence holders expressed dissatisfaction with the overall application process. The cost of the process was a major concern for both broadcasters and radio licence holders, with about one-third of each group agreeing that the process was costly.

Next to the costs, radio licence holders tended to be most concerned about the time taken by the Department to process applications, with about 24 per cent thinking that the Department took a long time. Broadcasters were most concerned about the complexity of the process, with almost 40 per cent noting the complexity of the process and some of its specific aspects (e.g., the length of time required to complete the form). It should be noted that some of the costs and delays incurred by broadcasters are due to the necessary involvement of

the Canadian Radio-television and Telecommunications Commissions (CRTC) and thus are not under the control of the Department.

### **3. Attitudes of Users Toward Regulation**

Departmental rules, regulations, and procedures for radio use; and the users' understanding of these regulations, are key factors in determining the department's quality of service offered to its clientele. One of the more significant issues for the evaluation was the effect that the rules, regulations and procedures have on licence holders. Related issues of concern were the levels of awareness of the regulations, the processes by which users become aware of regulations, the consultation process for new regulations, the attitudes of licence holders to the regulations, and the burden imposed on users by regulations.

Most radio licence holders indicated that they were very familiar with the rules, regulations and procedures which apply to their use of the radio frequency spectrum (82.1 per cent). However, for some groups within the population of licence holders, the levels of familiarity with the regulations were somewhat lower than the overall average. These include those who use their radio equipment purely for business purposes, and mobile licence holders. However, even these groups indicated a high level of familiarity with the rules and regulations (69-74 per cent). Most licence holders reported that they found out about the rules which govern radio use from three sources: the materials published by the Department of Communications; departmental staff; and, their radio licence.

Overall, the majority of respondents expressed moderately favourable opinions about departmental regulations and procedures. Areas for which licence holders expressed some concern include the adequacy of opportunities to provide input prior to changes in regulations, inconsistencies in enforcement of rules and regulations, and the adequacy and timeliness of notification of changes to rules, regulations, and procedures.

### **4. Regulation Burden**

Regulatory burden is the amount of effort or the level of cost that the regulation imposes on the regulatees. In general, clients are not concerned about the regulatory burden although larger organizations think the regulations could be simplified and the process (i.e., the length of time required to complete the form) streamlined.

## **The Best Alternatives to the Current Program or Aspects of its Delivery**

### **1. Market-Driven Alternatives**

The main alternatives to the program are market-driven. The most extreme alternative to the present system proposed in the literature is the establishment of a completely free spectrum market. A pure market alternative would involve the establishment of exclusive, transferable rights to the spectrum that could be traded among individuals through a price system that reflects the economic value of the resource. Government involvement would be limited to providing a legal framework for the enforcement and recording of these rights. The advantages to this alternative would be that users would be freer to decide which area of the spectrum they would like to operate in and how much of the spectrum they would like to use. The spectrum would also be allocated to its highest valued economic use. Increased economic efficiency would result because those using the spectrum would acquire the rights to it and would be motivated to economize on their use of it. It would also encourage users to explore alternatives to use of the spectrum. The pure market approach may not be desirable for several reasons. There is a problem in unambiguously defining spectrum property rights. There is also the problem of restrictions imposed by international agreements and of the need to use the spectrum for social and cultural objectives, including defence, intelligence, and emergency communication. There would also be considerable costs in terms of defining and enforcing spectrum rights due to the varying degree of susceptibility of different radio communications services to interference.

A second option is to charge users for use of the spectrum. Basically, users would be charged a users' fee that reflects the value of the spectrum. In fact, the current system of funding spectrum management from user fee collection rather than through taxation revenues represents one form of user charge. This option proposes a user charge where the user fee collected would reflect more closely the economic value of the allocation made. The economic value of spectrum allocation can be determined in several ways including shadow pricing and public auction. While neither of these procedures would be easy to implement, user charges that reflect free market value would involve several advantages over the present flat rate system:

- it would create incentives for users to conserve in their use of the spectrum and increase the economic efficiency of its use;
- it would allow government to retain central control over spectrum policy and allocation which would allow social and cultural objectives to be pursued in addition to profit-making activities;
- it would create an additional source of revenue for government; and
- it would ensure that users benefiting from use of the spectrum would be those paying for its use, compensating society for the use of a public resource.

While the literature is clear on these points, the applicability of various options (e.g., lotteries or auctions) to a specific service is not. The main conclusion from this preliminary work is that the issue needs to be looked at in more detail as has been proposed in the Department's September 1990 discussion paper on spectrum policy: Towards a Spectrum Policy Framework for the Twenty-first Century.

## **2. Adoption of American Radio Standards**

Another alternative concerns a portion of the program which deals with technical standards. The fundamental conclusion of a comparison between the U.S. and Canadian practice is that, because of the major differences in the legislative processes in each country and different philosophical approaches, Canada, while working closely with the U.S., should continue with its own standard-setting function.

### **11. Performance Indicator**

How the program compares to the situation in other countries

#### **Performance Target**

Equal or better level of performance (quality of radio service), and method of administration and cost, relative to countries for which the comparison is valid

#### **Findings**

This issue will likely be addressed in the second evaluation of spectrum management.

### **12. Performance Indicator**

Impact of other departmental programs on spectrum-related activity

#### **Performance Target**

Monitor PY and \$ ratios

#### **Findings**

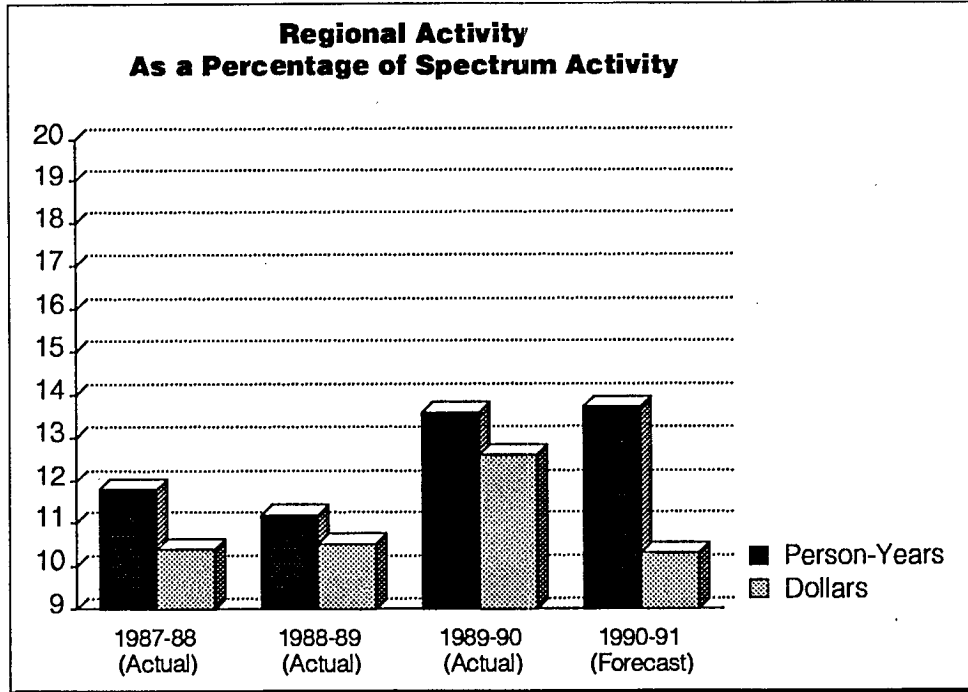
The Spectrum Management and Regional Operations activity also provides program delivery for all DOC activities in all regions of Canada, and ensures public access to the department as a whole and to its

programs. Through its network of offices it implements departmental policies and programs, and in addition provides regional, provincial and local perspectives to the development of departmental policies.

The sector is also responsible for developing and implementing a national emergency telecommunications strategy to ensure the continuance of essential civil telecommunications in times of crisis, and for developing national standards for direct attachments to federally regulated telecommunications networks, which generates approximately \$2 million.

**Exhibit 11**

In the past, the percentage of the total activity resources devoted to the regional delivery of the department's various programs has remained fairly stable over time. However with the advent of regionalization, spirited by PS2000 and the department's commitment to improving client services, noticeable changes in this indicator are becoming apparent. For example in 1989-90 the person-years devoted to the regional delivery of departmental programs represented 13.6% of available resources (up



2.4% from 1988-89) and the financial expenditures represented 12.6% of available salary and operating budgets (up 2.1% from 1988-89). In 1990-91, person years amounted to 13.7%. However, financial expenditures represented only 10.3% of available budgets.



## **Technology, Research and Telecommunications**

### **Policy Development**

#### **1. Performance Indicator**

Achievement of policy targets in areas of review or development, and federal/provincial and international negotiation or agreement.

#### **Performance Target**

1990-91 Technology Policy targets include:

- Launch studies into social policy implications of the information society, for internal use
- Develop paper on intellectual property, for internal use
- Develop policy paper on technology transfer, for internal use

1990-91 Telecommunication Policy targets include:

- Respond to regulatory initiatives in Canada and elsewhere by petition or other means (e.g., handling appeals of CRTC decisions)
- Prepare recommendations to Cabinet on the privatization of Telesat
- Reassess core spectrum policy principles and develop a strategic Spectrum Policy Framework for Canada
- Develop in full consultation with the radio users the Canadian frequency allocation proposals to the 1992 World Radio Conference (WARC-92)
- Issue set of spectrum utilization policies for Part I of 30-960 MHz
- Review and analyze local wideband distribution options; report for public distribution
- Develop telecommunications policy options and draft legislation

#### **Vision 2000**

Vision 2000 was created in 1989 as a joint industry/ government initiative to foster strategic R&D alliances which could accelerate the development of advanced personal communications technologies and position Canadian industry in key niche markets. Over the past year, the Department provided strong support to various Vision 2000 working groups, in such areas as policy development, regulatory review and R&D, and spectrum allocation requirements. This work culminated in a planning document entitled "Framework for the Evolution of Personal Communications in Canada", which was approved by Vision 2000 Inc., the non-profit industry-led steering committee.

The Department is also assisting Vision 2000 members to set up specific R&D project consortia related to the overall theme of personal communications. To date, more than 25 R&D projects worth a total of \$30 million have been identified, including applications for satellite, land and sea uses. DOC is participating in 15 of these projects and is contributing \$7 million to them. These involve all major Canadian telecommunications industry players as well as universities.

#### **Industry R&D Policy**

The Department is responsible for developing and implementing R&D policies for industry. During 1990-91, DOC issued a study on international collaborative R&D programs and investigated the magnitude and nature of public and private sector spending for telecommunications R&D. This work revealed disproportionately low levels of R&D investment by most Canadian carriers. As a result, the Department is investigating mechanisms for increasing R&D expenditures by telecommunications carriers. This work is being conducted in close collaboration with the Canadian telecommunications industry.

## **Intellectual Property and Technology Transfer**

Given the pending dissolution of Canadian Patents and Development Ltd. (CPDL), the Department has implemented two initiatives to increase technology transfer from the laboratories to the private sector and others. The first initiative is the new departmental policy on intellectual property, which recognizes recent recommendations by the National Advisory Board for S&T (NABST), for example, the accountability for intellectual property has been delegated to laboratory managers. The second being in keeping with broader federal objectives with respect to competitiveness, the DOC Technology Transfer Office has been enhanced to provide the essential support services for the commercialization of DOC inventions as well as undertaking the ongoing tasks associated with repatriating DOC's intellectual property from CPDL.

## **Development of Information Networks and Services**

A broad study program was launched in cooperation with industry and provincial governments to delineate the policy and regulatory environment required to favour the growth of network-based information services in Canada. A series of policy recommendations were made with respect to the proposed telecommunications bill and the new Bank Act. In the field of electronic data interchange, the National Office, Port Information Systems continued its support for system trials, particularly the pilot projects in the Port of Vancouver.

## **Telecommunications Policy**

The Supreme Court's 1989 Alberta Government Telephone (AGT) Decision recognized the jurisdiction of the federal government over telecommunications, after which the government completed the drafting of legislation to give effect to its previously formulated telecommunications policy framework. This policy is based on the recognition that the telecommunications industry, which is largely Canadian owned and privately held, constitutes an essential instrument of our economic and social development.

Accordingly, Canada's telecommunications policy is aimed at the unification of the Canadian telecommunications market, the simplification of the regulatory structure and the maintenance of access by Canadians in all regions to affordable, high quality and reliable telecommunications services.

In light of the above, extensive consultations have been conducted with all provinces in order to achieve agreement on how best to ensure that regional interests are taken into consideration in policy formulation and in the regulatory process.

In relation to the seven provinces directly affected by the Supreme Court's AGT Decision, federal-provincial discussions have resulted in agreements with Alberta, Manitoba, Nova Scotia, New Brunswick, and Prince Edward Island. Discussions with the remaining provinces, Saskatchewan and Newfoundland, are still on-going.

The Department wishes to make similar agreements with Quebec, Ontario and British Columbia even though these latter provinces are not directly affected by the Court decision.

## **Radio Common Carriers**

The application of the Canadian ownership policy to Radio Common Carriers was discussed with industry and subsequently reconfirmed by the Minister in May 1989. Nationwide and Canada-U.S. paging licences were awarded to a number of Canadian companies in December 1990 consistent with these and other telecom policies.

## **Implementation of Public Cordless Telephone Services**

As a result of public consultation begun in November 1989, submissions were received by the start of the fiscal year on policy directions to be taken towards implementing such a service in Canada at an early date. In May 1990, in response to an invitation to carry out field trials to assess technical and marketing factors for cordless phones, the Minister licensed 12 groups at the end of a one day symposium held in Toronto. Approximately

\$5 million has been spent to date by various licensees in their field trials. An Industry Advisory Committee on Public Cordless Telephone Service was set up under the auspices of the Radio Advisory Board of Canada with an objective of recommending to the Minister by September 1991 an implementation plan for this service. This group of over 100 active industry members (there were only 4 from government) continued to meet over the year and by March 1991 had developed consensus on all aspects of implementation with the exception of the choice of radio standard.

A recommendation to modify the original timetable, which has now been accepted by the Department, will result in extra time in order to test the two contending standards and to allow for a choice to be made by January 1992.

This is a unique Canadian initiative and one which is demonstrating first-hand the benefits of industry/government cooperation.

### **Privatization of Telesat Canada**

The Minister of Finance has confirmed that the sale of Telesat Canada will occur within the current fiscal year.

In this regard, guidelines concerning bidding eligibility for the company, and a statement of policy outlining the future rights and obligations of a privatized Telesat are being drafted.

A Memorandum submitted to Cabinet by the Minister of Communications and the Minister of State (Finance and Privatization) has been approved.

### **Local Distribution Telecommunications Network**

A Canada Gazette notice was published on September 2, 1989 to examine issues and make recommendations to the Minister for the orderly and effective implementation of a local distributed telecommunications network infrastructure which will ensure the most effective delivery of telecommunications and programming services to Canadian subscribers. A major initiative is underway to identify issues, options and prepare short and long term recommendations to the Minister on this policy issue.

### **Spectrum and Orbit Policy**

#### **Spectrum Policy Initiatives**

- ❑ Towards a Canadian Spectrum Policy Framework for the 21st Century: A comprehensive Discussion Paper on key issues provided the basis for the first phase of public consultation. Thirty-eight submissions were received and studied, and five public meetings were held to explain the policy review. A set of proposals for the Policy Framework is being developed to carry on the next phase of consultation with the general public.
- ❑ First Draft Canadian Proposals for 1992 Radio Conference (WARC 92): The Canadian Preparatory Committee composed of industry and government participants approved in January 1991 a comprehensive draft of the Canadian frequency allocations proposals for the Conference on a wide range of radio services which was published for comments, and as the basis for bilateral discussion with other countries.
- ❑ Part I of 30-960 MHz Policy Review Completed: Spectrum utilization policies were issued in 1990 for Part I of the review which covers a range of radio services, including additional spectrum to cellular, spectrum for cordless phones, air-to-ground, and safety services. Policy proposals are being developed for the remaining parts of the spectrum as Part II of the review to be issued in 1992.

#### **Regulatory Initiatives**

Analysis and recommendations were prepared regarding three petitions to the Governor in Council by Newfoundland Telephone Co., Telesat Canada and Call-Net Communications.

## ISDN Task Force

A report containing policy recommendations on Integrated Services Digital Network (ISDN) implementation in Canada by the Private Sector Advisory Committee was submitted to the Minister and subsequently made public. The report has been received favourably and some of the recommendations relating to standards are being implemented.

## Frequency Allocation — SHARP

Departmental engineering studies have identified qualitatively the interference mechanisms involved in Stationary High Altitude Digital Network (SHARP) from a frequency allocation and assignment perspective. Work is continuing to quantify the magnitude of this potential radio interference. On completion of this work, discussions for operation of SHARP will be initiated. There are no plans to obtain special ITU allocations for the operation of SHARP systems.

### 2. Performance Indicator

Satisfaction of interested parties with policy development and delivery processes

#### Performance Target

- DM satisfied with policy performance
- Findings from 1991-92 evaluation of telecommunications policy

#### Findings

The Deputy Minister is satisfied with current policy review and development processes.

## Research and Development

### 1. Performance Indicator

Expenditures (\$ and PY's) by core substantive area

#### Performance Target

Actual levels and trends over time in \$ and PY's

#### Findings

Type of Research	1988-89		1989-90		1990-91	
	PY's	\$ M	PY's	\$ M	PY's	\$ M
Radio and satellite communications technologies	93.2	8.621	111.1	9.087	115.7	13.399
Broadcast technologies	48.8	3.858	44.7	4.111	41.7	4.352
Workplace automation *	62.9	8.235	61.5	9.280	47.6	9.150
Communications devices and components	50.3	3.594	52.7	4.133	51.9	3.965
<b>Total Research Resources</b>	<b>255.2</b>	<b>24.308</b>	<b>270.0</b>	<b>26.611</b>	<b>250.9</b>	<b>30.866</b>

\*Includes Systems Interconnection Research



Dollar figures include expenditures for goods and services, capital investments, grants and contributions, salaries, overtime and allowances.

Radio and satellite communications technology research includes \$4.6 million and 6 person-years for MSAT in 1990-91, \$1.9 million and 4.1 person-years in 1989-90, \$1.9 million and 5.2 PY's in 1988-89, and 5.3 PY's and \$.7 million in 1987-88.

The decrease in the number of PY's in workplace automation research resulted from a transfer of 16 PY's to the Quebec Region. All other research areas show stable person-year utilisation.

**2. Performance Indicator**

Extramural contracts, grants and contributions as percentage of total research related activity

**Performance Target**

Current level (43%) to be maintained if overall funding remains stable

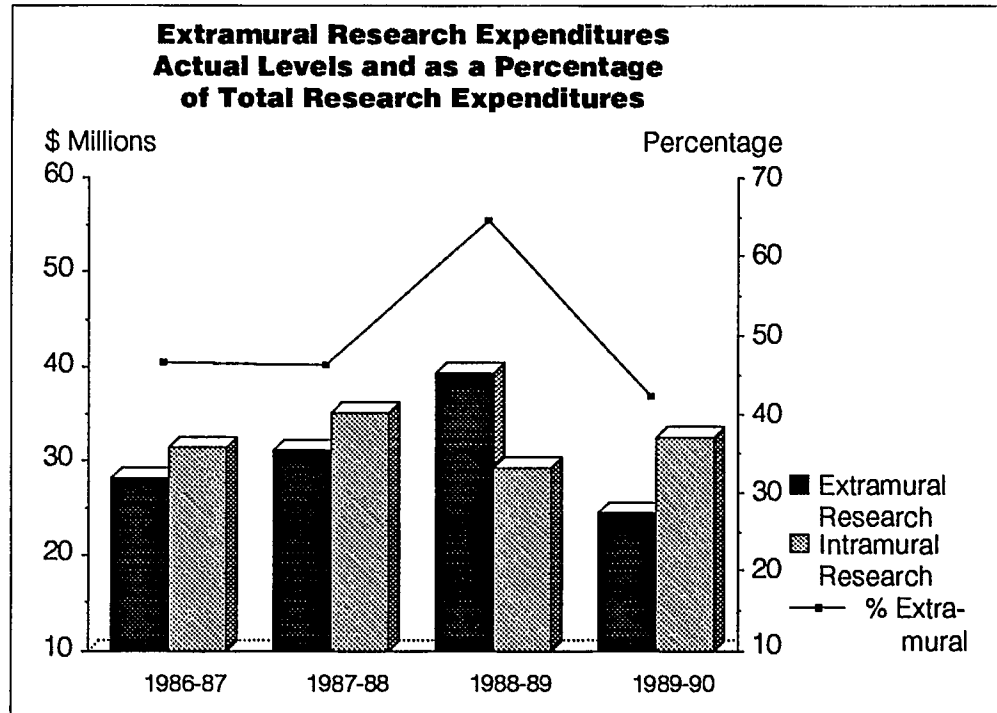
**Findings**

Actual expenditures for 1989-90 reported in the 1991-92 Main Estimates Science Addendum (Natural Sciences) (MESA) for the Department show that extramural contracts, grants and contributions were 43% (\$24.5 million) of total expenditures. (See Exhibit 12.)

These figures include space technologies research up to 1988-89, Canadian Communications Industry (CCI) as of 1989-90, as well as grants and contributions made

under the communications development sub-activity of \$19M for 1986-87, \$21M for 1987-88, \$18M for 1988-89 and \$16M for 1989-90.

**Exhibit 12**



As a result of the DOC review which examined to what extent our definition of "scientific activity/R&D" is appropriate and consistent with the MESA definition, previously unreported programs have been added: Economic Regional Development Agreement (ERDA)s, the whole of CCI and the Centres of Excellence Programs. As agreed with Statistics Canada, historical data will be revised accordingly. These changes are reflected in Exhibit 12.

**3. Performance Indicator**

Significant findings or applications from research efforts

## Performance Target

Descriptive

### Findings

A project called MEDIALOG was developed at the Canadian Workplace Automation Research Centre (CWARC). MEDIALOG enables users to electronically access archives and collections of cultural institutions from a local public station. Content includes texts, graphics, photographs, sound recordings and video recordings, which can also be copied by the user. The MEDIALOG network can also be reserved for distance-teaching activities, where the lecturer is heard at all local stations, can display multimedia documents, print texts and exercises, as well as illustrate remarks using video recordings.

A DOC Standards Program Office (SPO) was established by the Systems Interconnection Research Division (DSI). The responsibility of the SPO is to coordinate, analyze and recommend departmental positions in key areas of standardization. A number of complementary software tools, based on advanced graphics techniques were developed for semi-automatic, formal specification of communications protocols and test suite design methods which result in more efficient and more accurate test suite production. Selected results will be used by Hewlett Packard/IDACOM COSTCO test centre.

As planned, demonstrations, field tests and an evaluation of a prototype Digital Audio Broadcasting system (DAB) took place during the summer of 1990, the first such undertaking in North America. The demonstrations were a resounding success and brought awareness to the Canadian radio broadcasting industry of the potentials of digital technology. The results of the laboratory and field tests have created considerable interest and support by broadcasters in both Canada and the United States toward the adoption of a DAB system in North America.

