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MANAGEMENT REPORT

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TABLE OF CONTENTS

Summary of Program and Administrative Performance 1

Part I Program Accountability

SPECTRUM MANAGEMENT AND REGIONAL OPERATIONS 24

TECHNOLOGY, RESEARCH AND TELECOMMUNICATIONS 38

- 1.0 Policy Development 38
- 2.0 Research and Development 45
- 3.0 Communications Development 52
- 4.0 Government Telecommunications Agency 57

ARTS AND HERITAGE 62

- 1.0 Museums and Heritage 62
- 2.0 Support to the Arts 75
- 3.0 Cultural Industries 83

CORPORATE POLICY AND MANAGEMENT 100

- 1.0 Corporate Policy 100
- 2.0 Corporate Management 106
- 3.0 Sites and Technical Services 106

Part II Administrative Accountability

- 1.0 Program and Resource Management Policy 109
- 2.0 Personnel Policy 111
- 3.0 Administrative and Information Management Policy 120
- 4.0 Official Languages Policy 123
- 5.0 Program Evaluation Policy 137
- 6.0 Internal Audit Policy 141
- 7.0 Financial Administration Policy 142

Part III
Implementation of the IMAA MOU

DEPARTMENTAL AUTHORITIES	144
1.0 General Administration	144
2.0 Human Resources Management	147
3.0 Financial Management	148
ACCOUNTABILITY REGIME	152
1.0 Evaluation and Audit	152
2.0 Systems Improvements	153
3.0 Monitoring of IMAA Delegations	154

**Summary of Program
and
Administrative Performance**

INTRODUCTION

On June 19, 1989, the Department of Communications (DOC) and the Treasury Board signed a Memorandum of Understanding (MOU) regarding the Increased Ministerial Authority and Accountability (IMAA). This Memorandum was defining the respective roles of the partners in meeting the following objectives:

- to give ministers and senior managers the increased authority and flexibility they need to deal with changing circumstances and manage with limited resources; and
- to enhance the accountability of ministers and senior managers for achieving results, both in program delivery and in the implementation of Treasury Board policies.

This Annual Management Report (AMR) is the third and last one of a three-year period that was agreed upon to report on accomplishments attained under the IMAA. The first part of the Report is a Summary of program and administrative performance for the 1991-92 fiscal year. It mainly deals with initiatives undertaken during the year and provides broad accounts of the work performed by the Department. We have been trying when possible, to provide comments related to the whole period covered by the IMAA, in order to offer continuity to the reader. This part also addresses the relevance and effectiveness of some programs as well as the future orientation of some initiatives. It also makes references to initiatives undertaken outside the IMAA framework but which, due to their importance, are worth mentioning in this Report.

The Report then offers detailed information on departmental activities in the following areas: 1) Spectrum Management and Regional Operations; 2) Technology, Research and Telecommunications; 3) Arts and Heritage; and 4) Corporate Policy and Management. The material is sometimes presented at the sub-activity level as this unit of aggregation is more appropriate. This is followed by a review of performance with respect to our administrative policy in such areas as program and resources management, personnel, official languages, and audit and evaluation. The final section deals with the implementation of the IMAA MOU.

I. SPECTRUM MANAGEMENT AND REGIONAL OPERATIONS

Access to the radio frequency spectrum is an essential element in the introduction of new radio-based communications services and advanced broadcasting technologies. Demand for that finite natural resource is growing at an unprecedented pace and will likely continue to grow in the years to come, as new communications tools are developed and introduced on the market. The Department's challenge in this vital area of our economic growth is to manage the use and development of the radio frequency spectrum and ensure that optimum benefits accrue to all Canadians.

The Department ensures that Canada's current and future radio communications needs can be met by conducting international negotiations to secure sufficient access to the technically usable and mutually compatible spectrum. Since the last three years, the Department has been working on three broad fronts in order to ensure its spectrum needs. First, it has successfully negotiated international agreements and bilateral agreements with the United States, to gain a wider access of better quality to various broadcast bands. Second, it has provided Canada with the legislative framework to encourage the use of new technologies in the radio spectrum area, via the Radiocommunication Act adopted in October 1989. Finally, the Department has been continuously refining its licensing, spectrum management and inspection techniques in order to provide its clients with the best service possible at an affordable price.

As for 1991-92, the performance of the Department regarding the following initiatives should be noted.

International Negotiations

Fiscal year 1991-92 marked the culmination of the Department's involvement in preparatory activities which preceded the World Administrative Radio Conference (WARC 92) held in Spain. Department delegations garnered support from other countries for Canadian proposals put forth at the conference, which covered various services including new generations of cellular telephone systems, mobile satellites and others. The successes at WARC 92 were founded on solid preparatory work and close cooperation with its spectrum clients. Allocations awarded at the Conference have given the green light to Canadian broadcasters and the Department to start planning for the introduction of the services.

Assigning Frequencies to Clients

The Department has continued its work towards streamlining access to the spectrum for its clients. We have implemented administrative fleet licensing for large mobile fleets by grouping identical mobiles. We have also implemented a simplified application process for VSAT earth stations (expected to be a high growth area) and proposed fleet licensing for mobile earth stations. We also automated the international frequency notification and Canada/U.S. coordination processes, resulting in reduced administrative tasks and processing times for authorizing stations. Furthermore, in response to client concerns, the Department adjusted its 30 percent penalty for re-instatement of an expired radio licence to 5 percent and 13 percent depending upon when re-instatement occurs.

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. Based on the results obtained in the survey, the Department implemented client education initiatives to improve compliance rates within these services. These initiatives took the form of multi-media campaigns targeted at equipment suppliers, communication representatives, yacht clubs, marinas and boating enthusiasts. Posters, pamphlets, brochures, booklets, advertisements, notices and a video program formed the basis of the campaign. In addition, field personnel attended trade shows to distribute this material and provided seminars, when requested, on the importance of radiocommunications and the proper use of radio.

Regional Operations

The Regional Operations activity 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. 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, noticeable changes are becoming apparent. For example in 1987-88 the person-years devoted to the regional delivery of departmental programs represented 11.8 percent of available resources and the financial expenditures represented 10.4 percent of available salary and operating budgets. However, the forecasted expenditures for 1991-92 will amount to 16.1 percent of available person-years and 14.7 percent of available financial resources.

As the regionalization process has been vigorously carried out over the last few years by the Department, the regions now participate in almost all of its activities. As such, we can no longer consider regional operations as an activity in itself. This rationale forms the basis for the review of the Department's Operational Plan Framework, which is currently being undertaken and which will be finalized in 1992-93.

Program Operation

Improvements in the processing of land-fixed radio applications have been realized in 1991-92, however, overall performance continues to lag the established performance target (90 percent of land-fixed applications processed within 90 days) this year by 10.4 percentage points. 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 have contributed to reverse this trend and slightly improve the service to fee paying client. With the exception of microwave applications, all service categories have gained ground against the established performance targets.

Program Effectiveness

Significant initiatives were proposed in response to the comprehensive evaluation of the Spectrum Management Program performed in 1990-91. Sample client surveys are being developed to assess client satisfaction with the Spectrum Management Program's procedures, services, and information availability. Internally, alternative mechanisms are examined to better manage the Program in order to encourage optimal allocation of spectrum.

During the fiscal year, the Department also developed an integrated package of program investments required to redress current critical weaknesses in the spectrum management program and to ensure that the radio frequency spectrum is effectively managed into the 21st century. To that end, the Department will, in the current year, begin the preliminary work to develop a radio frequency spectrum policy for the next twenty years.

II. TECHNOLOGY, RESEARCH AND TELECOMMUNICATIONS

Policy Development

The Department recognized a long time ago that an efficient and effective telecommunications system is one of the essential conditions for economic prosperity in today's world. Our telecommunications system has become an essential tool for the enhancement of Canadian productivity and competitiveness, and for gaining access to global markets. Policy work in the area of telecommunications ensures an harmonious development of that sector and creates the appropriate climate for research and the identification of new products.

Vision 2000

Since the creation of Vision 2000 in 1989 the Department facilitated this and other initiatives aimed at developing and implementing collaborative and strategic R & D. Vision 2000 has developed a strategy and action plan for establishing consortia to speed deployment of advanced personal communications systems, which targets specific project areas. The Department continued to provide strong support to various Vision 2000 working groups and to participate in collaborative projects. Plans are under way to convene a workshop for the members to get started on an integrated strategy for the early development and deployment of these projects.

Intellectual Property and Technology Transfer

The Department's Technology Transfer Office (TTO) has now assumed all of the responsibilities previously resting with Canadian Patents and Development Limited (CPDL) for intellectual property management. An active promotion and marketing program to transfer the Department's technologies to industry was implemented. Some 60 licences were signed and/or negotiated, providing \$30,000 in revenues.

Major policy changes are occurring in intellectual property at both the government wide level and within the Department. Considerable effort has been required to assist in communicating and implementing the new Treasury Board policy concerning Intellectual Property (IP) ownership. Other efforts in IP concern revisions to departmental directives to reflect policy and procedural changes in intellectual property policy and technology transfer activities. The drafting and circulating by TTO of a document entitled "Operational Guidelines for Intellectual Property Management" represents a significant amount of input into this exercise.

Telecommunications Legislation

In the 1990-91 AMR, we reported on the Supreme Court of Canada's decision to recognize the jurisdiction of the federal government over telecommunications. Since then, the Department has acted to propose legislative measures to eliminate the interprovincial barriers

which were fragmenting the Canadian telecommunications market, and to provide a simpler regulatory framework. These efforts culminated on February 27, 1992, by the tabling of a telecommunications bill that is responsive to rapid technological changes, as well as to provincial interests in this area.

Research and Development

Continued innovation in products, systems and services is essential if Canada is to maintain a world class communications infrastructure in all parts of the country. DOC plays a key role in conducting and encouraging research and development in leading edge technologies, and helping communications companies to take advantage of new developments.