Laboratory and field tests of proposed Advanced Television (ATV) systems are being carried out in partnership with Canadian industry and government organizations and in collaboration with the United States. To fulfill Canada's commitment to conduct the subjective evaluation and assessment tests, a new off-site facility has been established. This laboratory is the only one of its kind in Canada and is already well on its way to being recognized as a world-class facility. The ATV subjective tests are scheduled to begin formally in August 1991.

In 1990-91, significant technical progress was again made in the areas of gallium arsenide monolithic microwave integrated circuits (GaAs MMIC) and high speed digital integrated circuits, miniature hybrid microwave integrated circuits (MHMIC), silicon very large scale integration (VLSI), optoelectronic and fibre optic devices, and in radiation and reliability studies. New partnership agreements were signed with five Canadian organizations for joint research projects related to communications devices and components research. During the 1990-91, the Branch responsible for this area of research published 55 papers in internationally recognized journals or conference proceedings and 7 Technical Memoranda, awarded 3 patents and submitted 1 notice of invention.

Significant progress was made during the year towards the implementation of Canada's first Mobile Satellite System (MSAT). Telesat Mobile Inc. (TMI) issued a contract to Spar in December 1990 for the procurement of a spacecraft scheduled for delivery in 1994. An identical spacecraft is to be supplied to AMSC by Hughes, with Spar manufacturing the communications payload. TMI and AMSC have signed a \$2 million contract with Comsat for the complete functional and interface definitions and specifications for mobile earth terminals, feeder-link earth stations, network control centres and network operations centres. DOC is now conducting pre-launch MSAT Communications Trial Program for a variety of voice and data services. Five participants are taking part in marine data trials: Canadian Coast Guard, Fisheries and Oceans Canada, Marine Atlantic (ferry services) and two large fishing companies. Land-based trials include a major activity with the RCMP. Demonstrations of MSAT equipment have successfully taken place in such places as Havana, Cuba (UN Congress on crime prevention) and on an ice island in the Beaufort Sea. Land-based data trials continue,

with staff at the Communications Research Centre very active with training, installations and demonstrations. Transportable voice equipment is also being demonstrated. The second International Mobile Satellite Conference (IMSC '90) was held in June 1990.

The Research Branches have been very active in technology transfer and collaborative research activities throughout the year, having signed a number of memoranda of understanding with industry, universities, and the public sector. The relevance of R&D to client groups is exemplified by such initiatives which have taken place in 1990-91 in the areas of:

- aeronautical mobile satellite communications
- mobile satellite antennas
- satellite radio sub-systems
- satellite on-board processing
- privacy of information
- wavelength selective devices
- radio based and optical communications systems
- optical and semiconductor devices
- superconductive microwave devices
- heterojunction bipolar transistors (HBT)
- television standards converters
- automated scanning
- digital filters
- electronic access to cultural property
- automatic generation of bilingual texts

A database was created identifying the various technologies developed at CRC that are available for exploitation.

#### **4. Performance Indicator**

Quality of research and nature and incidence of its use

Continuing relevance of the R&D

##### **Performance Target**

- Quality comparable to that obtained in similar public sector labs
- Findings from the 1988-89 evaluation of research labs. Targets to be developed based on this evaluation
- In the opinion of current and prospective clients and DOC research management, and in light of research conducted elsewhere

##### **Findings**

The evaluation of Research Laboratories was completed in 1990-91. It was comprised of six studies: a survey of clients, a peer review of research quality, a contract database review, a study of cost-effectiveness, a survey of exchange scientists, and a survey of industry orientation. It should be noted however, that these studies did not take into account the value of the services that the labs perform for clients within the department or elsewhere in the government, who are viewed as the primary clients of the R&D performed by the Research Labs.

The evaluation found that the Research Labs perform a valuable and distinct function within the Canadian Communications Industry. The belief that the labs are needed is endorsed by 97% of its clients, who fully

support continued operation of the labs. According to 44% of its clients, the labs provide services not available elsewhere. Of the firms dealing with the labs, 85% believe that their operations would suffer adverse consequences should the labs be closed. Generally, 26% of all industry firms and 56% of firms with lab contact assert that the Research Labs have increased their overall research capabilities. It was concluded that the Labs provide unique services that are too costly for the private sector to support and that their closure would severely impair Canada's communications industry. The labs act as the scientific authorities for the extramural research which is contracted out.

The accomplishments of the Research Labs were judged by clients, peers and exchange scientists to be of world class quality. The evaluation also indicated that the ability of the labs to do high quality research is threatened by insufficient material resources. The evaluation recommended that in order to maintain the quality and value of their research, the labs should establish clear research priorities to better focus their limited resources.

The evaluation recommended that the labs promote their research activities by increasing awareness of their work within the industry and the general public. The knowledge and expertise developed at the labs should be more effectively disseminated to increase the potential for greater cooperation with Canadian industry and to assist it in meeting the challenges of international competitiveness. More extensive procedures for collecting, accessing and maintaining project information, including cost effectiveness data, should be developed.

The evaluation supports many of the findings of a recent internal audit, as well as those of the Lortie Committee evaluation of federal laboratories.

Continuing quality and relevance of R&D performed by the Research Labs will, in the future, be measured in part using the reports of the Research Advisory Boards which are prepared in the spring of each year.

## **5. Performance Indicator**

Relative costs and benefits of intramural R&D

### **Performance Target**

Findings from the research labs evaluation and CWARC organisational study. Targets to be developed based on these studies

### **Findings**

The cost-effectiveness study portion of the evaluation of the Research Labs measured whether the research carried out by DOC labs provides economic benefits that meet, or exceed, the costs of undertaking the research. Only projects that commenced after 1981 were included in the analysis because financial records at DOC headquarters prior to the 1981-82 fiscal year were not accessible.

Calculations were based on conservative estimates of values. No estimates were made of second-order and spin-off benefits. All benefits and research costs were assumed to be incremental, or non-overlapping, and only the benefits of economically successful case studies were estimated, even though less successful projects may have had some limited benefits. Quantifiable economic benefits were estimated by 14 of the 28 companies using technology from the selected case studies. Economic costs were obtained from DOC research costs and implementation costs for producers and end-users of the technology.

This study did not capture quantifiable, but unmeasured, benefits accruing to firms which were unwilling or unable to provide information on sales and/or costs, plus those arising from "non-winner" projects. Nor did it capture non-quantifiable gains in social and cultural arenas. These benefits are difficult or impossible to quantify.



Taking these two exclusions into account, the "best guess" estimate is that 78% of the costs of doing DOC research (including costs to associated companies) are covered by the resulting benefits.

## **Communications Development**

### **1. Performance Indicator**

Level of expenditure by industry support program or thrust (\$ and PY's)

#### **Performance Target**

Actual expenditures and trends over time in \$ and PY's

#### **Findings**

Activities are concentrated in the following areas:

- industrial and economic support programs which include direct support of the Canadian satellite industry (SPAR Memorandum of Agreement (MOA)/Space Industry Development (SID) program) (3 PY's and \$8M expenditures; last year 4 PY's and \$7M expenditures);
- international R&D cooperation, with particular emphasis on Europe and Japan (2 PY's and \$.05M);
- international marketing support (10 PY's and \$0.25M; last year 9 PY's and \$0.2M);
- communications applications program (CAP) (6 PY's and \$1.8M; last year 9 PY's and \$1.6M);
- informatics applications program (6 PY's and \$.532M; last year 5 PY's and \$0.3M) and development support to the CCI via the Industrial Research Applications Program (IRAP) (4.5 PY's and \$3.5M).

Direct achievements in 1990-91 include the completion of the advanced satcom feasibility studies and the beginning of a major system definition phase for the next generation of communication satellites. As a result of the SPAR MOA over the past five years, SPAR has been able to become prime contractor for the Anik E, MSAT and RADARSAT satellites. In 1990-91 international marketing support was directly responsible for approximately \$130M worth of sales for Canadian companies.

Technology transfer activities continue to be the development, evaluation and management of R&D projects involving transfers from DOC labs, Canadian universities or off-shore sources to the Canadian communications industry. Most of the funds for these projects come from the National Research Council's Industrial Research Applications Program. With the dissolution of Canadian Patents and Development Limited (CPDL), another important activity in 1990-91 was the initiation of an active licensing program to transfer more commercially attractive technologies and generate revenues to that effect. Such an approach necessarily involved marketing and promotion activities as well.

### **2. Performance Indicator**

Ratio of annual expenditures or other forms of industry support to PY's

#### **Performance Target**

Actual ratio and trends over time

**Findings**

	1989-90	1990-91	% Change
Industrial and Economic Support Programs	1.5M/PY	1.6M/PY	6.6
Communications Applications	0.18M/PY	0.3M/PY	66.6
Informatics Applications	0.06M/PY	0.089M/PY	48.3
International Marketing	0.02M/PY	0.025M/PY	25
Technology Transfers	—	0.78M/PY	—

The SPAR MOA/SID programs involved the management of approximately 8 contracts per PY, (4 contracts per PY for 1989-90). In international marketing, as last year, approximately 30 companies are handled by each PY, involving 19 international missions, an increase of 7 missions over 1989-90 and 4 seminars compared to two last year. In the area of communications applications, three contracts (over \$25,000 each) per PY were managed (2 contracts/PY last year). An average of seven communications projects per PY were implemented, developed or planned. Activities concentrated in the development, management and evaluation of informatics applications, all projects were done in partnership with other organizations both inside and outside the Government (total of 14 projects, involving 6 PY's and \$532,000). Technology transfers included 24 projects handled by 4.5 PY's, with expenditures of \$3.5M. In addition, up to 50 projects requiring DOC technical expertise were submitted to other government departments.

**3. Performance Indicator**

Ratio of annual expenditures (or other forms of program support) to level of demand

**Performance Target**

Actual ratio and trends over time

**Findings**

Even though the MOA program was completed this year, given the low margins on communications satellites, SPAR has identified a continuing need for long term R&D support. Under the space industry development program, which has one more year to run, the demand is estimated to be at least twice the supply.

Demand and results of international marketing support activities are difficult to quantify precisely since marketing support is an ongoing service to clients and sales opportunities are to a large extent market defined.

The demand pressure for support of both communications and informatics applications cannot be quantified, as financial assistance is only one form of support, and this is not always requested until negotiations are well underway. Many requests are also turned down or deferred before negotiation due to lack of resources. A rough estimate would be a 5:1 ratio of demand to financial support.

With respect to technology transfers, the demand for support is usually proportional to the degree with which projects or licensing opportunities are sought. Projects or licensing agreements are developed over several months. The level of project support also depends on the National Research Council's budget for the

Industrial Research Applications Program. In 1990-91, eight new communications R&D projects were submitted and approved for funding support.

As an integral part of its technology transfer activities, the Department also maintains an active marketing program which includes the production of information documents, participation in trade shows and organization of seminars across the country. As of February 1990, the Department assumed responsibility for the management of intellectual property from the Canadian Patents and Development Limited.

#### **4. Performance Indicator**

Incremental economic benefits obtained through the program

##### **Performance Target**

Targets to be set based on past trends and current resource levels

##### **Findings**

The space development programs have created a significant pool of high-technology expertise, greatly enhancing Canada's technical capability and capacity to compete in world markets. The SPAR MOA \$41M can be directly tied to sales of \$260M over the life of the program, including 5 export programs. Through indirect benefits and technology sales, the total contractual benefit to Canada was \$635M. During this five year period employment at SPAR nearly doubled growing from 552 to 930. In addition, the subcontractor program allowed for import substitution through the development of four Canadian companies, generating a further 600 person-years of work and a supplementary capability to export internationally. Less explicit is the significant multiplier effect that the programs had on jobs and revenues on the service provider side and in other sectors.

DOC provides international marketing support to at least 20% of the Canadian companies exporting communications products. In 1990-91, significant support was provided to Canadian companies for trade of communications equipment into: the Americas; the Pacific Rim; North Africa and the Middle East; and Eastern Europe and the Middle East. This support was directly responsible for approximately \$130M worth of sales by Canadian companies abroad. These include contracts with Morocco (\$50 million contract with Bell Canada International); Saudi Arabia (\$20 million contract for Glenayre); the Philippines (\$22 million contract for SaskTel); and Indonesia (\$13 million contract for Canadian Marconi).

#### **5. Performance Indicator**

Extent to which Canadian industries are better able to compete in foreign and domestic markets as a result of the program

Extent to which industry support activities have resulted in increased domestic and foreign market sales for Canadian communications technologies, products and services

Adequacy of program resources and their distribution relative to objectives sought

##### **Performance Target**

Findings of the 1990-91 evaluation. Targets will be developed based on the evaluation

Increased market share over time. More precise targets will be developed based on the 1990-91 evaluation

Relative cost-effectiveness of particular activities. Targets to be developed based on the 1990-91 evaluation

## **Findings**

Due to the recent reorganization, the evaluation of Communications Development which was to take place in 1990-91 is now scheduled for 1991-92.

### **6. Performance Indicator**

Expenditures under the ERDAs

#### **Performance Target**

Actual levels against ERDA targets

## **Findings**

The Canada-Manitoba Subsidiary Agreement on Communication and Cultural Enterprises, signed on June 11, 1984, expired March 31, 1989. The federal share of this \$21 million Agreement was \$13 million, of which \$12,030,400.00 has been expended; the remainder is expected to be spent in 1991-92.

The Cultural Industries Development Office (CIDO) is an independent organization that was created to deliver the cultural industries program of the Canada/Manitoba Sub-Agreement on Cultural Enterprises. While the CIDO-related portion of the ERDA evaluation, performed in 1989, was only partial due to late implementation, it was generally noted that CIDO allowed for expanded production and activities as well as growth of the film, video, and sound recording sectors in Manitoba.

Since the Government of Canada agreed to reinvest in CIDO an unspent amount of \$1.748M until March 1992, it is expected that activities supported through the film, video and sound recording industries assistance programs will lever a further \$2.02M in production and 52 person-years of direct and indirect employment.

The Canada-Quebec Subsidiary Agreement on Communications Enterprises Development was signed on February 1, 1985 and was to end on March 31, 1990. The initial investment was \$20 million by each government. A further \$3.6 million has been jointly allocated to this Agreement by the government of Canada and the Province, with an extension until March 31, 1991. As of March 31, 1991, \$21,763,154.00 of the federal share of the Agreement was expended, with very little funds to be spent in 1991-92.

### **7. Performance Indicator**

Extent to which ERDA projects have met their goals

#### **Performance Target**

Findings of the 1988-89 evaluations of Manitoba and Quebec communications ERDAs

## **Findings**

In last year's Annual Management Report (AMR), we reported extensively the findings of the evaluation of the Quebec Communications Enterprises Development ERDA. The evaluation revealed that under the agreement, cooperative action has manifested itself in a concrete and visible way: expertise has been pooled and decisions taken jointly. Sometimes cooperative action has even gone beyond the framework of the agreement and has led to the launching of innovative projects and the organization of events that have mobilized the business community. The agreement has enabled the two departments to deepen their knowledge of the enterprises and offer them more effective assistance. The cooperation has also been very effective with relation to international projects.



The evaluation also established that the agreement is relevant and well founded in terms of the development potential for the communications sector for the economy of Quebec but opinions were more divided with regard to the relevance of the objectives. In terms of the impact on the beneficiaries, the assistance provided had positive effects. Program design or delivery, however, were criticised by the majority (94%) of the beneficiaries interviewed. It was generally acknowledged that the program personnel were competent, but it was felt that there were too many intervenors without any real decision-making power.

## **Government Telecommunications Agency**

### **1. Performance Indicator**

Government Telecommunications Agency (GTA) rates as a proportion of common carrier rates

#### **Performance Target**

Rates competitive with commercial long distance rates

#### **Findings**

GTA rates are competitive with commercial long distance rates. November 1990 data show that the GTA rate per minute compared favourably with Direct Distance Dialling (DDD) per minute charges. For example, GTA rates from Ottawa to various Canadian cities are 7 to 44% lower than DDD per minute costs. More detailed comparisons are found in the 1991-92 Main Estimates Part III.

### **2. Performance Indicator**

Cost savings to the government from using GTA

#### **Performance Target**

Maintain aggregate 30% savings or more (1989-90 estimate) on inter-city voice service

#### **Findings**

The principal common services provided by the GTA are the Government Intercity Voice Network in association with the Local Telephone Services (Centrex/EEWD) which handled approximately 62 million network calls in 1990-91, 9 million more than in the previous year. In concert with the increase (17%) in network traffic, there was a decrease in the cost of provisioning the network facilities during this period, from \$62 million to \$58 million, of 6.5%. At the same time there were major reductions in the commercial long distance rates. The net result was a 31% savings for the government compared to DDD rates in 1990-91 for the Voice Network. The Local Telephone Services contributed savings estimated at \$37 million, equal to a 23% saving for the government.

The cost reductions for the Voice Network were primarily achieved by the conversion to Digital Channel Services on the prime network routes. New contracts negotiated for local services at several locations in the network contributed to increased savings in this area.

Other GTA services, while not individually offering savings in the order of 30%, do offer significant savings in the 15 to 20% range. Virtually all of the GTA service portfolio experienced overall growth in the 1990-91 period.

### **3. Performance Indicator**

Administrative costs as a percentage of service costs

#### **Performance Target**

10% or less of service costs

#### **Findings**

Actual administrative costs for 1990-91 were \$17.1 million or 8.6% of total service costs which was 9.3% last year, (equal to total revenues of \$200 million). Services provided and managed by GTA in 1990-91 resulted in revolving fund revenues forecast at \$220 million (of which \$8 million was returned to departments) and \$83 million billed directly by our suppliers on our behalf for a net total of \$295 million. Administrative costs for this period are estimated at \$20.4 million or 6.9% of our service costs. The 1990-91 figures include local shared services, while the 1989-90 figures do not.

### **4. Performance Indicator**

Overall cost-effectiveness of the GTA

#### **Performance Target**

Improved cost-effectiveness for administration, billing and consulting services as measured by 1993-94 evaluation; maintain cost-effectiveness for other services

#### **Findings**

Although the evaluation has not yet taken place, vigorous efforts are being made in this area. A comparison of the rates charged with those that would have been levied with Direct Distance Dialling (DDD) again showed substantial savings among all clients and regions. The magnitude of the savings varied between 7 and 44% for intercity voice services, which are the largest component of GTA's service offerings.

The Consolidated Management Service (CMS) was implemented on a trial basis in Moncton, Montreal, Ottawa, Calgary and Vancouver with two different suppliers. The service provides client departments with on-line Service Order entry, Automated Inventory, Centrex/EEWD equipment, features and billing reconciliation and Management Report capabilities. Widespread implementation of the service is expected in the fall of 1991.

In regard to network management, GTA and Telecom Canada are jointly undertaking a trial of a system known as Business Communications Management. The system's ability to meet the government's network administration requirements will be evaluated through its use in managing the Government Digital Channel Service (GDSCS).

A working group was established in 1989-90 to look at all aspects of billing in order to improve timeliness and accuracy. Due to insufficient human resources, GTA has been unable to give to the working group the necessary priority required to accomplish its task. As a result, the report expected last November has not yet been produced. However, work has proceeded on some of the most serious situations, such as the Government Electronic Messaging and Document Exchange Service (GEMDES) billing problems, with very positive results and increased client satisfaction.

### **5. Performance Indicator**

GTA share of total departmental telecommunications operating expenditures

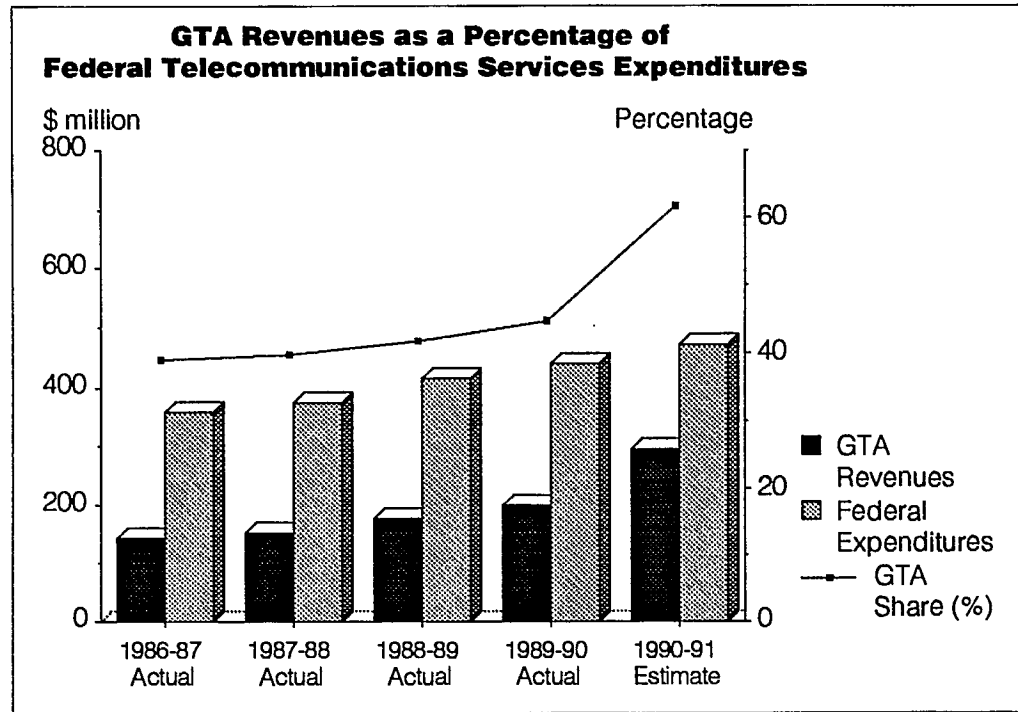
**Performance Target**

The performance target will be determined based on the findings of the evaluation of the program. In last year's AMR we proposed a target of 50% for 1989-90.

**Findings**

GTA revenues have typically comprised 40% of total federal telecommunications services expenditures (based on Public Accounts data). In 1989-90, the GTA share rose from 42.6% to 45.4%. It has been proposed and accepted by our client community, that the expenditures for Centrex/EEWD services, which GTA provides and manages on behalf of the departments, be included as part of the GTA share of total telecommunications operating

**Exhibit 13**



expenditures. Because this expenditure, estimated at \$83 million for 1990-91, is included in GTA's totals, we now manage approximately 62.6% of the total Government expenditures in this category. Further to the GTA becoming a Special Operating Agency, a new performance measurement system is being designed as part of the 1991-95 Business Plan (see Exhibit 13).

**6. Performance Indicator**

Client satisfaction with the quality of GTA services and range of services negotiated and provided.

**Performance Target**

Improved client satisfaction as demonstrated in the 1993-94 evaluation

**Findings**

Organizational changes brought to GTA reflect recommendations made in the Auditor General's 1989 report as well as the 1989 report of the Advisory Committee on Information Management (ACIM).

Following the Treasury Board decision confirming the Special Operating Agency (SOA) status, GTA was given the mandate to act as the focal point for the Government Telecommunications Architect function and for the delivery of common telecommunications services within Canada. Within this new status, GTA has played a leading role in the development of a government-wide telecommunications management infrastructure and was able to make important strides in evolving GTA networks and services while realizing significant savings for departments.