Canadian Workplace Automation Research Centre (CWARC)

The Canadian Workplace Automation Research Centre (CWARC) performed a strategic planning exercise which called for an increased focus on applied research and which will likely have an impact on the type of projects performed at the Centre in the future. At the same time, a new scientific plan was prepared leading to a redistribution of expertise among five research programs in an effort to consolidate research teams. These programs give a new orientation to the research performed at CWARC and are representative of current trends in workplace automation research.

Standards Program Office

The Standards Program Office (SPO) of the Department was successful in resolving the impasse in the development of a bilingual keyboard standard for Canada. As a result the Canadian Standard Association (CSA) approved for publication a new Canadian Keyboard Standard for the English and French languages.

Because interconnectivity is essential if Canadians are to have access to advanced communications services, the Department will also be placing priority on standards development activities, such as harmonization agreements with Canada's major trading partners.

Microelectronics Facility and Microwave Laboratories

Construction of the new Microelectronics Facility and Microwave Laboratories was successfully completed within budget and is now close to full operation. This integrated facility is one of the most versatile of its type in Canada. Disciplines such as microwave, digital and optoelectronic technologies are co-located in the same area, encouraging interaction, idea exchanges and joint projects among scientists with different fields of expertise. The convergence of these technologies is expected to be an important topic for R & D in communications systems during the next decade.

Advanced Television Evaluation Laboratory (ATEL)

The Advanced Television Evaluation Laboratory (ATEL), established by the Department and supported by private sector partners to conduct subjective assessment of six proposed advanced television systems, was officially opened in May 1991. Testing of the first terrestrial system commenced in August 1991 and by year end the examination of three systems had been completed. Analysis of the data is in progress and the reports on all six systems will be available by December 1992.

Telesat

Telesat Mobile Incorporated (TMI) announced in June 1991 the completion of its arrangements with Arianespace for the launch of the first Mobile Satellite System (MSAT) in 1994 aboard an Ariane 4 launch vehicle at a contracted price of \$120 million.

Communications Development

To improve Canadians' access to advanced communications services, the Department believes it is essential to develop a comprehensive approach to spur the introduction of new services and the modernization of national communications networks.

Space Industry Development (SID) Program

All the supported projects under the Space Industry Development (SID) Program in 1991-92 were high risk, long range type R & D. The SID subcontractor development portion of the SID Program funded 50 percent of a \$3 million Advanced Communications Satellite Concept and Definition Study directed to designing the next generation of Canadian communications satellites. The other 50 percent was shared by SPAR, Telesat, ComDev, MPR Teltech and Comsat.

In 1991-92, significant support was provided to Canadian companies for trade of telecommunications and information technology products to various regions of the world including Eastern Europe, Russia and other members of the Commonwealth of Independent States. This support includes: Spectrocan contracts in Indonesia valued at \$13 million; a \$6 million one in Malaysia; and a \$9 million contract between MPR Teltech Limited and Korea.

Communications Research Centre (CRC)

Further to the 1990 Report on Federal Science and Technology Expenditures (the Lortie Report) and the evaluation of the Research laboratories that was completed in 1990-91, procedures were undertaken for the Communications Research Centre (CRC) to become a research institute.

A transition team was put into place in the Fall of 1991 to address the mission, organization structure, functions and accountabilities of the new institute. A CRC-DOC Memorandum of Understanding has been developed covering the new relationship between the Department and the CRC. Formal contractual arrangements between the Department and the CRC will be finalized in the coming fiscal year.

In January 1992, Treasury Board granted new management authorities to the Department in order to establish a pilot research institute from the CRC. The president of the CRC, who will answer directly to the Deputy Minister, received authorities equivalent to those of regional executive directors. The Institute will retain all levies and rights from the management of intellectual property, as well as revenues obtained through contractual arrangements. Other authorities were also granted in the Treasury Board's decision.

The CRC which became a research institute April 1, 1992, will have leadership and excellence in communications research as a key element of its new mission. It will continue to demonstrate the value of government research and will help ensure that Canada's communications industry remains at the leading edge of world competitiveness and continues to contribute to the prosperity of the country.

Government Telecommunications Agency (GTA)

The primary focus of GTA is on the provision of service to clients, demonstrated by a commitment to excellence in terms of quality of service and responsiveness to clients. The operations of GTA are guided by a framework document, published in July 1991, in accordance with which the organization developed a business plan. This second multi-year business plan, reflecting the evolving strategies for fulfilling the GTA mandate as a Special Operating Agency (SOA) in the longer term, was approved by the Government Telecommunications Council in March 1992. It updated the 1991-95 Business Plan, reflecting modifications and refinements in strategy and revised financial projections.

The Government Intercity Calling Service (GICS), which provide telephone, facsimile and voiceband data services, saw its usage in 1991-92 increased by 8 percent (from 240 million minutes to 260 million minutes) over the previous year, while the cost to departments was reduced by 10 percent (from \$78 million to \$70 million). At the same time, there were major reductions in the commercial long distance rates. The net result was a 35 percent savings for the government compared to commercial rates in 1991-92 for the voice network.

Services provided and managed by GTA in 1991-92 resulted in revolving fund revenues forecast at \$209 million and \$109 million billed directly by our suppliers on our behalf for a net total of \$318 million. Administrative costs for this period are estimated at \$17.3 million or 5.4 percent of the service costs. This is well below the target of 10 percent found on the IMAA MOU.

The "Forum on Open Architectures for Government Enterprise Networking and Information Management" was attended by over 300 participants. Its purpose was to inform clients of plans for and the progress made under the Architect Program and to give them the opportunity to provide direct input pertaining to common networking issues. Client views were consolidated and will be incorporated into further developments of the architect program. General consensus was that clients were satisfied with the Architect Program and GTA services as a whole.

Senior Executive Network (SEN)

The Senior Executive Network (SEN) was launched in June 1990 and initially focused on deputy ministers and assistant deputy ministers. In the first stage, 800 clients in 58 departments, agencies and crown corporations were accredited. In 1992-93, SEN will include directors general as well as directors across the country. SEN's goal is to create a Network which will link the entire Executive Group. The SEN target for 1992-93 is to increase its client base to 1500 clients.

III. ARTS AND HERITAGE

The Department, through its mandate, helps Canadians share their culture and heritage with each other and the world. To achieve this, it implements policies and programs to promote better access to Canadian heritage and artistic expression.

Policy Development

Substantial progress has been made in the policy development area since the first AMR of 1989-90. The following accomplishments should, among others, be mentioned: a new Canadian museum policy was approved by Cabinet in 1990 and generated a change of programs; a bill to adopt new measures of protection in the archaeology area was distributed for consultation purposes in December 1990, and; an Act dismantling the National Museums of Canada as an entity was proclaimed on July 1, 1990.

As for 1991-92, the Cabinet followed up on its approval of a new museum policy by granting new responsibilities to the Canadian Heritage Information Network (CHIN), such as the development of provincial information networks and the creation of a Technology Assessment Centre. Exhaustive consultations initiated in 1990 in the archaeology area were continued in 1991-92, particularly with archaeologists and aboriginal peoples. Two reports on the consultations were circulated and the legislation is now being reviewed in light of issues raised during the consultation process.

Program Operation

In 1989-90, the federal government's contribution to the operating budgets of museums amounted to \$114 million or 38 percent of all public funding of museum operations. Provincial and territorial governments, spent for their part, \$172 million or 58 percent of total public

expenditures for museum operations. Federal spending on museums' operations in 1989-90 represented a 16 percent increase over 1988-89 spending. This compares with an increase in spending at the provincial level of 11 percent. Federal departments and agencies also invested \$88 million on capital projects for museums in 1989-90, a decrease of 34 percent from 1988-89 capital spending.

The face value of the Movable Cultural Property (MCP) tax certificates has stabilized at approximately \$58 million annually. We estimate this to be 20 percent of the total face value of the certificates.

Overall support levels to museums have grown significantly over the last three years with Museums Assistance Program (MAP) funding growing from \$8.5 million in 1989-90 to \$14.9 million in 1991-92. This growth comes as the result of increases to MAP funding received by the Department in response to the museum policy. MCP grants have ranged between \$1.3 million to \$1.7 million from 1988-89 and 1990-91.

MAP funding moved toward reflecting actual population distributions compared to previous years. Funding for museums in the Central region is still high relative to population share. Ontario in 1991-92 received higher levels of MAP funding relative to its population than has previously been the case.

Program Effectiveness

All the major programs dealing with Museums and Heritage were the object of an evaluation and their findings were discussed in previous AMRs.

An evaluation of the Movable Cultural Property Program was completed in September 1991 and concluded that the availability of grants to purchase objects was not inflating prices, that the current funding formula was appropriate, that the Program had assisted in improving the quality of museum collections and that compliance with the Act was not a problem.

Support to the Arts

The promotion of Canadian creativity is an objective in which the Department is investing a lot of energy and resources. While much has been achieved by Canadian creators during the past 30 years, the need to consolidate the position of our cultural and artistic enterprises in the context of a coherent cultural policy continues to exist.

Significant achievements were made in the area of support to artistic activities over the last three years. Among others, we should note: the creation of a Task Force on Professional Training in the Cultural Sector in Canada; the elaboration of a pan-Canadian survey directed at present and potential consumers of performing and visual arts, and; the second tabling in May 1991 of a bill on the status of the artist, which will provide a legal framework for the professional relationship between artists and producers.

Task Force on Professional Training in the Cultural Sector in Canada

The 1991-92 fiscal year saw the tabling of the final report of the Task Force on Professional Training in the Cultural Sector in Canada. This report was submitted to the Communications Minister and the Employment and Immigration Minister in January 1992. The members formulated 56 recommendations, 40 concerning the cultural sector as a whole and 16 concerning native peoples.

Status of the Artist

We also witnessed the second reading of the status of the artist bill with third reading and royal assent expected in June 1992. The Standing Committee on Communications and Culture held hearings with interested cultural organizations from November 1991. At the same time, the Department consulted with the arts community and the various departments and agencies throughout the legislative process.