The infrastructure put in place to manage telecommunications in the government is based on a collegial approach between GTA and departments, exercised largely through the Government Telecommunications Council (GTC) and the Telecommunications Advisory Panel (TAP), and centering around the Telecommunications Architect and common service functions of GTA. The TAP, consisting, essentially, of DG-level telecommunications and information technology experts from representative departments, has been extremely active in the past year. The GTC, with membership at the ADM and DG levels, has had its terms of reference approved and is on the verge of activation. These fora provide an opportunity for GTA to obtain feedback from various government clients and to share information on developments.

In response to their clients' requests, the Atlantic Region created a regional training facility.

## **7. Performance Indicator**

New technologies adopted, new services provided, or new initiatives undertaken to better meet client needs

### **Performance Target**

Plans in place for network growth and response to new technologies and standards

### **Findings**

The Government Shared Intercity Voice Network, which provides telephone, facsimile and voiceband data services, expanded its coverage to include direct dialling to Alaska, Hawaii, the Caribbean and Bermuda.

The Government Electronic Messaging and Document Exchange Service, which attained a clientele of some 8,000 users in this second year of operation, was significantly improved by several enhancements in the past year: transparent binary file transfer, French character transmission, document conversion (for example, from Microsoft Word to WordPerfect), facsimile delivery as well as access to additional messaging and information networks.

The Government Digital Channel Service is a dedicated digital end-to-end network for voice, data, image and integrated applications. GTA has been converting the Intercity Voice Network to all-digital facilities by migrating to this service.

The Government Packet Network (GPN) has expanded during the past year to more than 140 serving areas, with the addition of nine new serving areas and seventeen new GPN dial access points. It now counts more than 70 federal clients, representing a user base of approximately 30,000.

The Government Satellite Network (GSN) service, using VSAT technology, was launched offering savings opportunities both in the use of the network and in the sharing of terminals.



## **Arts and Heritage**

### **Museums and Heritage**

#### **1. Performance Indicator**

Achievement of targets in areas of policy review or program development, and federal/provincial and international negotiation or agreement

#### **Performance Target**

Preparation of briefings, development of options, provision of advice, etc. to the Minister, development of Memoranda to Cabinet, preparation of legislative drafting instructions, etc. in various policy areas. Key issue areas:

- Museums policy, programs and delivery systems
- National Museums Act
- Task Force on Military History Museum collections
- Heritage Strategy
- Archaeology Policy and Draft Legislation

#### **Canadian Museum Policy**

Following the ratification of the Canadian Museum Policy, Treasury Board has approved in June 1990 the terms and conditions of the programs outlined in the new policy.

#### **National Museums Act**

On July 1, 1990, the new Act respecting museums was proclaimed. From now on, the respective Boards of Trustees will govern the development of the four federal museums and their affiliates.

#### **Task Force on Military History Museum Collections**

The report contains 23 major recommendations and 47 sub-recommendations. Of these, 16 recommendations and subrecommendations are addressed to the Minister of Communications. The others concern the following: the Department of National Defence, the Department of Veterans Affairs, and the Department of the Environment; the Canadian Museum of Civilization Crown corporation, and one of its submuseums, the Canadian War Museum; and the Organization of Military Museums of Canada, and the military museums themselves.

The recommendations relate to legal matters, several government policies and programs, the operations of service organizations such as Canadian Heritage Information Network (CHIN) and the CCI and cultural organizations such as the National Archives of Canada. In addition to proposing that the Canadian War Museum be given autonomous status, that its existing facilities be renovated and expanded, and that an additional building be constructed near the National Aviation Museum, the report recommends that the votes for the existing grant programs and the funds allocated to the Canadian Museum of Civilization be increased.

## **Heritage Strategy**

In 1990, the Minister of Communications initiated the development of a coordinated, comprehensive review of the Government of Canada's heritage activities in order to ensure effective and efficient use of its heritage resources as well as to address outstanding and emerging issues in the heritage field. A discussion paper, being developed in cooperation with the Department of the Environment and the Secretary of State Department for release in 1991-92, will address heritage strategy. This paper will provide the basis for detailed consultations with the heritage community.

## **Archaeology Policy and Draft Legislation**

To protect archaeological sites and artifacts and to enable aboriginal peoples to participate in the management of their archaeological heritage, an archaeology policy was announced in May 1990 and a draft legislation was released in December 1990 for consultation purposes to permit comment by individuals and groups interested in archaeology.

### **2. Performance Indicator**

Satisfaction with policy review/development process

#### **Performance Target**

DM satisfied with policy performance

#### **Findings**

The Deputy Minister is satisfied with the current policy review and development processes.

### **3. Performance Indicator**

Ratio of DOC to all other federal and to provincial (or all other) spending

#### **Performance Target**

Actual figures for most recent year available; trends over time

#### **Findings**

This indicator is based on data available from Statistics Canada's surveys which provide for comparisons of museums revenues from federal government sources with revenues from other levels of government. No update of these data from those used in last year's Program Accountability report is yet available. In addition, it is felt that the indicator as presented in the 1989-90 Program Accountability report is not satisfactory, as it does not specifically focus on the department's activities in the museums and heritage area. It will be proposed that this indicator be revised for inclusion in next year's documentation.

In 1988-89, the federal government's contribution to the operational budgets of museums and museum-related organizations amounted to \$98 million, or 37% of all public funding of museum operations. All provincial and territorial governments, on the other hand, spent \$154 million, or 59% of total public expenditures for museums operations.

Federal spending on museums in 1988-89 represented a 5% increase over 1987-88 and a 30% increase over 1984-85. The provinces and territories, on the other hand, increased museum expenditures by 12% over 1987-88 and by 37% over 1984-85. As a result of this higher rate of increase in museum spending by the provinces and territories, the federal government's share of overall public sector support for museum

operations has declined from 40% in 1984-85, to 38% in 1987-88 and to 37% in 1988-89. Federal departments and agencies also spent \$133 million on capital projects in museums in 1988-89.

**4. Performance Indicator**

Volume and value of grants and contributions made and the value of foregone tax revenues and insurance

**Performance Target**

Actual levels and trends over time for Movable Cultural Property (MCP), Insurance Program Travelling Exhibit (IPTE) and Museum Assistance Program (MAP)

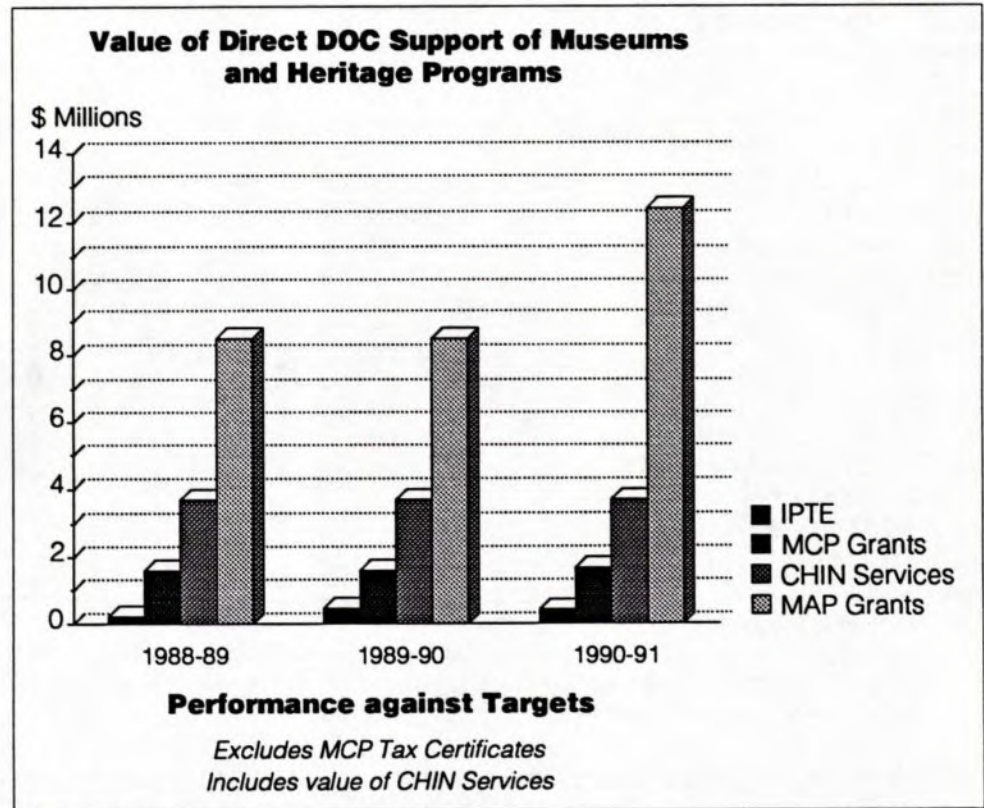
**Findings**

Exhibit 14 displays the value of direct DOC spending for museum and heritage programs. Shown are the value of CHIN services, MAP grants and contributions, MCP grants and Insurance Program for Travelling Exhibits (IPTE) funding. The value of tax certificates issued under the Movable Cultural Property Program is not included.

Overall support level has increased over the past three fiscal years. Expenditures under MAP have grown from \$8.5 to \$12.5 million. The value of CHIN services has remained stable at \$3.7 million over the past three years. MCP grants are ranging from \$1.6 to \$1.7 million. The cost of insurance covered by IPTE has fluctuated from a low of \$233,000 in 1988-89, to a high of \$452,000 in 1989-90 and to \$415,000 in 1990-91.

The face value of MCP tax certificates has fluctuated widely over the last five years, going from \$19.2 million in 1985-86 to a high of \$60 million in 1989-90 and 1990-91. These are not expenditures by DOC: the cost of this component is measured by foregone tax revenues. DOC estimates this to be 20% of the total face value of the certificates.

**Exhibit 14**





## 5. Performance Indicator

Distribution of grants and contributions by region

### Performance Target

Actual figures to be reported

### Findings

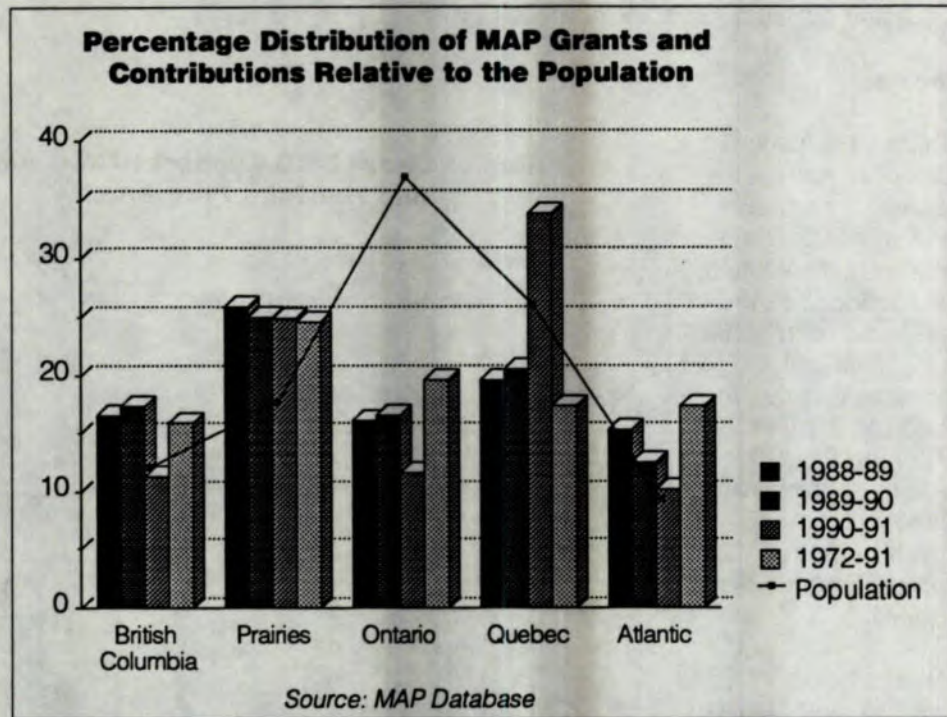
Exhibit 15 displays the regional distribution of MAP grants and contributions (expressed as percentages) over time. As this exhibit demonstrates, there is some volatility over time in the relative share of each region. For this reason, the distribution of cumulative MAP funding since the inception of the program in 1972 is also included.

The exhibit shows that the Prairies have benefitted the most from the program, both in terms of recent years and in aggregate. Use of the program in the Maritimes has dropped off in recent years, judging by

the fact that the historical share of the Atlantic provinces exceeds the share for each of the past three years. The exhibit also indicates increased demand from Quebec in the last three years, relative to the traditional use made of the program as revealed by the cumulative share.

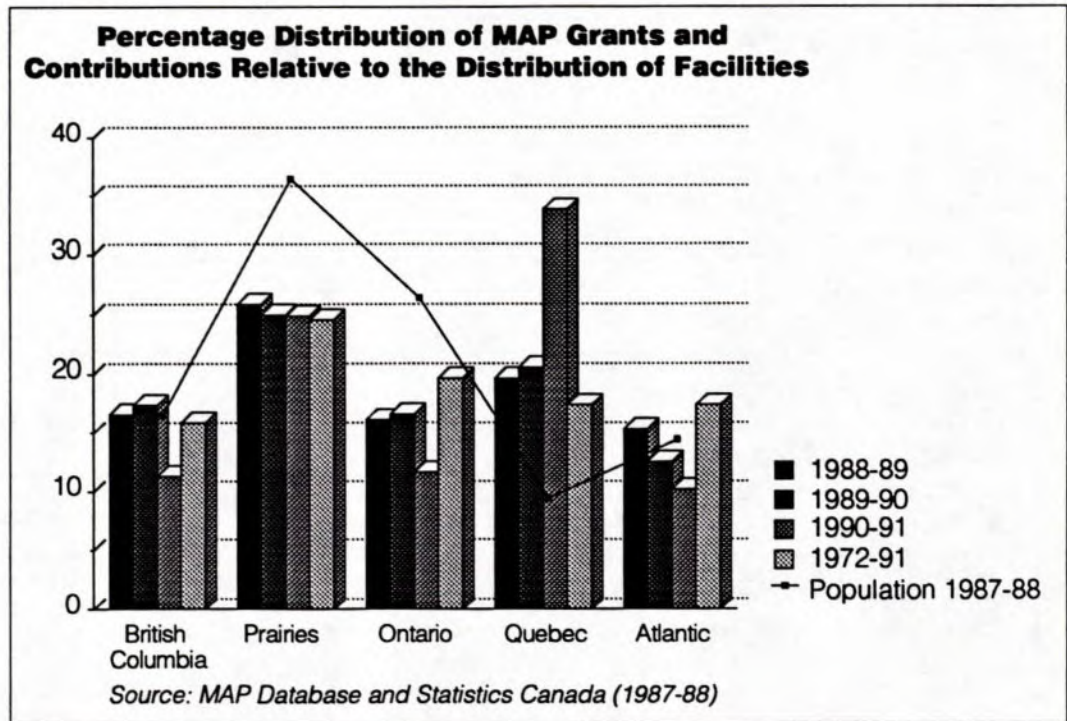
Exhibit 15 compares the distribution of cumulative MAP funding to the distribution of the Canadian population, and Exhibit 16 compares it to the distribution of museums and art galleries across Canada. MAP does not have an explicit regional distribution objective or targets, but it is aimed at improving access to public collections and therefore it is legitimate to consider to what extent funding responds to regional needs and capabilities. As can be seen from the exhibits, MAP funding does not correspond to the distribution of the population, but there is a closer match with the distribution of museums and art galleries.

Exhibit 15





As can be seen in Exhibit 16, these institutions are not evenly distributed across the country. The Prairies collectively have many more than would be expected on the basis of population, and Quebec has substantially fewer. The distribution of museums reflects objective measures of infrastructure need. Quebec and the Maritimes have a lower than



average supply; the Prairies have the best, followed by Ontario and British Columbia. MAP funding has historically been reactive rather than proactive. One would therefore expect that the distribution of funding will closely follow the distribution of museums. As Exhibit 16 suggests, however, MAP is not simply reinforcing existing inequalities. Quebec, the Maritimes, and to a lesser extent B.C., are getting more under the program than one would have expected on the basis of the distribution of museums; Ontario and the Prairies are getting less. The differences between these two distributions indicates the extent to which the program is responding to need rather than to effective demand.

**6. Performance Indicator**

Ratio of applications processed, records documented and/or inquiries to PY's

**Performance Indicator**

Target to maintain current ratios for MCP, MAP and CHIN



**Findings**

Program Activity	1988-89	1989-90	1990-91	% Change (89-90 to 90-91)
<b>Movable Cultural Property Program (4 PY):</b>				
<input type="checkbox"/> tax certificate applications per PY	188	189	289.5	53
<input type="checkbox"/> export permit applications per PY	100	118.5	90	-24
<input type="checkbox"/> grant applications per PY	12	11.8	8.5	-28
<input type="checkbox"/> designation applications per PY	3	3.5	3	-14
<b>Canadian Heritage Information Network (34 PY):</b>				
<input type="checkbox"/> total number of artifact records documented A/O maintained	85,781	94,824	105,542	11.3
<input type="checkbox"/> total data bases maintained	111	118	122	3.4
<b>Canadian Conservation Institute (78 PY):</b>				
<input type="checkbox"/> requests for consultations or services per PY	12.6	19.4	17.9	-7.7
<b>Museum Assistance Program (10 PY):</b>				
<input type="checkbox"/> grant applications per PY	n/a	24.6	51.6	109.8
<b>Heritage Services (7 PY):</b>				
<input type="checkbox"/> ETS revenue		\$492,100	\$750,000	52
<input type="checkbox"/> institutions served		88	89	1.1
<input type="checkbox"/> FDAS — applications reviewed		39	48	23
<input type="checkbox"/> FDAS — site visits		39	81	107.7

These productivity measures should not be compared by programs as differences exist in the types of services provided or application review processes followed, and the relative mixture of these two activities. For example, MAP applications are reviewed for their merit by advisory councils. MAP staff discourage applications which they believe will not survive the peer review process; thus they have significant dealings with clients which do not result in applications. The Heritage Services staff also provide advisory services in the areas of facility development planning, fire protection and safety, security and environmental control. These activities are relatively labour-intensive.

**7. Performance Indicator**

Ratio of value of grants and contributions to value requested in applications

**Performance Target**

Actual figures and trends to be reported for the Movable Cultural Property Program and the Museum Assistance Program

## **Findings**

Grants under the Museum Assistance Program comprised 72% of the value of assistance requested in 1988-89 and 1989-90. MCP met 88% of eligible demands for grants (up from 73% in 1989-90).

### **8. Performance Indicator**

Types of technical advice and assistance provided or the number of databases maintained

#### **Performance Target**

Descriptive for CCI and CHIN

#### **Findings**

The Canadian Conservation Institute (CCI) is responsible for conserving art objects and artifacts and for providing consultative services aimed at the preventive care of collections in museums across Canada. CCI scientists were involved in 25 research projects; CCI conservators provided the Canadian museum community with more than 11,000 hours of treatment services in 1990-91. In cooperation with provincial museum and conservation officials, CCI conservators and scientists provide courses and advice on conservation techniques across Canada, and provide intermediate and advanced training for conservators in the CCI laboratories.

During the last several years, CCI's Conservation Services have focussed increasingly on complex and long-term treatment projects. This is in keeping with CCI's mandate as a specialized, research oriented institution. Since the human resources available to CCI have not changed, the number of objects treated each year has decreased, but the time required to complete each treatment project has increased. It is not unreasonable to have projects that take several hundred and even a few thousand hours to complete. Consequently, the number of objects treated is not a perfect measurement of output produced and should not be used exclusively. Given the large disparity of final treated objects, a more accurate measurement of effort in this area is the number of hours devoted to conservation treatment.

The Canadian Heritage Information Network assist museums to manage information through access to collections and other databases, education and research activities (e.g., into standards for collections data), and consultations. CHIN maintained 122 databases in 1990-91, up from 118 in 1989-90.

### **9. Performance Indicator**

Progress made on revenue generation by CHIN

#### **Performance Target**

Targets will be set based on the business plan to be approved by Treasury Board

#### **Findings**

The business plan has been approved by Treasury Board; \$519,000 in revenue has been projected for 1991-92. In 1990-91, revenues of \$403,504 were generated (77.7% of the target). Seventy-five per cent of these revenues come from international clients.

In the Multi-Year Operational Plan (MYOP), CHIN's has a Revenue Plan was conditional upon the approval of the administrative authority. Treasury Board approved the Revenue Plan but not the administrative authority. Therefore, the flexibility required to generate new revenues was not given.

As shown in the following table, the significant increase in revenues generated by national clients did not counterbalance the decrease in revenues generated by international clients.

#### Revenues Generated by CHIN

	1989-90		1990-91		Change	
	\$	%	\$	%	\$	%
Local	21,292	5	100,876	25	79,584	373
International	404,548	95	302,628	75	(101,920)	(25)
<b>Total</b>	<b>425,840</b>	<b>100</b>	<b>403,504</b>	<b>100</b>	<b>(22,336)</b>	<b>(5)</b>

#### 10. Performance Indicator

Client satisfaction with programs; increase in physical and intellectual access to the public collections; appropriateness and cost-effectiveness of program design and level of effort in relation to the objectives sought

#### Performance Target

Findings from program evaluations with targets to be developed based on these:

- 1987-88: Movable Cultural Property, Exhibit Transportation Service, Canadian Conservation Institute
- 1991-92: Insurance for Travelling Exhibits

#### Movable Cultural Property

As reported last year in more detail, an evaluation found that the program has been successful in achieving its objective of assisting in the retention of significant cultural property.

The federal budget of February 20, 1990 contained two Ways and Means Motions which amended the Cultural Property Export and Import Act and the Income Tax Act to transfer determination of the fair market value for gifts of cultural property from Revenue Canada Taxation to the Canadian Cultural Property Export Review Board. Since its establishment in 1977, the Canadian Cultural Property Export Review Board has required that appraisals stating the fair market value of the gift accompany applications for certification of cultural property for income tax purposes. The Cultural Property Income Tax Certificates issued on the authority of the Review board also includes the fair market value, but the Cultural Property Export and Import Act did not give the Board the mandate to determine the value of certified cultural property. This authority resided in the Income Tax Act and was the responsibility of Revenue Canada Taxation. As a result of the two Ways and Means Motions in the February 20, 1990 federal budget, Revenue Canada Taxation has now transferred this responsibility to the Review Board.

#### Heritage Services Branch (DHS)

The Exhibition Transportation Service component of DHS carried over \$1.5B in art and artifacts, an increase of about 15% over last year. This is a reflection in part of the greater use of its services by non-federal institutions to move exhibits that the private sector cannot handle, thus contributing significantly to increasing the circulation - and hence access - of heritage material to Canadians. The Facility Development Advisory Service section of DHS further developed its assistance to museums through its site surveys, which are used by organizations as a starting point to deal with facility upgrading. Not only did the unit make three times as many site survey visits as in 1988 but expanded the security and fire aspects to include the collection preservation issues of building and storage systems design.

Other activities in 1990-91 included 123 project technical assessments not related to specific applications or site visits, production of five technical bulletins, and giving four lectures.