Canadian Arts Consumer Profile

As for the Canadian Arts Consumer Profile, intensive work performed during the 1990-1991 year led to the publication of a 600 page report in May 1992. A total of 65,000 questionnaires were completed by 52,000 Canadians. The report and subsequent database now in development provide information on behaviour and attitudes that will assist in the creation of marketing strategies to increase audiences and earned revenues for the performing and visual arts.

Other Initiatives

Other initiatives included the increased funding to national arts training institutions to allow them to continue their operations. In the 1991-92 fiscal year, the National Theatre School received \$400,000 and the National Ballet School received \$500,000 to reduce their accumulated deficits. In 1992-93, the amounts are \$1.23 million for the National Ballet School and \$400,000 for the National Theatre School. The National Ballet School funding includes \$730,000 which is the balance of the federal government's matching contribution for the renovation of training facilities. A sum of \$125,000 is to be contributed to the École nationale de cirque in each of the 1992-93 and 1993-94 fiscal years, to make up a shortfall linked to operating costs.

The Department also studied the question of the Canada Council's level of appropriations and the Council received additional funds of \$2.6 million for 1992-93. It also benefitted from the renewal of a temporary allocation of \$8 million.

Program Operation

Financial assistance to the performing arts by the federal government has increased in real dollars from \$76.1 million in 1984-85 to more than \$125 million in 1991-92. At the same time, the federal share of total governmental support to the arts went from 35 to 48 percent.

By looking at trends for the Cultural Initiatives Program, we find that demand for funding outstrips by far the supply. It is estimated that between \$300 and \$500 million in capital assistance will be requested over the next five years. In 1991-92, \$13,679 million was awarded in contributions (\$17,667 million in 1990-91 and \$17,982 million in 1989-90); the total amount requested was \$112,962,767 (\$288 million in 1990-91). Thus, the Program was only able to fund 12 percent of the amounts requested.

Program Effectiveness

Due to the regionalization of the Cultural Initiatives Program, it was considered that an evaluation of this Program would not be appropriate at this time. As for the Confederation Centre of the Arts, a thorough review of its operation was performed, which led to an amendment to the Canada/Prince-Edward Island Cooperation Agreement, in order to provide financial support to the organization.

Cultural Industries

Canadians need more than ever to share cultural products that express their rich and varied identity. This is why the Department is trying, through policies and programs adapted to its clients' needs, to increase the availability of cultural products and services and access to the same. The Department shares this responsibility with other federal agencies involved in the support and promotion of cultural products. It is the case with the Canadian Broadcasting Corporation, the National Film Board, and the Canadian Radio-television and Telecommunications Commission.

Various initiatives were taken in recent years to allow cultural industries to be more present on the national and international markets. The Department has attempted to redress the imbalance that exists between the availability of domestic cultural products and those coming from foreign markets.

Canadian Broadcasting Act

The Canadian Broadcasting Act, proclaimed in June 1991, is a good example of measures that can be taken to create a proper environment for the production of a variety of quality Canadian programming and maintain broadcasting systems at the leading edge of technology in the years to come.

Cultural Industries Development Fund

The establishment of the Cultural Industries Development Fund in April 1991 (\$33 million over 5 years) will have allowed private sector companies to consolidate their position on the Canadian market and to expand on foreign markets. In 1991-92, loans were disbursed as follows:

Publishing industry	\$3.837 million (54 percent);
Film industry	\$2.118 million (30.2 percent);
Sound recording sector	\$1.065 million (15.2 percent).

Phase II of the Copyright Legislation and Home Taping

Regarding Phase II of the copyright legislation and home taping, a Memorandum to Cabinet was approved on December 12, 1991. The drafting of this important piece of legislation has begun and we expect its introduction to Parliament for the fall of 1992. The Department has also initiated an in-depth analysis of the home taping issue. The results of this analysis will be presented to Cabinet in the Fall of 1992.

Canadian Independent Film and Video Corporation

Following the elimination of the Non-Theatrical Fund on March 31, 1991, the Department assisted the non-theatrical industry in the formation of a new program to fund development, production and distribution of non-theatrical film and video products. In addition to resources from the National Film Board (NFB) (\$250,000) and Telefilm Canada (\$500,000 in 1991-92 and \$1 million in 1992-93), the Department contributed \$546,500 in 1991-92, with a further commitment of \$70,000 in 1992-93, when the Portfolio's participation will end. Beyond that fiscal year, the independent Corporation is mandated to secure other sources of funding.

Postal Subsidy

In June of 1990, the Minister announced that the Postal Subsidy Program for books, magazines and newspapers would be phased out and replaced by programs of direct financial assistance to the industry. The budget for the Postal Subsidy Program had been set at \$219.5 million; the budget for the replacement programs, which will be introduced in 1992-93 and 1993-94 is \$110 million. The replacement programs will focus on the Canadian-owned sector; more specifically, paid circulation magazines, small community weeklies, and the book trade. Foreign-owned publications, daily newspapers, large community weekly newspapers and controlled circulation magazines will be eliminated from the Postal Subsidy Program and will not be eligible for the replacement programs.

Canadian Film Products

In 1991-92, a review of the foreign investment policy for the film and video industry has led to a strong reaffirmation of existing Investment Canada provisions with regard to foreign investment in the Canadian marketplace. Strengthened performance criteria will encourage significant re-investment of Canadian market revenues in the production and distribution of Canadian film products.

Assistance to the Book Industry

On January 28, 1992, the Minister announced a new three-part strategy to aid the book industry. These new initiatives are based on a detailed review of government policies and programs in the book industry. A new industrial assistance program will provide \$102 million in new resources over the next five years to strengthen the competitiveness of the Canadian-controlled sector in both the domestic market and abroad. The new program will be formulated in close consultation with the industry.

An amendment to the Copyright Act will provide greater protection for the exclusive market rights held by publishers and distributors in Canada. These rights will be balanced by a requirement that publishers and distributors provide an acceptable level of service to their customers. Intended as part of Phase II of the copyright reforms, these amendments will not be proclaimed until industry members have agreed on what constitutes acceptable levels of service.

Finally, the foreign investment policy, more commonly known as the "Baie Comeau" policy, has been amended: and anti-avoidance clause to strengthen the application of the definition of what constitutes a Canadian-controlled company will be introduced into the Investment Canada Act; acquisitions of Canadian-controlled firms will not generally be permitted and new foreign investment in the Canadian book trade will be limited to Canadian-controlled joint ventures; should a non-Canadian investor plan to sell a Canadian business independent of any other transaction, Canadians will be given full and fair opportunity to bid; and indirect acquisitions will be reviewed against a net benefit test.

Economic Status of Canadian Television

In May 1991, the Task Force on the Economic Status of Canadian Television presented its report to the Minister. The report included 44 recommendations addressed to the Government, the Canadian Broadcasting Corporation, the Canadian Radio-television and Telecommunications Commission, Telefilm Canada and the industry. These recommendations were subsequently reviewed and discussed at the Television Summit held later in 1991.

Television Summit

The Department provided the support necessary to the convening of the Television Summit chaired by the Minister in Montreal on December 9 and 10, 1991. The television industry agreed to 31 of the 44 recommendations contained in the Girard-Peters report. At the same time, the participants agreed that the remaining 13 recommendations ought to be examined under the umbrella of an industrial strategy.

Economic Regional Development Agreements

In the area of economic regional development agreements, the Department signed the Canada-Saskatchewan Agreement on cultural industries in October 1991. This \$5 million agreement will take effect in 1992-93 and last until March 31, 1995. Four main programs will be offered to assist cultural and patrimonial industries. Work preparatory to the signing of the Canada-Alberta Agreement (cultural industries) was accomplished in 1991-92. The \$7 million Agreement was signed in April 1992 and will extend to March 31, 1995. The Agreement is aimed at the film and video, sound recording and book publishing industries.

To strengthen the cultural and broadcasting industries and the arts and heritage community, the Department will be moving on a number of fronts in the immediate future. It will, among other initiatives, seek solutions to the serious financial problems of the English and French language broadcasting and publishing industries. It will also be looking at means of creating a more stable market environment for the Canadian film and sound recording industries.

Program Operation

In 1991-92, \$6.4 million [\$5 million from DOC and \$1.4 million from various sources, Factor/Musicaction/Canada (FMC)], radio stations and sound recording associations was spent under the Sound Recording Development Program (SRDP), compared to \$5 million the previous year.

In 1991-92, the total budget available to the Book Publishing Industry Development Program (BPIDP) was \$6.995 million, reduced from the 1990-91 budget of \$7.65 million owing to the implementation of budgetary restraint measures.

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. In fact, 76 percent of the total sound recording assistance is spent in the two provinces: \$1.9 million in Ontario and \$3 million in Quebec. Book publishing assistance is also highly concentrated in Quebec (\$2.7 million) and Ontario (\$1.77 million), which represents 81 percent of the total budget of \$5.495 million for domestic assistance (the budget for international marketing assistance of \$1.5 million is not included in the regional breakdown).

In 1991-92, \$10.6 million was requested from Sound Recording Development Program (SRDP) but only 65 percent (\$6.9 million) of this demand was satisfied. The \$800,000 administered by DOC represented 86 percent of the funds requested from the Department's components.

Program Effectiveness

A comprehensive evaluation of the Book Publishing Industry Development Program provided a profile of a Canadian industry that suffers from undercapitalization and high debt-to-equity ratios. It strongly recommended that emphasis be placed on strengthening the infrastructure of the industry, and on the marketing, promotion and distribution of Canadian-authored titles in order to increase the competitiveness of the Canadian publishing industry.

The Department is consulting with industry representatives on the design and implementation of the new industrial assistance program, and the results of the evaluation will be an important element in the discussions.