### **Canadian Conservation Institute**

As reported in more detail in last year's AMR, the evaluation of the CCI was conducted by the National Museum Corporation, shortly before this program was transferred to DOC. The evaluation confirmed the need for an expert conservation research and treatment centre, and the high quality of the work performed by the Institute. CCI management has reviewed the activities of the Institute to ensure that they meet its defined mandate. Members of the conservation community surveyed called for a widening of the program scope to encompass the treatment of archival materials. Consequently, for archives and libraries, CCI now treats individual objects of notable significance that present unusual conservation problems; however, it cannot deal with the exceptionally large volumes of documents and books in those institutions' collections. Finally, CCI is developing programs that will meet the initiatives identified in the new Museum Policy.

### **Support to the Arts**

#### **1. Performance Indicator**

Achievement of targets in areas of policy review or program development, and federal/provincial and international negotiation or agreement

#### **Performance Target**

Preparation of briefings, development of options, provision of advice, etc. to the Minister, development of Memoranda to Cabinet, preparation of legislative drafting instructions, etc. in various policy areas. Key issue areas:

- Status of the artist
- Federal arts policy framework
- National design policy
- Task Force on Professional Training in the Cultural Sector in Canada
- Canadian Art Consumer Profile
- Crafts

#### **Federal Arts Policy Framework**

Several priorities have overtaken the finalization of an arts policy framework, including the Status of the Artist initiative, response to the Standing Committee's Report on the National Arts Centre, and on-going concerns regarding funding of the arts. However, one of the main thrusts of the policy framework, which will be to seek a better balance between the different stages of the artistic process supported by Government (training, creation, production, distribution and audience development) has already started to be implemented. Initiatives in the areas of training, marketing and audience development will reinforce the Federal Government's support at these levels. Ottawa's traditional emphasis in the arts sector has been towards creation and production.

#### **Status of the Artist**

Legislation to recognise artists as eligible for collective bargaining purposes was drafted and tabled in the House of Commons in December 1990. In its Response to the Report of the Standing Committee on Communications and Culture respecting the Status of the Artist, the Government had outlined its policy on this matter as well as the content of the Bill. The Response also announced the creation of the Canadian Council on the Status of the Artist (effective in February 1991), as well as other fiscal and structural measures for artists.

### **Copyright: Phase II**

Copyright revision is fundamental to establishing the legal basis on which Canada's cultural, creative and information industries of today and the future will function. The second phase of amendments will deal with a range of issues, including new rights for creators as well as exceptions for certain users, in particular, public libraries and educators. A Memorandum to Cabinet has been prepared for the introduction of legislation.

### **Copyright: Retransmission**

As required by Cabinet, Regulations will be introduced before the fall, prescribing criteria for the Copyright Board to take into account in setting retransmission tariffs. This is a joint initiative with Consumer and Corporate Affairs and External Affairs.

### **Cultural Industries Development**

During the past year, policy proposals were developed concerning foreign investment rules, fiscal support, and measures to foster the development of a more distinctive Canadian market for the cultural industries. Some or all of these measures may proceed to Cabinet during the coming year.

### **Impact of Proposed National Sales Tax**

The Department commissioned studies on the likely impacts of the proposed multi-stage national tax on goods and services on select Canadian cultural agencies. These reports and those prepared for the Canada Council and the Canadian Conference of the Arts were used as a basis for our efforts to ensure that the interpretation of the new legislation by officials of Revenue Canada is sensitive to the particular environment in which Canada's cultural community operates. Once the legislation is implemented in 1991, we will monitor the effects closely to determine what remedial action, if any, might be necessary.

### **National Arts Centre**

The Department prepared the official Response to the Report of the Standing Committee on Communications and Culture on the National Arts Centre. It affirmed the importance of the role of Centre for performing arts in Canada, as well as the Government's commitment towards the Centre's artistic and administrative autonomy.

### **Design**

The design sector is an industry of capital importance to our competitiveness both for our domestic and international markets. The role of design and creators in design will be assessed in terms of their contribution to the Canadian cultural identity, including the fields of architecture, urban planning, landscape architecture and interior, fashion, industrial and graphic design. DOC met with 60 Canadian designers at a conference in December 1990 in Montebello. A Green Paper to be followed by a Canadian Design Policy is planned as a result of this Conference.

### **Task Force on Professional Training in the Cultural Sector in Canada**

This group created in March 1990 has 9 members and 2 co-chairpersons. They will table their report with the Minister in July 1991. They have analyzed the training structures in place, the lacuna, the regional needs and preoccupations, including national schools.

### **Canadian Art Consumer Profile**

The sector has undertaken a national marketing study on the preferences and purchasing behaviour of Canadian consumers with respect to the visual arts such as painting, sculpture and crafts and the performing



arts, especially dance, theatre and music. This study will be carried out in collaboration with the provinces and will be completed in January 1992. The end product will be a database on behaviour and attitudes that will assist in the creation of marketing strategies which will increase audiences and earned revenues.

### **Public Art and the Urban Environment**

DOC prepared a consultation paper on public art and the urban environment. This document was tabled at a federal/provincial meeting in October.

### **Crafts**

The DOC will contribute financially and via the participation of one policy advisor to a task force that will study the future of crafts in Canada.

#### **2. Performance Indicator**

Satisfaction with policy review/development process

#### **Performance Target**

DM satisfied with policy performance

#### **Findings**

The Deputy Minister is satisfied with current policy review and development processes.

#### **3. Performance Indicator**

Ratio of DOC to all other federal and to provincial (or all other) spending

#### **Performance Target**

Actuals for most recent year available; trends over time

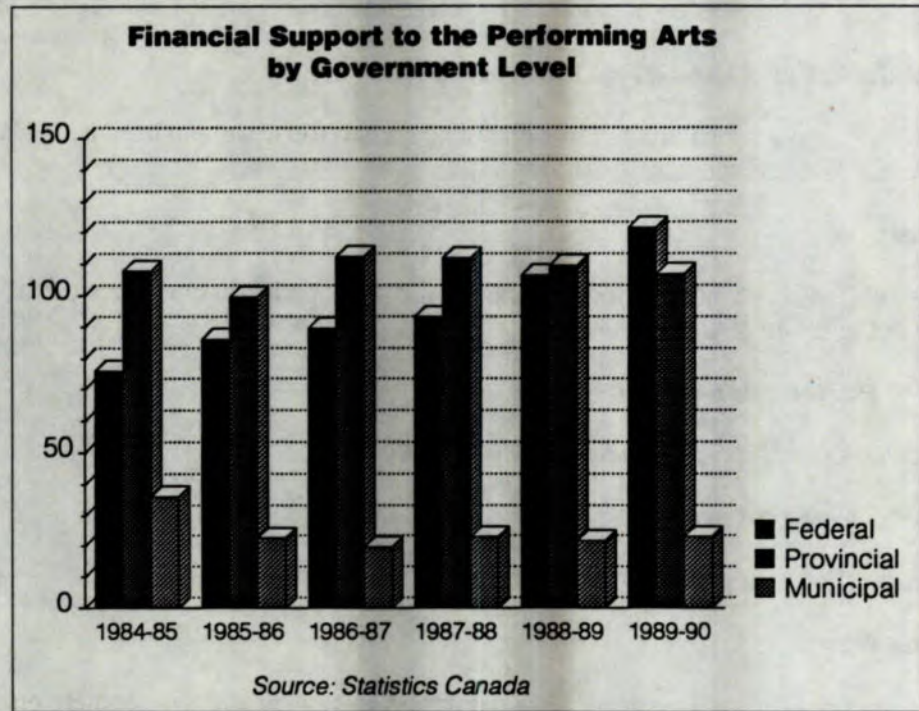
**Findings****Exhibit 17**

Federal financial support to the performing arts has increased over time in current dollars up from \$76.1 million in 1984-85 to \$122 million in 1989-90.

At the same time, the federal share of all government aid has increased from 35% to 48% (see Exhibit 17).

Assistance under the Cultural Initiatives Program in 1989-90 was \$16.1 million for individual arts projects.

Note: Territorial spending is not included; only federal appropriations are included for the National Arts Centre.

**4. Performance Indicator**

Volume and value of contributions

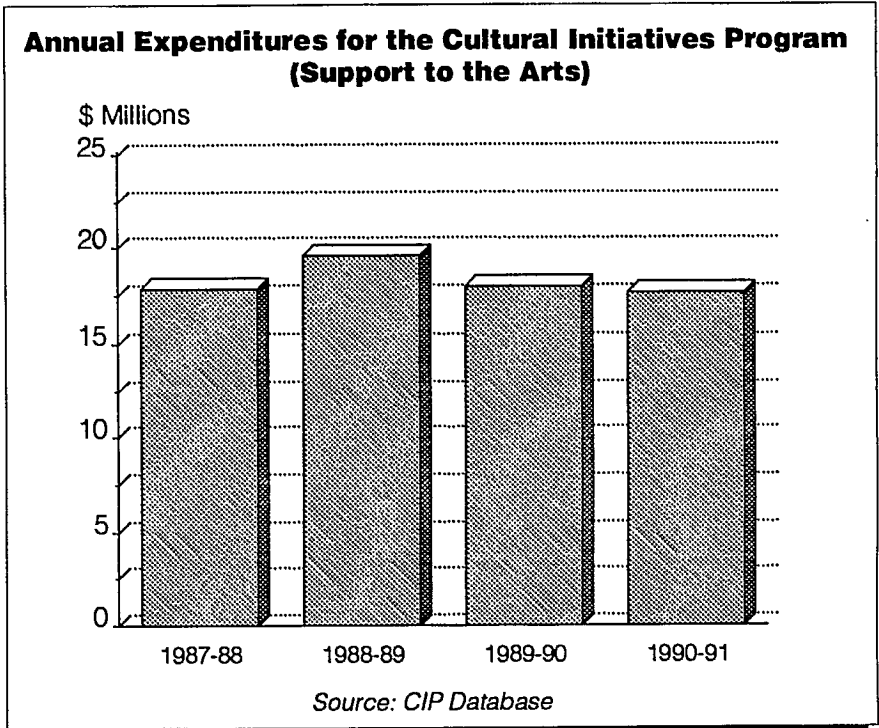
**Performance Target**

Trends over time for CIP

**Findings**

Expenditures over time under the Cultural Initiatives Program (CIP), which is the major conduit for direct financial assistance from the department to performing and visual arts organisations, are displayed in Exhibit 18.

The program provides management assistance, capital assistance and funding for festivals and special events. Many disciplines benefit. In 1990-91, funding under this program by discipline was \$2.3 million for Management Assistance, \$9.3 for Capital Assistance, \$5.4 for Festivals and Special Events and \$281,835 for the Orchestra Marketing Fund. (Contributions went to performing arts, visual arts, literary arts and film and video.)



**5. Performance Indicator**

Distribution of contributions by region

**Performance Target**

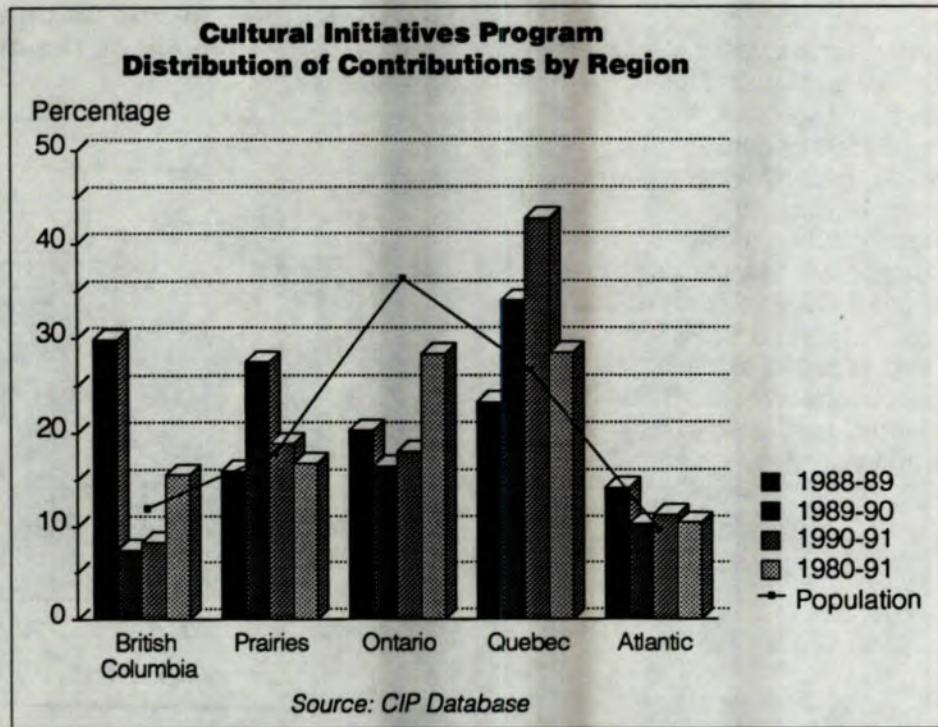
Actuals to be reported for CIP



**Findings****Exhibit 19**

Exhibit 19 displays the percentage distribution of funding under the Cultural Initiatives Program over the past three fiscal years, as well as the distribution of total funding since 1980. The exhibit demonstrates the wide variation in relative regional shares of program contributions in any one fiscal year.

This program is intended to improve access to the performing and visual arts by Canadians and therefore the regional distribution of funding is a legitimate issue. This graph simply shows that the percentage distribution of total CIP funding closely matches the percentage distribution of the Canadian population, even though in any one year the match would be imperfect.



Using the 11 year totals, the Prairies and Ontario have received slightly less than what would be expected on the basis of population, and British Columbia, Quebec and the Atlantic Provinces slightly more.

**6. Performance Indicator**

Ratio of applications processed to PY's

**Performance Target**

Actuals to be reported and targets set for Cultural Initiatives Program

**Findings**

Over 2,000 applications were reviewed by 14 officers for a ratio of 143.1 applications per officer. In 1989-90, 940 applications were reviewed by 14 officers for a ratio of 67.1 applications per officer.

**7. Performance Indicator**

Ratio of value of contributions to value requested in applications

**Performance Target**

Actuals and trends to be reported for Cultural Initiatives Program

## **Findings**

Demand for funding outstrips the supply: it is estimated that between \$300 and \$500 million in capital assistance will be requested over the next five years, yet program funding available for capital improvements is roughly \$9 million per annum. In 1990-91, \$17.667 million was awarded in contributions (\$17.982 million in 1989-90); the total amount requested was \$288 million (\$174 million in 1989-90). Thus, the program was only able to fund 6.1% of the amounts requested.

(Note: The database being developed to provide this information is not yet fully operational. The above information represents a reasonable estimate.)

### **8. Performance Indicator**

Satisfaction of clients receiving support; financial viability and stability of funded arts organisations; extent and nature of program induced changes in the size, composition and attitudes of audiences; extent of improvements in the supply and suitability of live performance spaces and visual arts facilities

#### **Performance Target**

Findings from program evaluations with targets to be developed based on these:  
1988-89: Confederation Centre of the Arts  
1991-92: Cultural Initiatives Program

### **Confederation Centre of the Arts**

The Confederation Centre of the Arts is one of the foremost cultural institutions in Atlantic Canada and the only one in the region with a national mandate. To assist in fulfilling this mandate, the Centre receives funding from the Department of Communications and the provinces.

In late 1990, a completely new management team was installed at the Centre. In response to impetus from Department of Communications officials, dramatic strides have been made in implementing more stringent financial controls and in rethinking the programming focus of the Centre in light of the Culture Inc. report prepared for the Canada-P.E.I. ERDA sub-committee. Progress has also been made in developing a plan to eliminate the accumulated deficit and avoid any future operating deficits.

### **9. Performance Indicator**

Adequacy of the financial status and viability of artists

#### **Performance Target**

Findings from 1993-94 evaluation of Copyright legislation

#### **Findings**

The evaluation findings will not be available until 1993 at the earliest.



## **Cultural Industries**

### **1. Performance Indicator**

Achievement of targets in areas of policy review or program development.

#### **Performance Target**

For 1990-91, preparation of policy documents, briefings, development of options and provision of advice to the Minister, development of Memoranda to Cabinet, preparation of legislative drafting instructions, etc. in various policy areas. Key issue areas:

- Film Products Importation Bill
- Replacement of the postal subsidy program
- Cultural Industries Development Fund
- Foreign investment policy for the book publishing, film and video and sound recording industries tariffs
- Cable retransmission
- National sales tax
- Tax credit proposal
- Phase II of the Copyright legislation

#### **Postal Subsidies**

From a level of \$219.5 million, an initial cut of \$10 million in 1989-90 was applied to the Publications Distribution Assistance Program in order to comply with the budgetary reduction. This was achieved by eliminating government users from the Book Rate component of the program. A further cut of \$35 million in 1990-91 was achieved by a better targeting of beneficiaries and selected rate action. In June 1990, the Minister announced the timing and the terms for the phase-out of the postal subsidy and outlined the criteria for the replacement programs which will be introduced in 1993 and 1994. The budget for the replacement programs has been set at \$110 million; thus a further \$64.5 million in savings will be generated from the current program. New regulations implemented on March 1, 1991 will eliminate daily newspapers, large circulation community weeklies, newsletters and controlled circulation magazines from the postal subsidy. The program's resources will be focused on paid circulation magazines, small community weeklies and the book trade. Access to the replacement programs will be limited to these beneficiaries.

#### **Cultural Industries Development Fund**

This fund (\$33 million over 5 years), beginning April 1st, 1991, will be administered by the Federal Business Development Bank. It will offer financing and consulting services to eligible enterprises in the publishing, sound recording, and film sectors. The fund has been designed to respond to the particular financial needs of the cultural industries. Its principal objective is to strengthen the capital base of Canadian cultural industries in order that they may adapt to economic and technological change, compete effectively in the Canadian market and develop new markets.

#### **Film and Video Policy Review**

In light of the profound changes occurred in the economic, cultural and political environment in the last decade, an in-depth review of government policies in the cinematographic sector is mandatory. All components will be examined, such as training, R&D, distribution, public and private financing mechanisms, non-theatrical aspects, etc. Further to this review, a redefinition of the federal role and its funding agencies will be developed.

### **1991 Broadcasting Act (Bill C-40)**

On February 1, 1991, a new Broadcasting Act for Canada received royal assent. A date has yet to be fixed for proclamation. Like the 1968 Broadcasting Act which it replaces, the new Act is divided into three main parts, with consequential amendments to other Acts in a fourth part. Part I of the Act contains legal definitions and the Broadcasting Policy for Canada. This policy outlines, in general terms, the roles and responsibilities of private and public broadcasters and includes the Canadian Broadcasting Corporation's (CBC) mandate.

The definitions and the policy statement have been thoroughly updated to reflect technological and societal changes since 1968. Part II sets out the mandate and powers of the Canadian Radio-television and Telecommunications Commission as the independent regulator of the broadcasting system and provides the Governor in Council with a new power to issue broad policy directions to the Commission. Part III carries forward the CBC as the national public broadcaster, establishes its corporate structure, sets out the objects and powers of the Corporation and defines its financial accountability to Parliament.

### **Canadian Broadcasting Corporation**

Under the Broadcasting Act (1968), the Canadian Broadcasting Corporation reports to Parliament through the Minister of Communications. The relationship between the government and the CBC is co-ordinated and managed in the Broadcasting section. During 1990-91, the implications of two restructuring were assessed and analysed, both for the Corporation's ability to meet its mandated responsibilities, and for the impact on its programming services. In addition, analysis of the Corporation's request for its annual appropriation was undertaken, as well as a number of individual Treasury Board submissions.

### **Government and Regulatory Measures**

There are a number of government and regulatory measures to assist broadcasting to fulfil the objectives for the Canadian broadcasting system. Several of these relate to the policy objective of giving Canadians the choice of competitive Canadian-produced programming in all categories. During 1990-91, an assessment of the importance of Section 19.1 of the Income Tax Act and the effect of Simultaneous Substitution concluded that these measures together benefitted Canadian stations by increasing revenues by about 10%. Telefilm, which administers the Canadian Broadcast Program Development Fund, launched a comprehensive review of the Fund's performance to date. The branch participated in developing the terms of reference for this review.

### **New Technologies**

The new broadcasting legislation, with its technology-neutral approach, will open doors for new kinds of programming services and its delivery by non-traditional means. Already, direct-to-home satellite services are appearing, and new technologies, such as digital audio and direct broadcast satellites are looming on the horizon. An industry working group has been established to examine the ways of introducing new technology to the Canadian broadcasting system, and to propose standards for such technology. The department has set up an internal working group to fully assess the policy and practical implications of these recommendations.

### **Retransmission of the CBC program "Le Téléjournal" in Europe**

The CBC program "Le Téléjournal" has been retransmitted daily, via satellite, on the French public channel FR3 since September 1990, and on the TV5 Europe network since April 1991, alternating with the TVA networks's news bulletin. The Consortium de télévision Québec-Canada, which operates TV5 Québec-Canada and in which the CBC participates, is responsible for the project.

## **TV5**

TV5 is a French-language television network (satellite-cable) in which five governments participate: Canada, Quebec, France, Switzerland and Belgium. At the Francophone summits in Paris (1986) and Quebec City (1987), the heads of state expressed their wish to make TV5 "an essential tool for multilateral cooperation and a special vehicle for communication between French-speaking peoples." TV5, which is a cultural and commercial showcase for our programs and artists, in return offers Canadian viewers unique programming. TV5 has two components: TV5 Europe, created in 1984, in which Canada and Quebec have participated since 1986; and TV5 Quebec-Canada, created in 1988. The overall activities of TV5 Europe are under the responsibility of S.A.Satellimages-TV5. The Consortium de Télévision Québec-Canada (CTQC) is the licensee for TV5 Quebec-Canada and is responsible for Canadian and Quebec participation in TV5 Europe (one ninth of the program schedule). These two operators bring together producers and television broadcasters on their respective boards of directors. Geographic extension of TV5 is currently a priority, especially into Eastern Europe, Africa and the United States.

## **Memorandum of Understanding on the Development of French-Language Radio and Television**

Although broadcasting is a federal jurisdiction, an exchange with Quebec on matters affecting French-Language broadcasting had been deemed appropriate. The purpose of this Memorandum of Understanding on the Development of French-Language Radio and Television is therefore to allow the Quebec as well as the Canadian Departments of Communications to jointly coordinate the development of French-Language broadcasting by means of consultations with industry spokespersons, as well as recommendations on policies, programs and follow-ups on government programs.

## **Television Northern Canada**

The funding provided covers the costs of the installation and construction of the infrastructure required to provide broadcast programming to approximately 100 communities in the far north and the transponder costs for a northern aboriginal television network. Pending licensing approval from the CRTC, TVNC will begin operations in January 1992, with programming provided by six aboriginal broadcasters, CBC Northern Service and the Territorial Governments.

## **National Broadcast Reading Service**

Seed money for the National Broadcast Reading Service (NBRS) and initial operating costs were made available as part of the Government's 1988 Broadcasting Policy. In 1990, the CRTC licensed NBRS to distribute a package of English language readings of daily newspapers and periodicals to be delivered via satellite for cable distribution to visually-impaired and print-handicapped Canadians. The CRTC also licensed La Magnétothèque, the French-language service which has been operating in Québec for several years.

## **Descriptive Video**

Descriptive Video is a new television service which makes programming accessible to visually-impaired viewers. It provides a verbal description of non-auditory action as well as settings and environment. Although it is currently available in Canada on the American PBS network distributed by cable in Southwestern Ontario, the Canadian Government is anxious to see it develop as an indigenous service here in Canada. A government/industry working group has been established to promote the development of a descriptive video system compatible with the Canadian broadcasting system.

## **Appeals to Governor in Council concerning CRTC Broadcasting Decisions**

Under the Broadcasting Act of 1968, the Governor in Council may, within sixty days, set aside, or refer back to the Canadian Radio-television and Telecommunications Commission (CRTC) for reconsideration and

hearing by the Commission, any issuance, amendment or renewal of a broadcasting licence. During 1990-91, the Governor in Council received petitions concerning two CRTC decisions in which broadcasting licences had been issued by the Commission. In both cases, the petitions were referred to the Minister of Communications, and departmental staff prepared analyses and advice to assist the Minister in making his recommendation on what action, if any, the Governor in Council should take.

The first case concerned CRTC Decision 90-693 issuing a licence for an FM radio country music station to serve the Toronto area. On October 9, 1990, the Honourable Marcel Masse, Minister of Communications, announced that the Governor in Council (P.C. 1990-2202) had upheld the CRTC's Decision 90-693. At the same time, he indicated that Cabinet had indicated its support for the desire expressed by many Toronto residents for greater diversity in musical formats and urged the CRTC to hold hearings as soon as possible for the allocation of the former CKO frequency which had recently become available on the Toronto FM band.

The second case concerned CRTC Decision 90-1042 issuing a licence to provide cable television service to the community of Valemount, British Columbia. This Decision was upheld by the Governor in Council (P.C.1990-2575, November 29, 1990).

### **Distribution of the Televised Proceedings of the House of Commons**

An Aide-Mémoire on this subject was prepared for submission to Cabinet in February 1991, following the Canadian Broadcasting Corporation's announcement in December 1990, that after March 1991, it would no longer be able to bear the cost of distributing the televised proceedings of the House of Commons across Canada.

### **Other Issues**

The evaluation of the Book Publishing Industry Development Program (BPIDP) was initiated in January 1991, with the results expected in the fall of 1991.

Policy work on the Sound Recording Development Program (SRDP) has resulted in new components pertaining to the reservation and dissemination of Canadian musical recordings released before 1970, increased efforts in the marketing of Canadian products domestically and internationally to music publishing. These initiatives are pending Cabinet approval for an additional \$2.5 million to the program.

Policy work on marketing and distribution of film products and sound recordings is underway for the international markets through the International Marketing of cultural products memorandum. For the Canadian market, in depth studies of consumer habits and awareness are scheduled in order to provide accurate data for the formulation of appropriate policy.

## **2. Performance Indicator**

Satisfaction with policy review/development process

### **Performance Target**

DM satisfied with policy performance

### **Findings**

The Deputy Minister is satisfied with current policy review and development processes.

## **3. Performance Indicator**

Ratio of DOC to all other federal and to provincial (or all other) spending

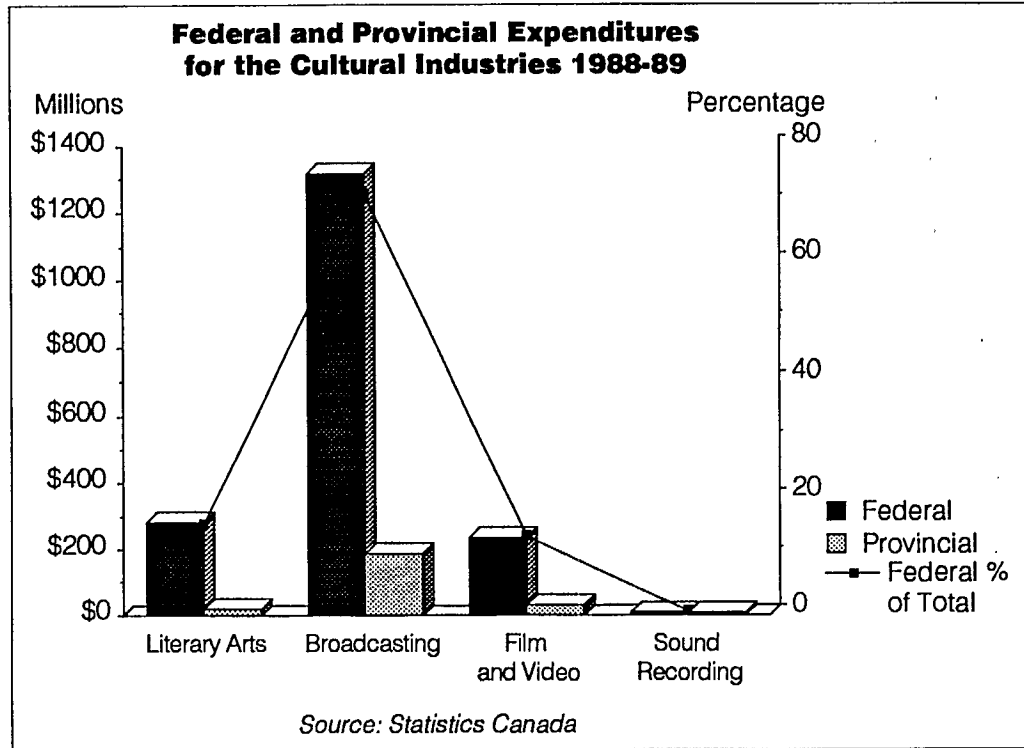
## Performance Target

Actuals for most recent year available; trends overtime

## Findings

Exhibit 20 displays federal and provincial spending in four cultural fields. These do not correspond to the definitions used within DOC to define the cultural industries, but they can serve in lieu of better data as a proxy for the relative balance of spending. In the four areas examined, literary arts, sound recording, film and video, and broadcasting, the federal government outspends the provinces. The ratio between federal and provincial spending is highest in the literary arts, followed by broadcasting and film and video.

Exhibit 20



## 4. Performance Indicator

Volume and value of grants and contributions

### Performance Target

Actual levels and trends over time for the Sound Recording Development Program, the Book Publishing Industry Development Program and service organisations

### Findings

In 1990-91, \$5 million was spent under the Sound Recording Development Program, an increase of 3.9% over previous year. The program consists of eight components, four of which are administered by FACTOR/MUSICACTION/CANADA (FMC). These four components provide loans, loan guarantees or funding for sound and music video production, syndicated radio programming and international touring. The total budget for these four components is \$3.7 million per year. The fifth component is administered by the Canada Council. Used to promote specialised music recordings of Canadian composers, the budget is \$250,000 per annum. The remaining three components (international marketing, business development and specialised music distribution) are administered by DOC. The total budget for these three components is \$800,000 per year.



In 1990-91, \$7.65 million was spent under the Book Publishing Industry Development Program (BPIDP). This consists of five components: Educational Publishing Fund, Aid to Individual Firms, Aid to Industry and Cooperative Projects, Aid to Professional Associations, and International Marketing Assistance. In 1989-90, the comparable figure was \$7.706.

### 5. Performance Indicator

Distribution of grants, contributions and tax incentives by region

#### Performance Target

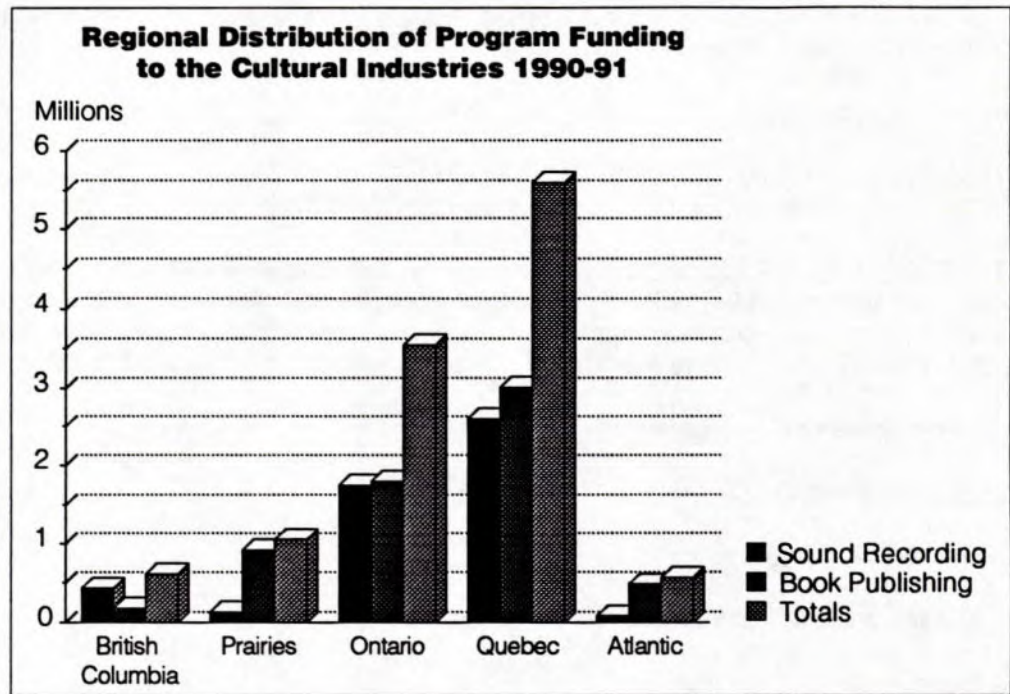
Actuals to be reported for the Sound Recording Development Program and the Book Publishing Industry Development Program

#### Findings

As Exhibit 21 demonstrates, funding under the DOC cultural industries programs is concentrated in Ontario and Quebec. This imbalance is not surprising given the concentration of publishers and the recording industry in these same two provinces.

As can be seen from the graph, 86.9% of the total sound recording assistance is spent in the two provinces: \$1.7 million in Ontario and \$2.6 million in Quebec. Book publishing assistance is also highly concentrated in Quebec (\$3 million) and Ontario (\$1.8 million), which represents 75% of the total assistance of \$6.4 million (the budget for assistance for international commercialization of \$1.5 million is not included in this breakdown and totals).

Exhibit 21



### 6. Performance Indicator

Ratio of applications processed and inquiries to PY's

#### Performance Target

Actuals to be reported for Sound Recording Development Program and the Book Publishing Industry Development Program

**Findings**

In 1990-91, FMC, the Canada Council and DOC handled 1,758 requests for assistance related to SRDP compared to 1,313 in 1989-90. The four DOC staff handled 128 requests (128 in 1989-90).

BPIDP staff dealt with 212 applications for assistance under the five major program components. A total of 230 applications were presented in 1989-90. The person-year average was 70.6 in 1990-91 (compared to 57.5 in 1989-90). The three staff also responded to some 5000 telephone inquiries as opposed to four staff in 1989-90 who responded to the same number of telephone inquiries.

**7. Performance Indicator**

Ratio of value of grants and contributions to value requested in applications

**Performance Target**

Actuals and trends to be reported for the Sound Recording Development Program and the Book Publishing Industry Development Program

**Findings**

In 1990-91, \$15.1 million was requested from SRDP but only 33% (\$5 million) of this demand was satisfied. The \$800,000 administered by DOC represented 74% of the funds requested.

In 1990-91, \$3.78 million was requested under the Aid to Individual Firms component of the BPIDP (down from \$4.068 million in 1989-90). (Other program components provide funding according to a formula or as a result of individual negotiations with DOC.) Fifty-five per cent of this demand was satisfied in 1990-91 (\$2.098 million). This is more than the 51% of demand satisfied in 1989-90 (\$2.075 million).

**8. Performance Indicator**

Expenditures under the ERDAs

**Performance Target**

Actual levels against ERDA targets

**Findings**

As of March 31, 1991, the federal share of spending under the cultural ERDAs and Cooperation Agreements were as follows:

Province	Expenditures	Budget
Manitoba-Cultural & Communications	\$12.126 million	\$13.0 million
Ontario-Culture	22.609 million	25.0 million
Quebec-Culture	26.300 million	36.75 million
Quebec-Communications	20.850 million	21.80 million
Prince Edward Island-Culture	.98 million	2.50 million
New Brunswick-Culture	.70 million	2.50 million

## **9. Performance Indicator**

Degree of access to Canadian cultural products and services; financial viability, competitive strength and self-sufficiency of Canadian cultural enterprises and industries

### **Performance Target**

Findings from program evaluations with targets to be developed based on these:

1991-92-93: Film and Video Policy Review

1991-92: Book Publishing Industry Development Program

### **Findings**

Results from the evaluation of the Book Publishing Industry Development Program will be reported in the 1992 AMR.

An evaluation of the Sound Recording Development Program recently completed examined the SRDP in relation to a number of considerations that can be grouped under four headings: relevance of the Program, achievement of objectives, impact on the industry, and recipients and alternative solutions. The approach of the evaluation was to consider the Francophone and Anglophone markets separately. The evaluation report consolidates two studies carried out by two separate companies, the conclusions of which were basically the same.

The evaluation found that the program has mainly contributed to increasing the quality of recordings. This is an important result because better quality means more airplay and, consequently, more sales. Other major findings were the lack of marketing resources devoted to recording projects, lack of marketing and management training and resources within individual companies, and lack of access to national distribution networks for medium and small sized companies. These problems must be tackled if SRDP contributions are to be efficient and effective. It is also important to note that the program funds were allocated only to the best projects, to avoid spreading the money too thinly. Consequently, the SRDP needs more specific and focused objectives, more money to devote to marketing activities, better export marketing activities oriented especially towards the American market, and a better focused training component. Results of the evaluation will contribute to the development of the new SRDP.

## **10. Performance Indicator**

Extent to which ERDA projects have met their goals

### **Performance Target**

Findings from evaluations of cultural ERDAs:

1989-90: Ontario

1991-92: Quebec

### **Ontario ERDA (Culture)**

The conclusions drawn in the Phase One Interim Evaluation Report of the Canada-Ontario Cultural Development Subsidiary Agreement are very positive. Since the Interim Report addresses approximately half of the funded projects, the impact assessment should be viewed as preliminary and any recommendation to renew the program will be made in the final report.

The Interim Report states that the vast majority of projects have achieved their specific objectives, with almost all completed on-schedule and on-budget.

Since the \$50 million DOC Sub-Agreement was signed in September 1986, twenty seven projects have been funded, of which thirteen were evaluated. The thirteen projects, representing \$29 million in ERDA funding, generated a provincial economic impact of \$159.3 million and 667 person years of employment during the lifetime of the project, and a further \$19 million and 141 person-years of employment annually in the brief post-project period.

Funding was directed to four program components: infrastructure development; cultural enterprises development; marketing; and feasibility/planning studies. The report states that the cultural benefits of the program are substantial with the program significantly contributing to the expansion of Ontario's cultural infrastructure, programming and new commercial initiatives.

In terms of the program rationale, it was felt that there were too many small projects funded and that the program rationale best fit the large infrastructure projects and the more entrepreneurial cultural enterprise projects. Existing programs very likely could have supported the marketing and feasibility study projects.

The administration of the Agreement presented a significant opportunity for the pooling of financial resources and the sharing of technical expertise between the two governments. A highly consultative and consensus building process was developed which has been maintained in areas beyond the Agreement.

Recipients felt that, while they were generally satisfied with the process, there were significant delays in obtaining approval of funding and in receiving payments. However, despite the administrative challenges, the positive opportunities far outweighed any problems that occurred.

## **Corporate Policy and Management**

### **Corporate Policy**

#### **1. Performance Indicator**

Achievement of targets in areas of policy review or development and federal-provincial (F/P) and international negotiation or agreement

#### **Performance Target**

##### **Federal/Provincial Relations targets:**

- Negotiate agreements on National Telecommunications Policy
- Organize F/P ministerial bilateral or multilateral meetings on communications
- Organize F/P ministerial conference on culture and heritage
- Lead negotiations of financial and policy agreements with the provinces
- Provide secretariat to certain federal/provincial agreements
- Organize national conference on Culture and Technology

##### **International Relations targets:**

- Manage promotion of telecommunications and cultural interests in bilateral and multilateral fora (e.g., with key developed and developing countries, follow-up to the 1989 ITU Plenipotentiary Conference, preparations for 1992 ITU World Administrative Radio Conferences, GATT Multilateral Trade Negotiations, Canadian access to integrated European Community market (Europe 1992 within the context of the CSCE and the Council of Europe) and to Asia-Pacific markets)

##### **Federal/Provincial Relations**

Negotiations were carried out with provinces on a MOU respecting telecommunications policy, following the Supreme Court decision on Alberta Government Telephone which recognized federal jurisdiction for telecommunications throughout the country. A conference of federal ministers of culture and heritage was held during the year. A study on marketing cultural products received approval and funding from all the provinces and is under way. Negotiations were undertaken with Alberta and Saskatchewan on Communications Partnership Agreements. Cooperation agreements in the cultural sector were signed with New Brunswick and Prince Edward Island.

##### **International Relations**

Achievements in 1990-91 included: Maintained an effective interface with the U.S. State Department to manage relations concerning controversial new publishing policies, the implementation of retransmission regime, and draft film and telecommunications legislation, completed and signed with the USA working arrangements for spectrum sharing in 800 and 900 MHz bands. FM agreement was also signed and work on technical standards recognition continues.

We convened three interdepartmental meetings on European Community '92 (EC '92), held Canada-EC consultation and completed follow-up (May 1990).

In the area of film and video, the Department negotiated and signed a co-production agreement with Mexico and Australia. Negotiations with Japan, Hong Kong and Romania are continuing. The agreements with France, Great Britain and New Zealand were amended, and discussions regarding the existing agreements with Spain, Italy and Belgium are continuing. The Department also organized production missions in the USSR, Japan and Mexico, and participated in several symposiums and workshops (Cannes festival, twice in

Australia, and once in Latin America) and sat on joint cultural commissions (with the Netherlands, the Federal Republic of Germany, the USSR, France and Great Britain). We concluded a cooperation agreement in the museums and archaeology field with France, which was a first, and we established two working groups to strengthen exchanges in the book and recording fields.

The department participated in the conference of cultural ministers of countries in the French-speaking world which was held in Liège in November 1990, as well as in the Palerme and Léon (Spain) conferences to discuss the future of cultural cooperation in Europe.

The objectives of the Telecommunications Executive Management Institute of Canada are to enhance the knowledge and skills of telecommunications executives and managers from developing countries in order to assist them in the development of their facilities, services and human resources and secondly, to promote international cooperation and trade for the telecommunications equipment and services industries in Canada. Given that the evaluation of the TEMIC found that the program was very successful in meeting its objectives and that the participation of the Government of Canada was very important in all aspect of the operations of the program, the program has been renewed with financial commitment of \$825,000 over 5 years. The evaluation also found that TEMIC has achieved both direct and indirect trade benefits for its members from private companies, post-secondary institutions and the federal government; TEMIC is unique and does not duplicate other activities and is providing an important service for both Canada and the Canadian telecommunications industry. However, the evaluation found some dissatisfaction with the apparent inequity of the membership structure and fees.

## **2. Performance Indicator**

Satisfaction with policy review and development process

### **Performance Target**

DM satisfied with the review and development process

### **Findings**

The Deputy Minister is satisfied with current policy review and development processes.

## **3. Performance Indicator**

Other performance indicators to be developed following evaluations

### **Performance Target**

Findings from evaluations with targets to be developed based on these:

- 1989-90:     International relations
- 1990-91:     Federal/Provincial relations
- Communications function

### **Findings**

The Program Evaluation of the International Relations Function is based on a set of seven background studies conducted between 1989 and 1991. The studies examined a wide range of the Department's activities, including a review of files, interviews with DOC managers, surveys of clients in the telecommunications and cultural industries, detailed case studies and an organizational analysis to examine whether DGIR's activities duplicate or complement those of other government and non-government organizations. The findings are presented for eight activity areas:



**Information Activities:** Gathering, analyzing and providing information are major functions for International Relations; acting as a source of information on international matters, and keeping clients informed are prerequisites for fulfilling its mandate. The program receives high marks for the way it fulfils this function in areas specifically related to its work plan from both internal and external clients. Beyond the limits of the work plan, there continues to be a very high demand for a more comprehensive and proactive service than provided at present.

**Consultation:** The function was found to conduct effective consultation on issues arising from its current work plan, both internally and with outside clients, but less so with the department's regional offices. Links with the regions are stronger on telecommunications issues than on culture.

**Strategic Analysis and Planning:** Managers in several areas of the department believe that there is a need for an overall strategic framework. Regarding international matters, a significant and growing proportion of their work plans are affected by international developments. There is a high level of demand for strategic services to be supplied by international specialists. Clients in telecommunications and culture both said that they feel government in general and DOC in particular lack vision and direction in their programs.

**Visits:** Clients feel that international visits are generally well managed, but small and developing firms feel that they are sometimes forgotten or left out when visits are organized. The department's managers were not all convinced of the value of international visits; however, Canada must continue to meet its diplomatic obligations by providing this service.

**Trade in Telecommunications:** DOC is widely respected for its unique expertise and its contribution to trade negotiations, through the department of External Affairs and International Trade (DEAIT). However, industry does not feel the department adequately analyzes the impacts of trade agreements on clients. Clients requested several types of assistance from government: improved information services, support for trade missions, improved coordination among government programs, beneficial financing arrangements to facilitate sales in third world nations, and visible support from high level government officials for Canadian export efforts.

**Multilateral Telecommunications Conferences:** The department's representation of Canada is very highly regarded by DEAIT officials, clients, and within the international community.

**Opportunities for International Marketing and Cooperation in Culture:** Clients identified a number of government initiatives which would be welcomed to support their efforts; however, at present clients are not aware of any well coordinated or clearly articulated program within the department to undertake those initiatives.

**Resources:** With minor exceptions, none of the background studies indicate that the department needs to either significantly increase or reduce the resources it currently allocates to its international activities. In response to specific questions about the present level of resources, however, clients recommended that activities be refocused and restructured to make better use of existing resources.

The integrated report of the evaluation includes an implementation strategy designed to strengthen areas of weakness in the short term, and to restructure the function to better meet the needs of both clients and the department in future.

## **Corporate Management**

### **4. Performance Indicator**

Ratio of Corporate Management to total DOC (in dollars and PY's)

#### **Performance Target**

Maintain or improve current ratios

#### **Findings**

1988-89	5.5% of dollars, 10.7% of PY's
1989-90	5.1% of dollars, 10.7% of PY's
1990-91	4.5% of dollars, 10.8% of PY's

As these findings demonstrate, DOC has improved its ratio in dollars and almost maintained its ratio in PY's.

## **Sites and Technical Services**

### **5. Performance Indicator**

Percentage of cost overruns to total capital cost projects

#### **Performance Target**

Actual levels to be reported

#### **Findings**

See Part II Administrative Accountability

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*Part II:*  
**Administrative Accountability**

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## **Program and Resource Management Policy**

### **1. Living within Budget and Government Resource Decisions**

#### **Performance Indicator**

Requests for additional funding limited to policy items; price adjustments provided to all departments for unpredictable and unavoidable workload pressures.

#### **Performance Target**

Achieving planned results within approved resource levels.

#### **Findings**

The broad mandate of the department of Communications generates a vast assortment of programs and activities which range from scientific research to cultural policy development. DOC also has the unique responsibility of managing the Communications Research Centre, a 1,400 acre complex comprising 72 buildings and 13 km of paved roads. The department provides all of those services normally provided by Public Works Canada for similar installations such as power and heating plant services, grounds maintenance and security. The department shares this campus with both DND and CSA and administers MOU's to provide both technical and site support services to these clients. The department's challenge is to meet the widely diversified demand for resources from within budgets constrained by cuts and levies.