A national survey on reading in Canada in 1991 conducted jointly with the Secretary of State and Multiculturalism and Citizenship Canada was completed in 1992. In May 1992, the Department published an 80-page bilingual document on the highlights of the survey, which was distributed widely. The survey received a very positive media coverage and presentation of results are being made on multiple public platforms. It shows that the vast majority of Canadians read for pleasure and that reading habits have made impressive strides since 1978, especially in the reading of books.

IV. CORPORATE POLICY AND MANAGEMENT

The Department cannot fully contribute to Canadian renewal without renewing its own management approach. In order to achieve the new challenges that we regularly face, organizational structure and human resources must be equal to the task. The Department's success is anchored in the way it manages itself and treats its employees.

To become more efficient and responsive to the needs of Canadians, the Department is adopting an integrated approach toward the day-to-day management of all departmental resources whether human, financial or physical. In order to provide a better service, its regionalization policy is maintained. To better meet fiscal austerity measures, the Department is introducing Single Operation Budget concept.

Federal-Provincial Relations

Since the coming into force of the IMAA (MOU) in 1989, the Department has signed five regional economic development agreements in the fields of culture and communications, and has been entrusted with the management of \$19.5 million in federal funds with respect to these agreements. During the 1991-92 fiscal year, the Department concluded agreements concerning culture with Saskatchewan and communications technologies with Alberta and Saskatchewan. The Canada/Prince-Edward Island Cooperation Agreement was amended to allow a major contribution to the Confederation Centre of the Arts. Moreover, negotiations began with Nova Scotia, Newfoundland and Alberta concerning agreements on cultural matters and with Manitoba concerning communications technologies. More details on these agreements are provided in the Program Accountability portion of the present Report.

A Conference on Culture and Technology was held in Montreal in May 1991. This conference brought together 400 experts, artists and technologists from all areas of the country, who use the new technologies in their respective fields. The Department is presently examining the main conclusions of this conference to develop guidelines and policies in this field.

International Relations

On the international scene, the Department successfully led the Canadian delegation to the World Administrative Radio Conference (WARC-92) where requirements for frequency allocation for new communications systems were negotiated. The Department also played a key role in policy discussions and marketing at the major International Telecommunications Union (ITU) forum, Telecom '91 in Geneva, which included attendance by the Minister.

With the United States, senior level policy consultations were organized with the Federal Communications Commission (FCC) and other U.S. agencies. Furthermore, the Department effectively represented Canadian communications and cultural interests in several multilateral trade and economic fora including the Organization for Economic Co-operation and Development (OECD) and the Asia-Pacific Economic Co-operation (APEC). In film and television co-productions, the Department negotiated and signed agreements with Mexico, Hong Kong and Romania as well as a Protocol of Amendment with Great Britain and an exchange of notes with

France. Museums cooperation agreements were signed with France and Mexico and negotiations were initiated with Great Britain. Finally, the Department organized the first conference in Canada of Ministers responsible for TV5, the international French language satellite television consortium.

Corporate Management

Detailed information on this sub-activity is contained in the part of the Report dealing with administrative accountability. The ratio of Corporate Management's financial resources to total DOC financial resources steadily improved during the three years covered by the MOU. The Department has therefore achieved its IMAA objectives in that area.

V. ADMINISTRATIVE ACCOUNTABILITY

Program and Resource Management

In 1991-92, the Department continued to tackle the challenge of meeting the widely diversified demand for resources from within budgets constrained by cuts and levies.

Following the Budget of February 1991, over \$13 million was cut at the outset from the total gross expenditures of \$573 million included in the 1991-92 Main Estimates (\$352 million in appropriations and \$221 million in revenues credited to the Vote). The Department reviewed its financial situation at the end of the fifth month of the fiscal year in order to deal with its commitments and emerging priorities.

Following the spending freeze announced on January 27, 1991, the Department replaced its nine and twelve months reviews by systematic reviews of discretionary activities and departmental obligations, according to criteria developed by the Treasury Board Secretariat for the application of the spending freeze. The Department managed to realize savings in the order of \$9 million following the spending freeze. They were achieved through the application of specific measures, such as the cancellation or postponement of certain projects and the scaling down of others.

The Department was dealing in 1991-92 with a \$22.3 million reduction in its budget as it administered the programs under its responsibility. If we add to this the fact that DOC has attained close to full utilization of its resources in the last five years, we may conclude it is able to manage its resources effectively. It has done this by making some tough decisions, while always striving to minimize the negative impact on its clients and maintain the highest possible level of service. This aspect of departmental management is of particular interest as Treasury Board intends in this fiscal year to closely monitor the integrity of departmental programs in the context of expenditure restraints.

It should be noted that since the coming into effect of the IMAA MOU, DOC has maintained closer and more frequent contact with the Treasury Board Secretariat, in a healthy atmosphere of negotiation and challenge that characterizes the roles of the two organizations. The result has been an improved expenditure management cycle, and hence more effective management.