The department is assigned a limited amount of resources in aggregate. Of the total gross expenditures of \$530 million approved by Parliament in Main Estimates 1990-91 (\$311M in appropriations and \$219M in revenues credited to the Vote) and which DOC administered, \$117 million (22%, which represents an increase of 19.5%) were allocated to salaries, and a further \$177 million (33%) was allocated to specific programs where there is very limited flexibility for reallocation. Of the \$236 million allocated to the department's operational programs, \$211.5 million is administered by the Government Telecommunications Agency (\$177 M last year, an increase of 19.5%) through a revolving fund for the purpose of supplying telecommunications services to government departments and agencies.

To deal with liabilities and other emerging priorities, DOC has in place a very strict regime of periodic reviews. The reviews which occur at the fifth, ninth and twelfth months, ensure the most efficient use of available resources and are undertaken throughout the department to justify operational workplans and to perform budget reallocations.

The IMAA MOU coupled with the continuing support of the Treasury Board Secretariat (TBS) analysts assigned to this department, permitted the department to benefit from continued flexibility in the reallocation of its funds. This enabled DOC to effectively administer its limited discretionary resources and achieve maximum effectiveness despite a budgetary cut of \$2.7 million representing DOC's share in the Gulf crisis financing, as well as a \$0.5 million budget reduction measure for the implementation of the Government's decision regarding the GST. By attaining close to full utilization, DOC has successfully managed its limited resources for a fifth consecutive year.

### **2. Expenditure Management Cycle**

#### **Performance Standard**

Timely submission of required documents including accurate and adequate financial and program data.

## **Findings**

The 1990-91 Multi-Year Operational Plan was formally submitted at the end of October 1990. A series of consultations had taken place with Treasury Board Analysts commencing early in September and continuing in parallel throughout the preparation of the MYOP document. With the close consultative relationship established with the Treasury Board Analysts, the submission of the MYOP in October did not seriously impede their analytical work of the document. Proposals, background and working papers were supplied to the Treasury Board Analysts as they became available.

The spirit of the relationship between DOC and TBS throughout 1990-91 has been one of continued openness and trust against the healthy backdrop of negotiation and challenge that characterize their respective roles.

## **Personnel Policy**

### **1. Workforce Adjustment**

#### **Performance Indicator**

Percentage or number of affected employees who are:

- redeployed to another department; and
- laid-off

Outcome of grievances and appeals related to workforce adjustments and to staffing through the Priority Administration System

#### **Performance Target**

100% of affected employees redeployed

Full consideration given to absorbing (including retraining) all affected employees, including those of other departments, when staffing positions

No grievances/appeals upheld

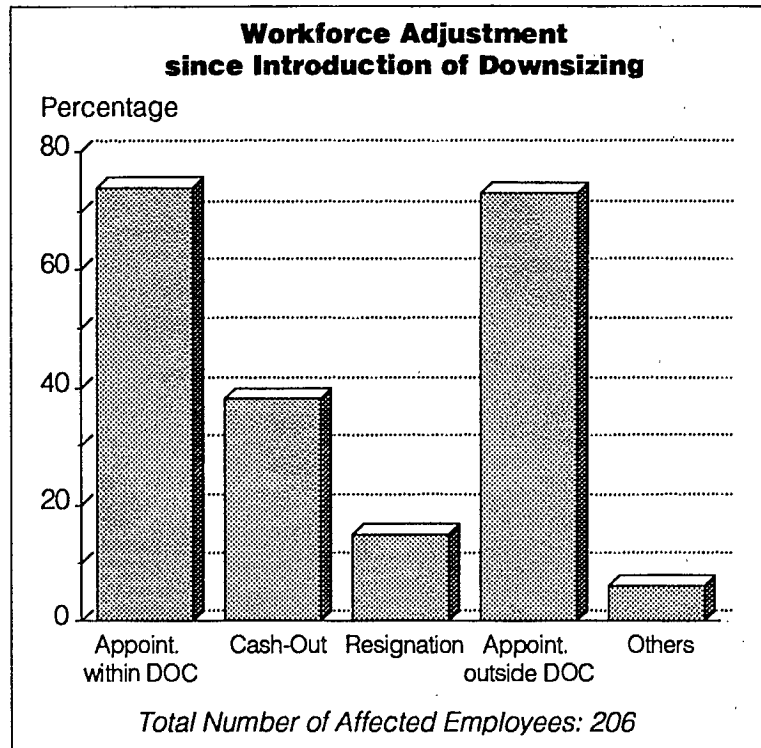


**Findings**

Since the start of the downsizing, the department has reduced its person-years by 208 (174 in 1989-90). A total of 206 employees were affected. A retraining program is automatically offered to these employees. Only 6 employees from the Region, who refused to relocate, were laid-off.

There have been 3 grievances or appeals related to the workforce adjustment.

**Exhibit 22**



**2. Employment Equity**

**Performance Indicator**

The percentage of target group members represented in occupational groups and levels compared to market availability

Extent to which barriers are identified and eliminated

Rate or extent of acceleration of achievement of participation targets for target group members

**Performance Target**

As specified in Multi-Year Human Resources Plan

Measures taken to identify and eliminate barriers

As specified in MYHRP

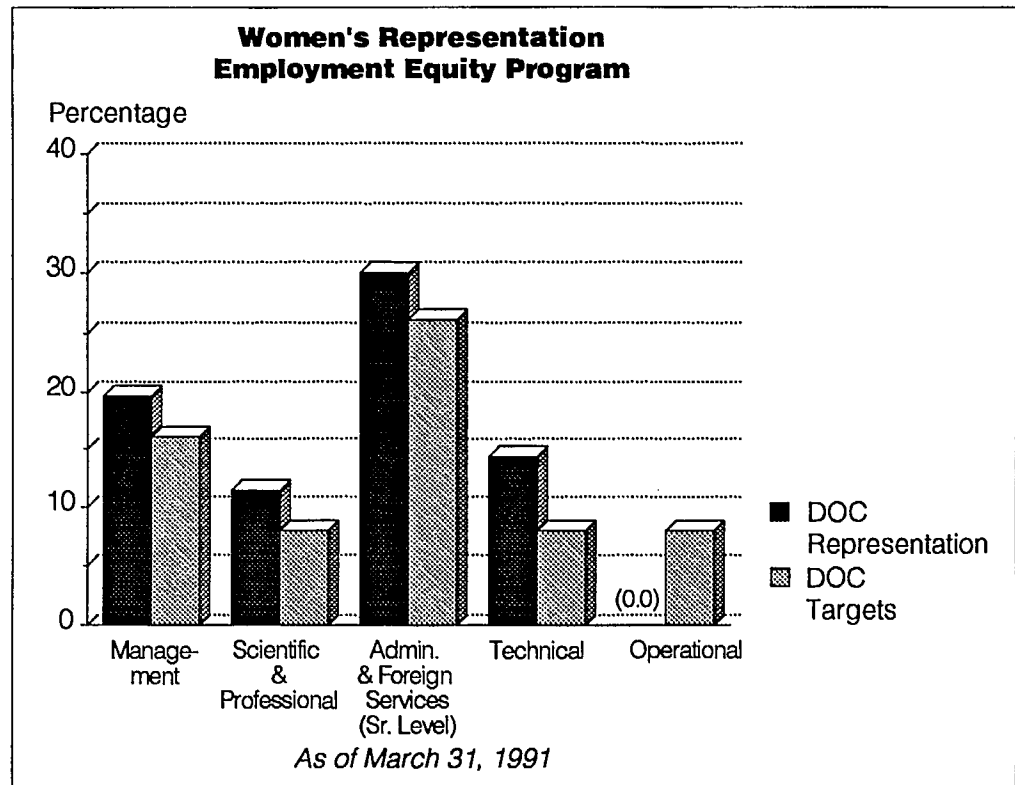
**Findings**

**Women**

**Exhibit 23**

In 1987, DOC lost a number of women at the senior management level to other federal government departments thus decreasing the representation in that category to 5.4%. Using various strategies, the representation has increased to 19.6% over the past few years, exceeding the departmental objective for 1991 which has increased from 12% to 16%.

In 1990-91, the department exceeded its employment equity targets for women in all categories (except Operational, where no women were represented): Management (19.6% vs. 16%); Scientific and Professional (11.4% vs. 8%); senior level Administrative and Foreign Service (30% vs. 26.1%); and Technical (14.3% vs. 8%).



A study was undertaken in 1988 to review the situation and to determine the barriers for the advancement of women. A number of recommendations were proposed and many of these have been implemented, such as special consideration for women in the department who expressed an interest for retraining in non-traditional areas. There are examples of women both at headquarters and in the regions who were retrained and who are now qualified incumbents of EL positions.

The recruitment of women in non traditional occupations, especially in the scientific and professional categories, is very difficult due to the highly specialized nature of work. Subsequently, managers have sought out candidates at universities and colleges. The Special Measures Program of the Public Service Commission (PSC) continues to assist managers in the recruitment process by providing person months to cover the training period. Often, with the assistance of programs such as the OPTION program of the PSC, managers are able to provide candidates with relevant training at the department.

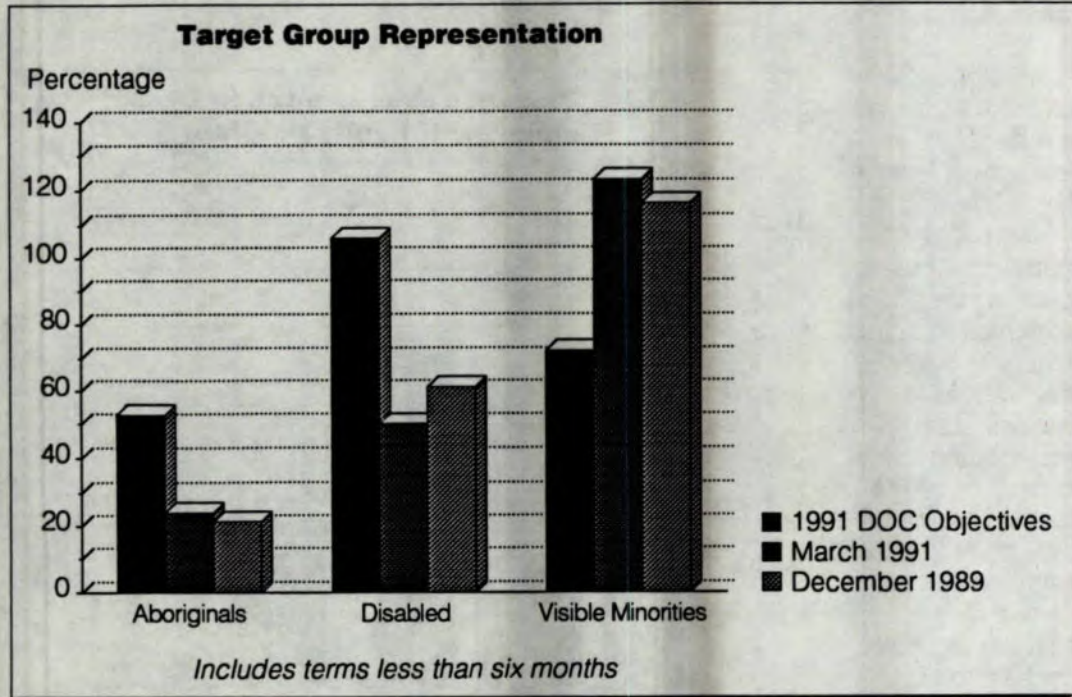
A conference entitled Women at DOC — Today and Tomorrow was held on January 31, 1991. Participants were asked to explore issues facing women today in their work environment and to identify solutions and alternatives to existing problems. The final report of the conference including the recommendations will be given to all DOC employees. As a result of the recommendations an action plan will be produced.

## Target Group Representation

Exhibit 24

Statistics show that we are not meeting our targets of group representation for aboriginals and persons with disabilities. However, visible minorities are well represented in the Department.

In an attempt to increase our representation of target group members, strategies have been undertaken:



### ❑ Creation of an Inventory

While continuing to recruit individuals using inventories from the PSC, liaison with various agencies has contributed to the establishment of an inventory of target group members having experience in areas of interest to the Department. These CVs are circulated to the sectors and are available in the Employment Equity office for managers to review.

### ❑ Recruitment — Training Program

A unique Recruitment-Training Program was established in 1989. The emphasis was on recruitment from outside the Public Service. Departmental needs were identified, individuals with corresponding to those needs were selected and recruited. Once appointed to the Department, individuals received pertinent training and orientation. The Department was forced to suspend this Program in 1990 due to budgetary restrictions, however, the Department is committed to explore other means to ensure continued progress in the attainment of its employment equity objectives.

### ❑ Sensitization

An awareness session was offered to make employees comfortable when working with or when employing persons with disabilities.

An information session, focusing on managers was held on program and services for the recruitment of target group members offered by many areas including the Department, PSC and private sector.



**□ At Home Employment**

This pilot project was established to provide persons with disabilities the opportunity to work at home.

**3. Staff Training**

**Performance Indicator**

The degree to which training provided corresponds to identified needs.

The extent of attendance at mandatory management training courses.

The extent of attendance at mandatory communications training courses for departmental spokespersons.

**Performance Target**

Training evaluated and validated, appropriate follow-up action taken

Training provided in accordance with policy

**Findings**

Training was provided in line with both the training plan and needs determined jointly by the employee and the supervisor on the employee performance review appraisal report. Additional funds were used for technical training for the Radio Inspectors in the regional and district offices.

The planned mandatory training for managers has been respected, except for middle managers where high travelling costs have prevented us from achieving the planned number of training courses. This situation will be resolved in 1991-92 when program will be piloted in house.

The following table shows attendance at those mandatory management training courses:

**Mandatory Management Training**

Categories	1989-90		1990-91	
	Planned	Trained	Planned	Trained
Executive Management	7	6	7	5
Senior Management	12	11	12	12
Middle Management	23	15	23	18
Supervisors	44	44	40	37

As well, planned training was not provided as expected to departmental spokespersons because the contract to deliver that course was not awarded. This initiative is planned for reconsideration in 1991-92.

#### **4. Job Evaluation**

##### **Performance Indicator**

Effective program control in terms of monitoring and audit, including on-site reviews and corrective action; classification performance in terms of quality of classification decisions.

The outcome of classification grievances.

##### **Performance Target**

Fully satisfactory overall classification performance in terms of program controls; and quality of classification decisions at 90% or higher.

Prescribed timeframes for classification grievances observed; decisions fully documented.

##### **Classification Performance**

The Department has attained 91% accuracy on the quality of classification decisions, a 1% increase from last year. Program controls have been significantly improved. An internal audit was conducted in 1990-91 to ensure that all requirements for the fully satisfactory performance rating were met. The annual classification report will be submitted to TBS under separate cover and we should receive our performance rating by July 91.

##### **Classification Grievances**

During 1990-91, 10 classification grievances were presented which doubles last year's number. One resulted in confirmation of level, and two were withdrawn. The remaining 7 are being held in abeyance pending the resolution of staff relations grievances concerning the positions. Of the 10 grievances presented, 8 were not supported by the bargaining agent. During 1990-91, 8 requests for dispute resolution were received. 5 of these were withdrawn by management, two were brought to committee resulting in one confirmation of level and one reclassification upward, and one is being held in abeyance pending review of the job description by management.

#### **5. Conflict of Interest and Post Employment Code**

##### **Performance Indicator**

Completion rate of Employee Certification Documents and Confidential Reports as required

Results of direction to specific employees concerning divestment of assets or curtailment of activities

Exit interviews conducted for employees subject to post-employment compliance measures.

Incidence and results of non-compliance with the Conflict of Interest and Post-Employment Code

##### **Performance Target**

100% completion rate

Compliance by employees with direction provided

100% completion rate of exit interviews

Appropriate response taken in cases of non-compliance



### **Findings**

No appointments of employees are finalized until they have complied with the Code which is done by the individuals completing forms and reporting further on this matter as deemed appropriate.

There are no known cases where an individual has failed to comply with the Code, type of which would require management to take corrective measures.

Exit interviews are conducted with SM and EX's leaving the public service as it relates to Post-Employment Code "cooling-off" period.

While there are no records kept on the number of declarations made by employees on these matters, the confidential reports and nature of those received daily from employees are addressed and the decision on them are provided to the individuals by the designated official (the Assistant Deputy Minister, Corporate Management).

## **6. Performance Review and Employee Appraisal**

### **Performance Indicator**

Completion rate of performance review and employee appraisal documents

Frequency distribution of appraisal

### **Performance Target**

All eligible employees appraised

Departmental distribution of appraisal levels consistent with service-wide policy standards

### **Findings**

Over 99.61% of the employee appraisals were completed in 1989-90 representing 2305 appraisals. The Department maintained a high completion rate in 1988-89 as it had in 1988 and in 1987, when it received a congratulatory letter from Treasury Board.

The distribution of appraisal levels was consistent with service-wide policy standards.

## **7. Occupational Safety and Health**

### **Performance Indicator**

The frequency and severity of occupational injuries and illnesses.

Findings and recommendations of safety and environmental health investigations and inspections.

### **Performance Target**

Not to exceed present levels

Compliance with recommendations

## Findings

The frequency and severity of occupational injuries and illnesses increased slightly in 1990; 13 compared to 10 in 1989, and 13 in 1988. Slips and falls continue to be a major contributor.

Four environmental studies were conducted and/or concluded in 1990. As a continuation of the Heating, Ventilation and Air Conditioning study reported in the 1989 AMR, humidity levels in the Journal Tower North were monitored throughout the year and results were analyzed by Health and Welfare Canada experts. The levels were found to be slightly outside of acceptable limits, particularly during dry, winter months. This condition was brought to the attention of the building landlord, Campeau Canada, who has since raised humidity levels which has in turn improved the overall comfort level in the building. Henceforth, there will be spot checks of the humidity in the building to ensure compliance with accepted industry guidelines. To all intents and purposes, this study is now considered complete.

An environmental study of the Canadian Conservation Institute laboratories was conducted by Health and Welfare Canada with a view to assessing the effectiveness and efficiency of the numerous fume hoods and moveable extraction systems (referred to as elephant trunks) used to exhaust chemical fumes. As a result, it was found that two systems were defective, and most of the others were exhausting at too high a rate. This decreases their level of efficiency and restricts adding further systems due to Heating, Ventilation and Air Conditioning system limitations. Remedial action has been initiated by the Director General of the institute and the Director General of Administrative and Technical Services of the Department.

An environmental study of the Communications Research Centre Model Shop, Building 34, was conducted by Health and Welfare Canada to assess operations and identify any hazards related to the exposure of employees to chemicals while machining metals or conducting welding, electro plating and paint spraying operations. As a result, several recommendations are being addressed by Plant Engineering relative to improving local exhaust systems, and a portable Heppa Filter exhaust system has been acquired for employee use.

The final report of the CRC health study were distributed to all site occupants in December 1990. While the results of the study were inconclusive due to incomplete personnel records of all persons who ever worked at the site, Health and Welfare concluded that: "A complete environmental survey conducted at the site showed that no hazards were detected that could put the health of employees presently working there at jeopardy."

The studies further revealed that, of the 83 names eventually submitted to Health and Welfare by the Health and Safety Working Group, 39 cases of cancer were confirmed within the group, 14 names could not be identified due to insufficient information and 30 did not appear in any treatment or mortality cancer registry and are assumed not to have had cancer. The confirmed cases of cancer are relatively common for which several possible causes are known (e.g., diet, smoking, etc). Based on available evidence, it was not possible to attribute any of these cancers to workplace exposure at Shirley's Bay.

## 8. Sick Leave

### Performance Indicator

Comparison of the rate of sick leave usage with that of usage of previous years; and statistically adjusted service-wide averages (norms)

### Performance Target

Usage consistent with service-wide norms

### Findings

For the last three fiscal years, the statistical data (see below) demonstrates that the Department's sick leave utilization has been slightly above the Public Service norms. The introduction of quarterly cumulative leave and attendance reports to employees and managers throughout the year enables the department to better monitor sick leave usage and act upon abuse cases.

#### Average Sick Leave Utilization (days)

1987-88		1988-89		1989-90	
DOC	PSC	DOC	PSC	DOC	PSC
8.166	7.753	8.796	7.965	7.807	7.714

### 9. Human Resource Planning

#### Performance Indicator

A Multi-Year Human Resources Plan which reflects departmental priorities, plans and objectives and conforms with the general requirement of TBS guidelines and the specifics of an annual or triennial call letter

#### Performance Target

An acceptable MYHRP which is management led and fully integrated with operational planning; prior goal achieved or updated

#### Findings

No requirement to do a MYHRP.

#### Use of Mansis in the Central Region

In 1990, the Department completed an evaluation of the use of the Mansis system in the Central Region of the Departments. Mansis is a management system designed to facilitate ongoing management as well as implement change throughout an organization. It involves teaching basic managerial and job-related interpersonal skills and providing simple tools. Implementation of this system in the Central Region was completed by the end of September, 1988.

The evaluation found that, in general, Mansis has been accepted and was credited with bringing many benefits to the workplace. Both the Mansis training and the implementation of the system itself were positively evaluated by employees. More than half the employees interviewed would choose to keep using Mansis if they were given the choice. The majority of employees would recommend the system to other areas of the Department.

The evaluation concluded that the implementation of the Mansis system in the Central Region has achieved many of the intended objectives and has brought valuable benefits to the workplace.

The evaluation revealed some minor problem areas primarily related to the implementation of the day-to-day mechanics of Mansis. The Regional Management Committee is reviewing the identified areas of concern and will be formulating a plan of action based on the recommendations of the committee members.

## Administrative and Information Management Policy

### 1. Contracting

#### Performance Standard

The percentage of competitive to total contracts.

#### Findings

The Department issued 951 service contracts in fiscal year 1990-1991, of which 806 or 85% were sole sourced. The percentage of sole sourced contracts represents an increase of 16% over last year. However, as shown in the following table, a large majority of the sole sourced contracts are awarded for relatively small contracts.

Value Range of Contracts	Number of Contracts	% of Sole Sourced Contracts	Average Value per Contract
0 - 10K	555	69%	\$3,617
10 - 25K	182	22%	\$18,768
25K	69	9%	\$42,361

The Department's authority for sole source contracts is \$25K for consulting services and \$50K for non-consulting services and all contracts were within this authority with the exception of those for "Task Forces" and "Centres of Excellence" for which our authority is \$100K.

The reason for the high percentage of sole source contracts is that the department has a very heavy demand for highly specialized experts in such areas as telecommunications, research, museology and conservation.

### 2. Information Technology

#### Performance Standard

Project schedules and budgets met.

#### Findings

Fiscal year 1990-91 saw the launch of 14 strategic projects flowing directly from the Strategic Information Management Plan issued in June of 1990. These projects represent 29% of all person-year and 18% of all G&S and Capital expenditures on Information Technology (IT), but are critical to the strategic use of Information Technology in the department. Thirty milestones were established for these projects to be reported on in the 1990-91 AMR. This represented an ambitious plan to address key opportunities and significant shortfalls in the application of IT in support of the department's mission.

Of the thirty milestones planned, only 27% were completed on schedule, with 60% completed later in the fiscal year. This low completion rate is a result of the changing priorities within the department during the year, reflected in the shortfall in Information Technology person-year funding of 34%, G&S funding of 32% and Capital of 19%. However, this did not have a significant impact on any departmental program, and three major successes, the establishment of the Senior Executive Network, the approval of funding for the

replacement of the ageing CP-6 operating environment, and Spectrum Management system migration planning can be reported.

Undaunted by these results, the Department will continue to plan ambitiously the application of Information Technology in order to meet program requirements and government downsizing initiatives in the future.

Milestones Completed on Schedule:	27%
Actual/Planned Person-Years:	66%
Actual/Planned G&S Expenditures:	68%
Actual/Planned Capital Expenditures:	81%

### **3. Access to Information and Privacy Secretariat**

#### **Performance Standard**

Percentage of information requests completed within prescribed times.

Ratio of complaints to Commissioners related to time extensions upheld to the total complaints received.

Percentage of privacy requests completed within prescribed times.

#### **Findings**

In addition to 16 outstanding access requests from the previous year, 109 access to information requests were received, for a total of 125 requests. One hundred and three requests were completed, 90 of which were within the prescribed time. These figures show an improvement from last year. Forty one requests or 33% required time extensions.

Six complaints were received this year, of which one was for time extension, three were for delay (findings were: unjustified, justified and well founded) and two are still outstanding.

Four privacy requests were received and all were completed within the prescribed time. From these requests, one complaint was received, but it was not due to time extension.

There has been a slight increase in access requests handled by the Access to Information and Privacy (ATIP) Secretariat over the last year (125 vis-à-vis 119). A breakdown of the requests suggests that there has been a reduction in the more "routine" requests with a corresponding increase in the more "sensitive/complex" requests. Again this year, we have received a high percentage of requests from the media. Finally, the ATIP Secretariat has received only half the personal information requests over the last year (8 vis-à-vis 4).

### **4. Records Management**

#### **Performance Standard**

Records under approved retention and disposal schedules in relation to total record holdings.

#### **Findings**

Of the 20,998 active operational type records, 12,665 records are under approved retention and disposal schedules. All schedules pertaining to 22,559 housekeeping type records are covered under the National Archives of Canada's "General Records Disposal Schedules of the Government of Canada".



## **5. Management and Control of Projects**

### **Performance Standard**

Percentage of cost overruns to total projects.

### **Findings**

The 1989-90 version of the AMR focused on one capital project. As that project was related almost entirely to health and safety issues, expenditures in excess of planned costs were due entirely to circumstances beyond the control of the project managers. The removal of hazardous materials was a prime issue in the case of that project. In fact, the case was well documented and was the subject of a separate Treasury Board submission as well as receiving attention in the MYOP.

In performing this year's review it has become obvious that other means of capital project reporting should be developed to provide broader insights into the quality of management in this area. Alternative methods of reporting project management will be examined in the context of the upcoming Major Accountability Review and should be available for the next reporting period. The notion of cost overruns is adequate as a generic indicator provided that it also stratifies the data along the lines of meaningful categories. For example, planned capital replacement might well be set apart from remedial "catch-up" projects in such a reporting scheme.

## **Official Languages Policy**

### **Service to the Public in Both Official Languages**

#### **1. Proposed Action**

Review the lists of offices where real and anticipated significant demand must be met in accordance with the Act and the Charter of Rights and Freedoms.

#### **Performance Target**

The lists of these offices are updated and forwarded to the Treasury Board Secretariat and to the managers concerned

#### **Findings**

We are reviewing the linguistic distribution of the population served by each office with reference to the requirements under the new regulations.

#### **2. Proposed Action**

Post notices in these offices stating that services are provided in both official languages.

#### **Performance Target**

The TBS symbols are displayed everywhere where bilingual services must be provided

#### **Findings**

The fact that the notices were posted was confirmed through an audit done by the Office of the Commissioner of Official Languages.

### **3. Proposed Action**

Ensure that entries in government and public telephone directories are of good linguistic quality.

#### **Performance Target**

The Government Telecommunications Agency no longer receives complaints from the public.

#### **Findings**

In the Maritimes, the mechanisms are now in place to ensure the linguistic quality of the entries, and Tele-Direct will be able to put accents on all the entries in this region by the end of 1991. In Ontario, a centralized text-revision service ensures the linguistic quality of the entries. Similar mechanisms will be established soon in the Central Region. In addition, the application of "Yellow Pages treatment" to the blue pages will allow for better control over their content and linguistic quality, since they will be reread by GTA at the final production stage, just before printing.

### **4. Proposed Action**

At all times, provide bilingual reception and service on the telephone and at the counter in the language chosen by the client.

#### **Performance Target**

All telephone calls will be answered in both official languages, and reception at the counter will be in both official languages. All services will be provided in the official language chosen by the client.

#### **Findings**

When employees of the Official Languages Division made telephone calls to the offices providing service to the public, telephone reception was in both official languages at all times, and service was provided in the appropriate official language. The OCOL officers who visited some of the offices providing service to the public said that they were satisfied with the linguistic quality of the services provided in those offices.

### **5. Proposed Action**

Inform the public of the availability of various services and programs in both official languages.

#### **Performance Target**

Advertisements will be published in majority- and minority-language newspapers, or in both official languages where there is no minority-language newspaper.

#### **Findings**

The managers are aware of their responsibilities in this regard. For example, we recently published a notice in a French-language newspaper in Quebec. When the manager checked the list of newspapers, the name of the English-language weekly paper was not there. Between the time we published the notice and the time we received two complaints from the Commissioner's offices, the manager was informed of the existence of this newspaper and hastened to publish the same notice in English for the Anglophone clients.

**6. Proposed Action**

Carry out a survey of the Department's clients in all offices and sub-offices to assess the public's satisfaction with the availability of services in both official languages and with their linguistic quality.

**Performance Target**

The results will show that services are offered spontaneously and at all times in all offices where there is a significant demand and that the clients are fully satisfied with the linguistic quality of the services available.

**Findings**

This survey will be carried out in the summer of 1991.

**7. Proposed Action**

Send on PSC language training all incumbents of bilingual positions who must meet the language requirements of their positions.

**Performance Target**

The percentage of incumbents of bilingual positions who provide service to the public in both official languages and meet the language requirements of their positions will increase from 80.3% to 87% by 1992.

**Findings**

The March 1991 Official Languages Information System (OLIS) data show that 82.5% of our employees in bilingual positions meet the language requirements of their positions.

**8. Proposed Action**

Encourage those who have exemptions and who do not meet the language requirements of their positions to attend language training.

**Performance Target**

Same as in Number 7.

**Findings**

Close to \$92,000 was spent by the Department on language training for its employees during the year.

**9. Proposed Action**

Employees not entitled to PSC language training will attend courses offered by colleges and universities.

**Performance Target**

Same as in Number 7.

**Findings**

During the year the Department spent \$13,436 on this type of language training for 19 employees.

**10. Proposed Action**

Carry out a triennial survey of employees in the National Capital Region (NCR) to assess their degree of satisfaction with the availability of services and work instruments in the official language of their choice.

**Performance Target**

The results will allow management to develop the necessary corrective measures.

**Findings**

This survey will be conducted in the summer of 1991.

**11. Proposed Action**

Develop language training plans and ensure that they are implemented.

**Performance Target**

The percentage of incumbents of supervisory positions who meet the language requirements of their positions will increase from 74.2% to 80% by 1992.

**Findings**

The officer responsible for language training, in cooperation with the managers involved, develops language training plans as soon as new employees are appointed to bilingual positions for which they do not meet the language requirements. At the end of March 1991, 77.5% of the supervisors in bilingual positions met the language requirements of those positions.

**12. Proposed Action**

Encourage supervisors and employees to attend training and development courses in French.

**Performance Target**

Incumbents of these positions will be able to discuss technical and scientific problems in French.

**Findings**

The Department established a language training follow-up program which serves, not as crutch for those who wish to take an SLE, but as a second-language linguistic development program in the fields of professional interest to each participant. The officer responsible also identifies work and reference instruments in the employee's second language which meet the employee's language requirements.

**13. Proposed Action**

Where possible, employees wishing to do so will participate in an exchange program.

**Performance Target**

Same as in number 12.

**Findings**

An employee in Ottawa will be leaving soon for a three-month exchange in Quebec City.

**14. Proposed Action**

People chairing section and branch meetings will apply the mechanisms described in the TBS guide on chairing meetings, and the documents for these meetings will be available in both official languages.

**Performance Target**

It will be possible for employees to work in the official language of their choice at meetings.

**Findings**

We reminded the managers of their obligations in a Communigram. In addition, the follow-up officer is developing group activities to enable employees to develop their skills in French in the fields in which they work.

**15. Proposed Action**

Employees will participate in information meetings and receive the related documents in the official language of their choice.

**Performance Target**

All employees will be given information in the official language of their choice.

**Findings**

This aspect of the Department's activities will be studied within the framework of the study on language of work.

**16. Proposed Action**

Each Assistant Deputy Minister will send his or her employees a memorandum informing them of their rights and of the managers' responsibility to provide work instruments in both official languages, in accordance with the Act.

**Performance Target**

All employees will receive this document and the managers will be held accountable for its implementation.

**Findings**

This has not been done yet, because we are in the process of developing the sectoral memorandums of understanding. We will also assess the situation in each of the sectors when we conduct our study on language of work.

**17. Proposed Action**

Ensure that personal and central services are available at all times in the official language chosen by the clients. To this end, the managers can use the language training offered by the PSC and private institutions. They can also use imperative staffing, when the policy permits it.



**Performance Target**

The percentage of incumbents of personal and central services positions providing services in the language chosen by clients will increase respectively from 81.6% to 88% and from 78.2% to 85% by 1992.

**Findings**

The situation seems to have deteriorated as far as personal services are concerned. Although it was maintained and even improved between March 1989 and December 1990, the March 1991 reports show that only 80% of the incumbents of these positions now meet the language requirements of their position. The division will study the situation to determine its cause and will develop the corrective measures required to correct the problem. As far as central services are concerned, the situation has improved slowly. In March 1991, 80.6% of the incumbents of these positions met the language requirements of their position.

**18. Proposed Action**

The employees will be supervised and their performance will be appraised in the official language of their choice.

**Performance Target**

Oral and written communications between supervisors and their employees, as well as the latter's performance appraisals, will be in the employee's official language.

**Findings**

The Department published a Communigram reminding supervisors of their responsibilities on this subject. The Departmental policy on Official Languages and the one on Employee Assessment both have paragraphs dealing with employees' rights. During the course of our study of the language of work in the Department during the Summer of 1991, we will be able to fully assess this element.

**19. Proposed Action**

The Department will bilingualize its computerized systems in accordance with the requirements set out in TBS Circular 1988-31 as described in the Information Management Manual.

**Performance Target**

The deadlines identified in this circular will be respected.

**Findings**

The Department is meeting all the deadlines identified in the circular. Because of its mandate, the Department also serves as a leader in the informatics field in the federal public service. We will check the availability of work instruments in this field when we conduct our study on language of work in 1991-92.

**Equitable Participation of Both Official Languages Communities**

**20. Proposed Action**

Through its recruiting programs, the Department will invite qualified Francophones and Anglophones to participate in staffing activities for positions in the following employment categories: Management; Scientific and Professional; Technical; and Operational.

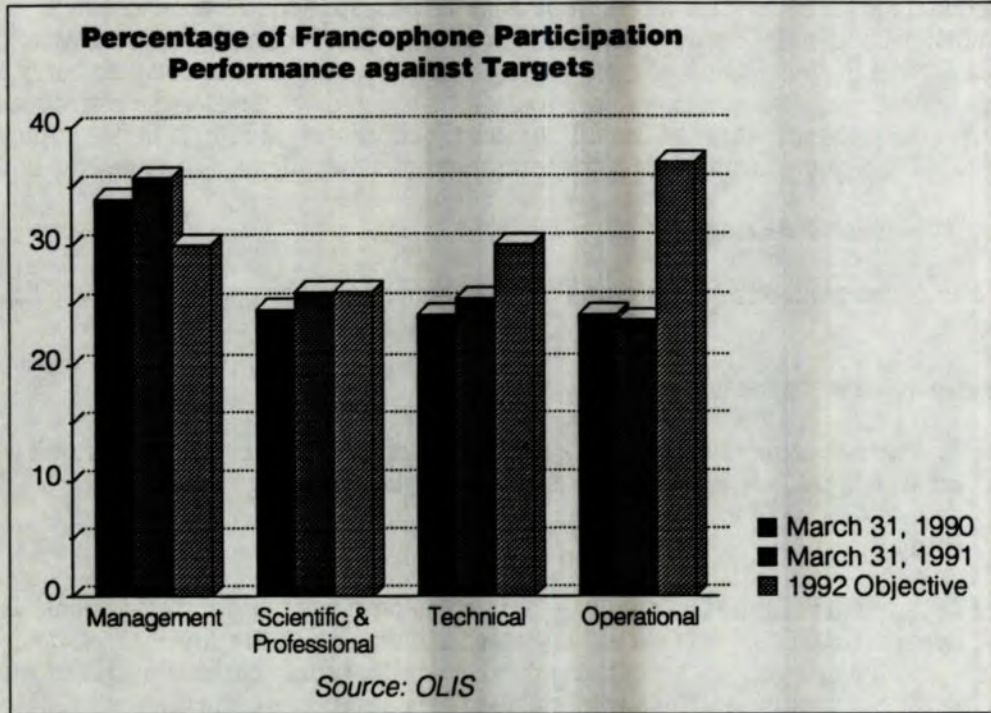
**Performance Target**

In the long term, the aim is to achieve 30%, 26%, 30%, and 37% Francophone participation respectively in these categories.

**Findings**

According to the March 31, 1991, OLIS statistics, the Francophone participation figures were 35.8%, 26%, 25.4% and 23.6% respectively. The problem we are having in meeting our objectives respecting Francophone participation in the Operational Category is due to the fact that the staff is located in a very Anglophone area of the NCR (the western part of city). In addition, the number of employees has fallen again as a result of budget restrictions. The sector involved will commit itself to improving the situation when the sectoral memorandum of understanding is adopted.

**Exhibit 25**



**21. Proposed Activity**

Qualified Anglophones and Francophones will be invited to participate in departmental staffing actions for the positions on the following table:



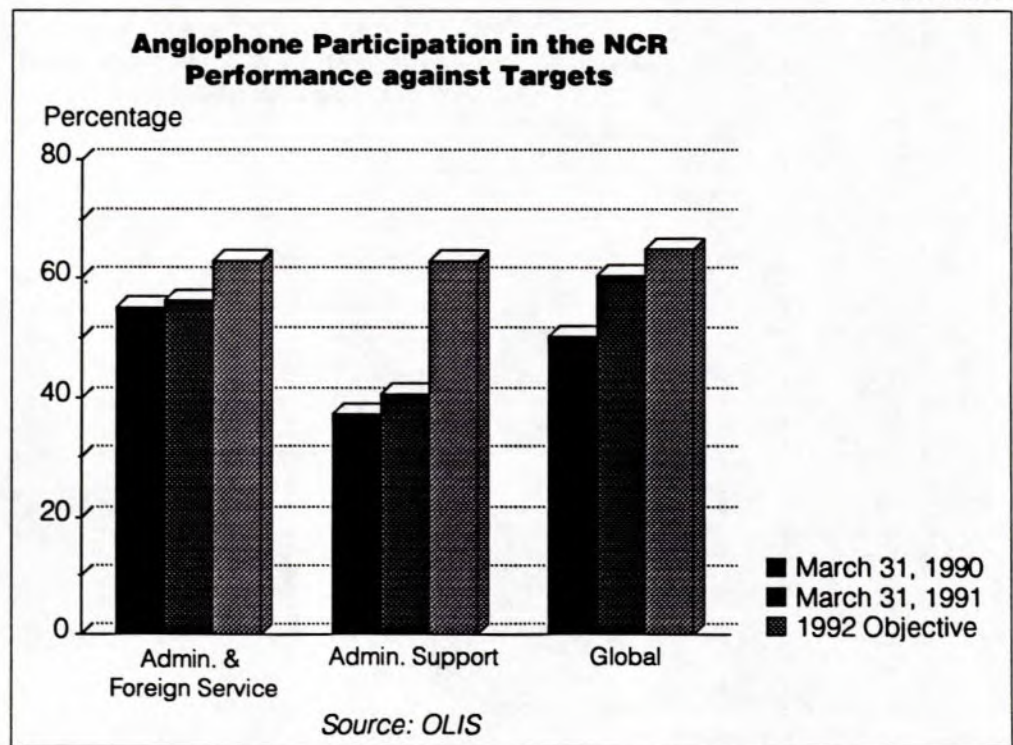
**Anglophone Participation in Certain Employment Categories**

Region	Performance Targets	Findings	
	Long Term Anglo. Partic. 1992	March 31 1990	March 31 1991
<b>March 31 1991</b>			
NCR (Headquarters and CRC)			
- Administrative and Foreign Services	63%	55.1%	56.3%
- Administrative Support	63%	37.3%	40.6%
- Global	65%	50.3%	60.7%
Quebec Region			
- Administrative and Foreign Services	14%	10.9%	7.3%
- Technical	12%	3.9%	3.9%
- Administrative Support	12%	7.0%	7.4%
- Global	12%	9.3%	8.7%
New Brunswick			
- Administrative and Foreign Services	67%	30%	32%
- Technical	67%	50%	60%
- Administrative Support	65%	21.7%	21%
- Global	64%	39.7%	36%

In general, an increase in the Anglophone participation in employment categories can be noted. This increase, however, does not reach DOC's long-term performance targets.

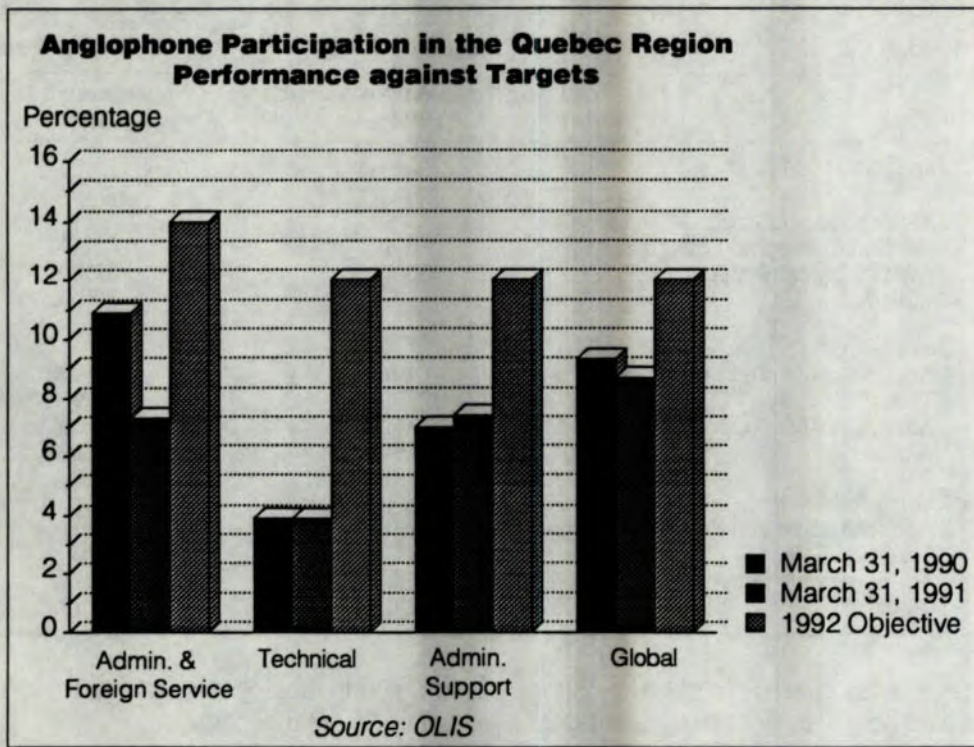
**Findings**

**Exhibit 26**

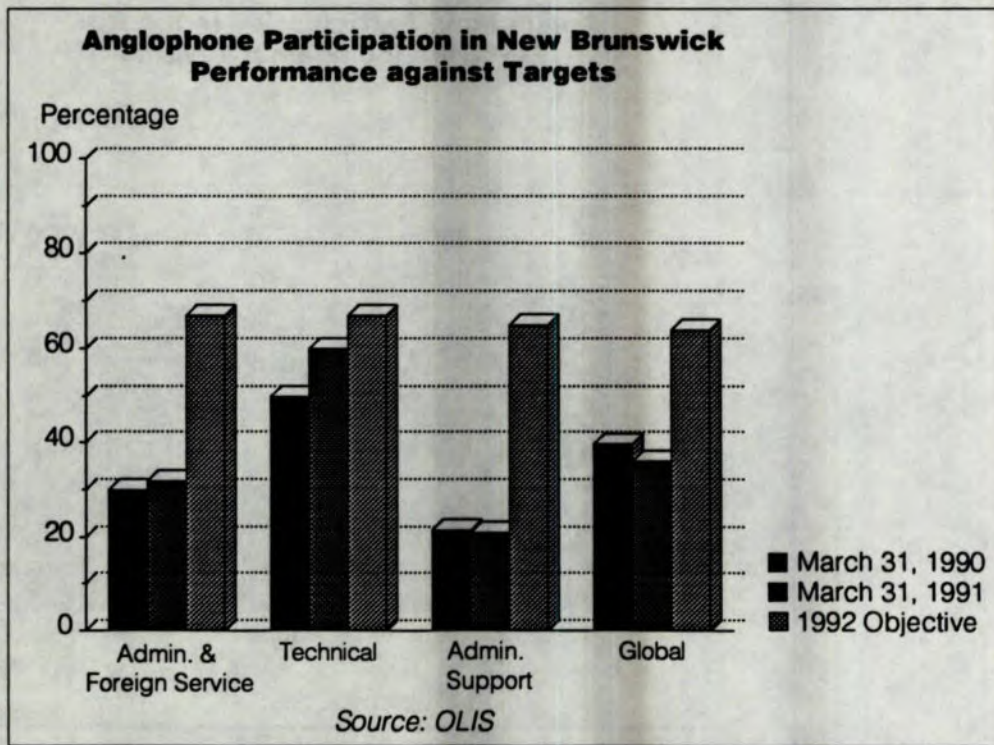




**Exhibit 27**



**Exhibit 28**



## **Language Training**

### **22. Proposed Action**

The Department will prepare training plans and authorize its employees who meet the prerequisites to attend training through to its completion.

#### **Performance Target**

Only employees who meet the requirements of the program will attend language training. The Department will encourage other employees to attend training outside of working hours.

#### **Findings**

A language training plan was developed for all employees who were entitled to one. Most of these employees have respected their agreement, although the PSC had to put them on long waiting lists. The others obtained an extension from TBS for valid reasons.

Many employees undertook language training this year: 32 went on language training as a result of a non-imperative staffing action; 8 because their position was reidentified. Furthermore, 46 employees undertook language development courses at government expense, 17 of them during office hours. Finally, 2 of the 6 who undertook language development courses in English at government expense went during office hours.

### **23. Proposed Action**

The number of hours used will not exceed the authorized departmental envelope.

#### **Performance Target**

The Department will not exceed its allocated envelope.

#### **Findings**

During the year, the Department used more than the \$70,000 in its training envelope. Departmental resources were used to this end.

#### **Translation**

### **24. Proposed Action**

The translation coordination unit will ensure that requests comply with the standards established by the Secretary of State Department and set out in our departmental policy.

#### **Performance Target**

Except for press releases and certain prestige documents, the departmental translation service will not translate documents of less than 500 words.

The Department will strive to limit the number of words translated annually to the envelope allocated.

#### **Findings**

The employee responsible for co-ordinating translation requests informs employees who bring in translation requests if they have not respected the relevant policies. The Department has made a text reviser available to



employees to encourage them to write their texts in French. This text revision service also ensures the linguistic quality of the material and improves the employees' language knowledge.

The Department's translation needs exceeded the envelope assigned by TBS. We obtained an increase in our envelope to meet the Department's operational needs. TBS increased our envelope to 5,387,173 words, but we had only 4,808,438 words translated. The Department signed a Memorandum of Understanding with the Department of the Secretary of State regarding a contract translation pilot project.

### **Official Languages Information System**

#### **25. Proposed Action**

The Department will carry out a complete review of the data in OLIS so that all information relating to the linguistic status of positions and their incumbents will be accurate.

#### **Performance Target**

OLIS will accurately reflect the situation with respect to positions and their incumbents.

#### **Findings**

Following the Department's reorganization, data on positions in the Arts and Heritage sector and in the Communications Policy sector were updated.

### **Management**

#### **26. Proposed Activity**

Each Assistant Deputy Minister will approve the content of the official languages plan for his or her sector and will be held responsible for its implementation in his or her annual performance appraisal. These sectoral plans will constitute management contracts between the Deputy Minister and the Assistant Deputy Ministers.

#### **Performance Target**

All the objectives identified in the sectoral plans will be met.

The performance appraisal of all senior managers will cover their success in implementing their respective plan.

#### **Findings**

The formal memorandums of agreement will be signed during the 1991-1992 fiscal year.

All the performance appraisals of senior managers covered their success in implementing the Official Languages Program.

### **Bilingualism Bonus**

#### **27. Proposed Action**

Check departmental files to ensure that only eligible employees receive the bilingualism bonus.

### **Performance Target**

Only qualified employees will receive the bilingualism bonus.

### **Findings**

When an employee has taken an SLE, the employees responsible for exams inform the pay and benefits section as to whether that employee meets the language requirements of his or her position. The appropriate action based on this information is then taken.

In addition, the Official Languages Division brings to the attention of the persons involved the fact that certain data do not seem to reflect reality, and that action must be taken to correct this

### **28. Internal Audit of the Program**

#### **Proposed Action**

The departmental Internal Audit Branch will perform a functional audit of the Program. Its report will be made available to the TBS at least six months before the expiry of the present understanding.

#### **Performance Target**

The Department has the appropriate data on the implementation of the Program.

#### **Findings**

The Official Languages Program will be the subject of a functional audit to be undertaken during the coming months and the results will be provided to TBS prior to the expiry of this present MOU.

### **Program Evaluation Policy**

#### **29. Performance Indicator**

Adequate arrangements for identifying and collecting program evaluation information.

#### **Performance Target**

Completion of evaluation projects in support of specific departmental reporting requirements identified in the MOU; evaluation of a significant portion of departmental programs over the MOU term comparable to that represented by the departmental evaluation plan.

#### **Findings**

The five year departmental evaluation plan covers all identified evaluation components (programs): each is evaluated at least once over the five year period. Outside of new policy initiatives and programs, all major DOC policies and programs, except for Telecommunications Policy and Communications Development, have been evaluated at least once. The latter has just started. Telecommunications policy is expected to undergo significant revisions in the near future, and the results from its evaluation will not be available until after the 1992 Major Accountability Review. Thus, by the end of this MOU, all departmental policies and programs, which have been in operation for a number of years will have been evaluated.

### **30. Performance Indicator**

Adequate generation and documentation of program evaluation information.

#### **Performance Target**

Relevant, reliable and credible measurement, and adequate documentation, done in a cost-effective manner over a reasonable period of time.

#### **Findings**

Discussions are held with OCG and TBS representatives to identify the types of evaluation issues of interest to the central agencies for all evaluations planned in the near future. OCG and TBS representatives can also choose to participate in evaluation steering and advisory committees. Copies of approved evaluation frameworks, assessments and study reports are also sent to both agencies on a routine basis. Draft evaluation products are also made available to the central agencies upon request.

### **31. Performance Indicator**

Adequate program reconsideration, using relevant program evaluation information.

#### **Performance Target**

Implementation of evaluation recommendations and use of evaluation information in program, resource, etc. decisions, as applicable.

#### **Findings**

Findings from program evaluations often suggest possible modifications to the design or delivery of programs. DOC has recently established a system to track the extent to which program evaluations recommendations result in modifications to existing programs or policies, changes in resource levels, or improved designs for new programs or policies. This system is still being perfected, however, copies of the follow-up reports will be made available to OCG/TBS representatives once the format and process have been finalized. This report will correlate program evaluation recommendations with specific actions taken to redress deficiencies identified or to reflect new knowledge gained.

### **32. Performance Indicator**

Adequate reporting of program evaluation information to Cabinet committees, central agencies and to Parliament.

#### **Performance Target**

Balanced and comprehensive external reporting of program evaluation findings.

#### **Findings**

The findings from evaluations are reported in the Annual Management Report, TB/Cabinet submissions when relevant, and Part III of the Main Estimates. In this year's AMR, we are reporting on six completed evaluations: Radio Frequency Spectrum Management, Research Laboratories, International Relations, Telecommunications Executive Management Institute of Canada, Sound Recording Development Program, and the use of the Mansis System in the Central Region.

## **Internal Audit Policy**

### **33. Performance Indicator**

Audit plans which cover all major departmental activities.

Audits which examine and report on issues of:

- compliance
- economy
- efficiency and effectiveness
- reliability of information for accountability purposes

Audit recommendations which lead to improvements.

### **Performance Target**

Adherence to approved annual audit plan.

Completion of audits in accordance with the Standards for Internal Audit in the Government of Canada.

Follow-up on the implementation of approved action plans that address internal audit recommendations.

### **Findings**

The 1990-91 Internal Audit Schedule has been followed with the exception of the proposed IMAA Representations project which was deferred with the intention of assessing DOC requirements in this area in 1991-92 as part of a comprehensive review of the Department's Long-Term Audit Plan. Audit reports from 1990-91 are either at the discussion stage with management or being translated. The internal audit budget at \$310,000 and seven person years was unchanged from 1989-90 and the major activities were an operational audit of the Ontario Region plus a series of five audit projects conducted in the Government Telecommunications Agency.

The major audit findings and recommendations will be outlined in the 1990-91 Summary Audit Report to the Deputy Minister which will be finalized and forwarded at a later date.

Based on past audit activities and current response to recommendations, managers are taking corrective actions as identified.

## **Financial Administration Policy**

### **34. Performance Standards**

Classification of Accounts, Operational Planning, budgeting and Control, Financial Management Reporting and Financial Management Systems

#### **Findings**

The approach to Financial Management in DOC is to provide timely advice to Management in order to optimize departmental resources and to provide constant support to Program Managers while also meeting the financial information requirements of Central Agencies and Parliament.

The Department is continually searching for better means of responding to the ever changing communications and cultural environments. In this respect, a new financial management information system continues to be further developed and enhanced providing up to date on-line financial information and having the flexibility to produce customized reports which respond to particular needs.



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*Part III:*  
**Implementation of the  
IMAA Memorandum  
of Understanding**

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## **Departmental Authorities**

### **A. General Administration**

#### **International Travel**

On December 15, 1989, the Honourable Robert de Cotret announced an immediate 20 per cent reduction in the number of international trips taken to meetings abroad by public servants resident in Canada.

The Department used calendar year 1989 to establish the base upon which the reduction would be applied. The total number of trips taken was in the order of 1019. A reduction of 20 per cent set the objective at 817 trips. During calendar year 1990, a total of 816 trips were taken by officials of the Department. The Department has therefore met the objective.

It is anticipated at this point that the Department may have some difficulty next calendar year to meet the objective mainly because of the preparatory meetings of the World Administrative Radio Conference in Geneva.

#### **Comprehensive Travel Allowances**

There were no comprehensive allowances in 1990-91.

#### **Conferences**

The 1990-91 cost of conferences, totalling \$960.4K, decreased by \$75K from a total cost of \$1,035.1K in fiscal year 1989-90.

#### **Memberships**

There are presently 69 memberships in the Department compared to 23 in 1989-90. There were 35 memberships in the Regions that were not reported in that year. Consequently, the number of memberships for 1989-90, adjusted to properly compare to those reported in 1990-91, is 58.

#### **Hospitality**

There were 6 single functions that has to be approved at the Minister level compared to 13 in 1989-90, 33 had to be approved at the Deputy Minister level as opposed to 43, and 1,991 at the Assistant Deputy Minister level down from 2,017 in 1989-90.

As predicted in last year's AMR, our new computerized system allows us to provide the required information regarding the number of government employees exceeding guests. There were 1,001 such instances in 1990-91.

#### **Fee Schedules**

On December 19, 1989, Treasury Board decision 812692 approved DOC's submission of December 6, 1989 requesting its recommendation of an Order-in-Council to amend the General Radio Regulations, Part I, C.R.C. c.1371, schedule of radio licence fees.

Subsequent to this decision, Spectrum Management evaluated the revenue projections resulting from the newly approved radio licence fees and anticipated increases in licence compliance. These revenue projections were then formally included in the Department's External User Fee Revenue Plan submitted in the fall of 1990 as part of the 1991-92 MYOP. Accordingly, the resulting total increase in the revenue targets over the 1990-91 MYOP Reference Levels were as follows on the next page:

**Increase over Revenue Targets**

1990-91	1991-92	1992-93
\$22.8M	\$26.3M	\$28.3M

There have been no other fee schedule changes in 1990-91.

**Ex-Gratia Payments**

There were only seven payments totalling \$764.80. Last year, we had only two payments totalling \$925.00.

**Information Technology and Systems Plan**

Publication of the Strategic Information Management Plan was delayed by four months due to the problems encountered in the approval process. The Report was sent to Treasury Board at the end of October 1990. It is highly regarded by the Treasury Board and vendor community.

**Information Technology Projects**

Two contracts exceeded the delegated authority of \$500K in 1990-91. Both were three year facilities management contracts. All IM goods and services contracts in excess of \$25K and professional services contracts in excess of \$5K were approved by the Contract Review Board in accordance with the review procedures established within the Department. A summary of approved contracts costing more than \$100K follows:

Facilities management for GTA LAN — tendered for three years	\$648K
Facilities management for research operations — three years	\$559K
CP-6 / Bull annual hardware maintenance	\$430K
Acquisition of an upgraded computer for the departmental financial system	\$348K
Hardware upgrade for Systems interconnection Research — VAX4000	\$195K
Facilities management for DGRC VAX and network	\$170K
Acquisition of hardware to complete ADMRS LANP	\$104K

**Contracting**

A total of 47 contracts were issued by this Department, for Task Forces totalling \$1,522,131. None of these contracts exceeded the \$100 000 authority granted us through IMAA. Last year, no contracts for Task Forces were issued.

A total of 14 contracts were issued, by this Department, for Centres of Excellence totalling \$315 768. None of these contracts exceeded the \$100,000 authority granted us through IMAA. In 1989-90, 16 contracts were issued for an amount totalling \$350,703.

**Facilities Management**

Public Works Canada and the Department of Communications have agreed that geographic restrictions will be required in cases where it is necessary to ensure that client services and spectrum monitoring are adequately provided.

## **B. Human Resources Management**

### **Classification Authority**

As in 1989-90, the Department did not exercise this special delegation during 1990-91. However, effective July 1, 1990, the Deputy Minister was granted the authority by TBS to classify all Management Category positions up to the EX-3 level. Sixteen positions have been evaluated, most by ADM committee, and the decisions were issued under the Deputy Minister's delegated authority.

### **Flexibility Complement**

Again, the Department did not have to exercise this delegation in 1990-91.

### **Temporary Help**

All departments now have the authority to extend temporary help contracts beyond 20 weeks. DOC has recently delegated this authority to the responsible Assistant Deputy Minister/Regional Executive Director. Such extensions are authorized on an exception basis only.

### **Human Resources and Official Languages Plan**

The Department has completely integrated its planning activities with respect to Human Resources and Official Languages; in previous years, the Department produced two separate planning documents, that is to say, the Multi-Year Human Resource Plan and the Official Languages Plan which resulted in a segregated planning approach. The Department has now integrated these two important planning activities by setting objectives and reporting on accomplishments through the Annual Management Report.

## **C. Financial Management**

### **Resourcing Issue Understanding**

#### **1. Issues affecting reference levels**

TB decisions 812786 and 811754 of December 19, 1989 have approved DOC's reference levels of \$310,851,000 and 2,336 PY's.

Again for 1990-91 no price increases were provided for O&M or for grants and contributions.

General measures of restraint arose in 1990-91 in the form of budget cuts of \$2.7 million that was redirected towards the Gulf War budget and Federal Sales Tax cuts of \$0.5 million as a direct result of the implementation of the GST. As well, the final person year reduction as a direct effect of the May 1985 budget occurred. As reflected in the 1990-91 reference levels, there was a reduction of 33 PY's.

#### **2. Allocations from Central Reserves**

There were various adjustments made to the 1990-91 reference levels following Cabinet Decisions, namely for the Power of Policy Direction over the CRTC, the ERDA Quebec sub-agreements on Culture and Communications, and the Bi-Capitol project and for the Cultural Infrastructure Project Envelopes for a total of approximately \$14M.

Concerning the Cultural Infrastructure Projects, it should be noted that as a result of the February 26th Budget Speech, the following projects have been delayed: the Edmonton Concert Hall, the Montreal Symphony Orchestra and the Institute for Research on Cultural Enterprises.

The Treasury Board Program Reserve provided a total of \$3M for the Diefenbaker Foundation and the Monument National project.

Additional initiatives were funded from the Special Communications and Culture Reserve earmarked within the Priorities Reserve in 1990-91, namely the Archaeology Policy, the Forum on Design, l'École de Cirque, the Status of the Artist program, the Task Force on Professional Training for the Cultural Sector, the Canada-France Museological Agreement, the Cultural Volunteer and Donor Strategy, and the Museums Policy for a total of \$7.4M.

### 3. Supplementary Estimates

Supplementary Estimates "B" and "C" were approved for DOC with the addition of \$37.9M to the Main Estimates levels of 1990-91 for initiatives such as the ERDA sub-agreements, the Museum and Archaeology Policies, Revenue Retention for Spectrum Management Radio Licence Fees, Monument National, the Diefenbaker Foundation, the Task Force on Professional Training for the Cultural Sector and Culture Infrastructure Projects. Treasury Board allowed, through the 1990-91 Final Supplementary Estimates the transfer of \$1.3M from DOC's Vote 5 to Vote 1, Operating Expenditures.

#### **TBS support to transfer funds from salaries to other allotments within the operating vote**

There were no transfers requested by DOC from salaries to any other allotment.

#### **Requests for reprofiling expenditures between fiscal years**

During 1990-91, Treasury Board approved an amount of \$1.2M to be reprofiled from the budgets of 1990-91 to future years' budgets for various DOC projects, namely the ERDA sub-agreements, the Transfer of Custody of CWARC over to Public Works, the Clean Room CRC and the Senior Executive Network. The previous year we had obtained approval for reporting \$9.1M from the 1989-90 budget.

#### **Parliamentary Appropriations and Allotment Control**

In the context of IMAA II proposals submitted to Treasury Board Secretariat, DOC asked that its Vote 5, Capital Expenditures be collapsed with its Vote 1, Operating Expenditures. Negotiations with TBS have not started yet on IMAA II, however the President of the Treasury Board has recommended to the Public Accounts Committee that Estimates vote thresholds for both capital, and grants and contributions be increased from \$5 million to \$25 million. This would have the effect of eliminating the need for a DOC Capital Vote. No decision has been taken pursuant to this recommendation.

On the question of allotment control, DOC's Vote 10 allotments were increased to three allotments; a general allotment, an allotment for the ITU contribution and an allotment for the Diefenbaker Foundation. A new Vote 1 allotment was introduced for the Museum of Science and Technology, and another Vote 5 allotment was imposed by TBS for Long-Term Capital Plan.

#### **Use of Revenue**

DOC's External User Fee Revenue Plan was approved in the context of the 1990-91 MYOP. It established the following revenue targets:

	1989-90	1990-91	1991-92	1992-93
Revenues Credited to CRF	\$65.1M	\$66.7M	\$69.9M	\$73.4M
Revenue credited to the Vote	\$0.6M	\$1.0M	\$1.4M	\$1.9M



In addition, Treasury Board approved revenues credited to the Vote from other government departments for the performance of Research and Development Services at the Shirley's Bay Site, Ship Radio Inspection Fees and for museum and heritage services as well as for the GTA Revolving Fund. The following revenue targets were established:

	1989-90	1990-91	1991-92	1992-93
Revenues Credited to Vote:	\$6.6M	\$6.3M	\$6.8M	\$6.8M
GTA	\$177.2M	\$211.5M	\$224.3M	\$238.3M

Subsequent to the establishment of the External User Fee Revenue targets as documented in MYOP 1990-91 (above), the Treasury Board decision 812692 recommended the updating of the radio licence fee structure and improvements in licence compliance. From the corresponding increases in External User Fee Revenue (see Fee Schedule), Treasury Board also approved increases to DOC's A-Base for increased licence compliance activities as well as for reinvestment into the research of radio spectrum technology and automated systems to strengthen spectrum control. The amounts approved for DOC over the first three years are \$6.28M in 1990-91, \$6.43M in 1991-92 and \$6.01 in 1992-93. A permanent Person Year increase of 18 was also approved.

As part of this submission, DOC also requested the creation of a Special Communications and Culture Reserve (SCCR) to which a portion of the remaining revenue increases resulting from the updated fee structure and improved licence compliance were to be allocated. However, the Treasury Board did not consider the requested allocation of revenues to a SCCR as this was subject to Cabinet decision.

Such a Reserve was established following a decision of the Priorities and Planning Committee on December 9, 1989. Specific initiatives funded from this newly established Special Communications and Culture Reserve (SCCR) IN 1990-91 are previously listed under the section entitled "Resourcing Issue Understanding: Allocations from Central Reserves".

### **Contributions**

In 1990-91, the terms and conditions of 54 new individual IMAA contributions were approved by the Minister for a total of approximately \$3.5 million. The substantial increase over the 1989-90 total of 17 contributions totalling \$1 million, is a result of an increased awareness and utilization of the IMAA contribution authority.

### **Person Year Control**

A second attempt to approve the CHIN Business Plan was included in the MYOP 1990-91. The CHIN Business Plan requested authority from Treasury Board to increase its revenue generation activities. It was also proposed that the revenues generated and received under this plan would be used to cover the O&M of the Plan and the salary costs of additional PY's needed for implementation, at no extra cost to the government.

On November 22, 1990, the Treasury Board approved the establishment of the Government Telecommunications Agency as a Special Operating Agency (SOA). The fundamental authority of exemption from PY control was approved, along with other authorities.

As a result of the February 1991 Budget Speech, the creation of two new SOA's were announced for DOC. Work has commenced on establishing both CHIN and CCI as SOA's through the preparation of Framework Documents, Business Plans and TB submissions.

## **Contributions to ITU**

In the Final Supplementary Estimates "C" 1990-91, \$1.3M was approved in addition to the annual contribution to the ITU in order to compensate for the fluctuations of the Swiss Franc exchange rate.

## **Addenda to the MYOP**

The Science Addendum that used to be submitted in the MYOP document was prepared and submitted under separate cover to Statistics Canada and the Treasury Board.

As a result of the signing of the IMAA MOU, DOC is no longer required to submit the Program Evaluation Plan as part of the MYOP.

## **Accountability Regime**

### **A. Evaluation and Audit**

In its most recent assessment of the evaluation function at DOC the Office of the Comptroller General (OCG) commented favourably on our performance against the three sets of standards: quality of measurement and analysis, periodic program performance review, and external reporting. According to the OCG, the evaluation function is a well established one.

Nevertheless both evaluation and audit functions have experienced some slippage in the completion of their plans and studies generally take more time to be completed and approved than one would expect. Furthermore, it is DOC's intention to redefine the audit and evaluation universe and the structure of the components to be studied. Based on the result of this exercise, audit and evaluation plans for the next IMAA MOU period will be developed in consultation with the OCG and TBS.

The audit function needs to undergo changes to better serve the department in light of major ongoing developments such as PS 2000, the Single Operating Budget concept, and Special Operating Agencies and regionalization.

It should be noted that the Program Evaluation and the Internal Audit functions have been placed under the responsibility of a single senior manager as part of the Department's response to the February Budget. An independent review of both functions is currently underway. The purpose of the study is to provide an overall assessment of client satisfaction with the evaluation and audit activities and to determine the types of evaluation and audit products and services which should be offered in the future, in order to meet the Department's new needs and satisfy the central agencies' new requirements in the current context. The review should also lead to concrete, reliable and objective recommendations regarding the most effective way of organizing the evaluation and audit functions in the Department. Of course, officers from the Treasury Board Secretariat and the Office of the Comptroller General have been involved in this project.

### **B. Systems Improvements**

#### **Classification Monitoring Program**

As planned in our AMR of last year, the Department has taken measures to establish a visible, viable, and credible classification monitoring program. Senior Management have committed themselves to full cooperation with the plans brought forward. The Department devoted an additional person-year to the administration of the program. We have developed a 5-year monitoring plan and have conducted 30 on-site reviews in the regions and in headquarters. Studies on complex organizational/classification concerns and issues identified through monitoring have also been addressed.

We have met the recommendations of our Internal Audit team. We are presently preparing training courses for line managers and are actively reviewing our data needs to ensure we have a reliable and accessible classification information system that can meet our needs.

As it relates to the triennial classification review project scheduled for 1991-92, the departmental action plan has been approved by the Treasury Board. We have put in place the necessary mechanisms to ensure that the TBS requirements are met within the prescribed time frames.

### **Long Range Information Plan**

Refer to Information Technology and Systems Plan in the Departmental Authorities Section under the General Administration.

### **Telecommunications Procurement Practices**

During the past years, GTA and DSS have pursued the development of an MOU to streamline and clarify the procurement function for information technology and services.

The MOU provides for direct procurement by GTA of goods and services for the provision of common telecommunications services and those supplied only by Type I carriers, as well as other procurements delegated by SSC to DOC. For procurements involving Type II carriers and other industry, the Department of Supply and Services Office Automation Services and Information Systems Directorate (DSS/OASIS) will conduct the procurement process in close consultation with GTA. The development of Common Services is a GTA responsibility for both basic and enhanced service types and GTA will also provide expertise and assistance to departments to develop "common service" solutions to integrated office systems and telecommunications needs. DSS will continue to maintain its expertise in the mainframe Data Processing technology area and in the application of solutions to customized integrated office systems problems/needs.

### **C. Monitoring of IMAA Delegations**

Existing processes, wherever applicable, are being used to monitor the delegations and information is gathered periodically through management indicators to monitor expenditure trends.