Single Operating Budget

Trying to cope with the pressures imposed by shrinking resources and an ever growing demand, the Department has proposed to implement on a trial basis, the Single Operating Budget concept. While this is not an initiative that has to be reported in the Annual Management Report, its importance and its potential impact on the management practices of DOC and other departments in the future warrants a mention in this Report. We have undertaken a number of steps towards the implementation of the Single Operating Budget regime, an integrated change in how we manage our resources. A departmental Task Force was formed in order to develop criteria, manage the change process and create the broad consensus needed to make this important transition. To support its managers in the decision making process and provide them with more delegation, DOC has undertaken to provide expanded access to its internal financial information system to all directors general. This access will also be extended to all managers by the fall of 1992. In addition, DOC will add a new salary planning module to its internal financial information system.

Since salary expenditures represent a large part of DOC's operating expenditure budget, it is essential that these expenditures be up to date. DOC has, therefore, undertaken an objective review of its internal payroll process to ensure that all salary transactions are processed as quickly and accurately as possible. We are also undertaking an extensive in-house training program to enable managers to fully utilize the departmental financial information system and the new salary planning tool. In addition, DOC has distributed throughout the Department a Managers Guide to Single Operating Budgets which will form the basis not only for the transition to SOB, but outlines to managers their responsibilities in the areas of financial management, human resource management and information systems. We have also invested in the sharing of information outside the Department, as we are aware of the valuable input we can provide to those who will implement Single Operating Budgets in 1993-94. This is why we have made numerous presentations to date and participated in a number of meetings with other departments in order to share information and advice on the project.

Human Resource Management

Management of human resources remained a high priority in 1991-92. As a strategic initiative to reinforce our commitment to the well-being of employees, we introduced a three-day annual training entitlement, which is going to be in effect in 1992-93. In addition, the Department also introduced an Ombudsman Service. This third-party neutral redress mechanism aims at providing employees with an informal process for addressing issues/concerns related to their work situation. Moreover, the Department also announced the implementation of an Upward Feedback Program in 1992-93 whereby members of the Executive Group would receive feedback from their

immediate staff on their management style. We pursued a "no lay-off policy" for employees while at the same time, reducing 20 percent of the Department's Executive Group, this to meet our organizational responsibilities while putting the decision-making into the hands of our personnel.

During 1991-92, some 118 employees benefitted from the Counselling Program and the Career Management Training. In order to meet an increasing demand, a module on "Job interviews' techniques" was added to the course on "How to prepare your C.V.". These were offered to DOC employees as part of the 1991 training session.

In the area of workforce adjustment, the Department posted a good performance against established targets in the three years of the MOU. During that period, 445 employees were affected by downsizing and only those refusing to relocate were laid-off. We will continue to closely monitor our performance in this area, given the importance given by Treasury Board on the effective management of the Work Force Adjustment Directive.

The Department regularly collects information on employees' attitudes. The second all-employee survey was carried out in December 1991 and January 1992. The survey measures five dimensions: employee morale, job characteristics, overall climate and culture, management practices, and specific initiatives. Preliminary findings are being disseminated and discussions with employees from every sector and region will take place in the months to come. These meetings will also be used to probe employees' opinions on ways to improve service to clients and on their attitudes toward the performance appraisal process. A final report is expected in the fall.

Administrative and Information Management Policy

The Department uses sole source contracts to obtain the specialized expertise it needs to maintain its position as a leader in the fields of telecommunications, research, museology and conservation. In such a context and considering the fact that a relatively small portion of our more important contracts are awarded to a sole source, we consider that we are allocating as much competitive contracts as possible.

In the area of Information management systems, a merger of the Informatics Management Branch and the Senior Executive Network Branch brought in significant management changes. Two availability targets were established for 1991-92: Overall Systems Availability which includes four primary computer environments, and; Overall Network Availability which pertains to all data communications across Canada. Both targets were exceeded during 1991-92.

Regarding the Access to Information Secretariat, a total of 136 access requests were handled in 1991-92, compared with 125 in the previous year. We maintained a high percentage (87.5 percent) of timely treatment of requests.

Official Languages

The Department is committed to a better provision of services in both official languages, in the spirit of the existing legislation on this matter and the emphasis given by the government on service to the public. Our commitment has been demonstrated by the conduct of 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. The survey was carried out during the first two weeks of July 1991. The results showed that 92 percent of our clients always received their services in the official language of their choice and that 95 percent of our clients were always satisfied with the linguistic quality of written communications. Those are very positive results for a survey of this kind.

In March 1991, the Department also conducted a survey on the language of work. A total of 2,000 questionnaires were sent to all employees and we are in the process of analysing the results. From data already available, we have registered progress in enabling employees to work in the language of their choice.

As soon as an employee is appointed to a bilingual position for which he or she does not meet the language requirements, a training plan is developed and implemented. At the end of March 1992, 78.4 percent of supervisors in bilingual positions met the language requirements of their position. This significant increase over the last three years (75.3 percent in 1989-90; 77.5 percent in 1990-91) proves this initiative has been very effective, even though the target set in the MOU has not as yet been reached.

As for linguistic representation, the Department continued to improve the Francophone participation particularly in the Technical and Scientific categories. However, anglophone participation in certain employment categories in Quebec and New Brunswick remained low. Renewed efforts are being invested through education and information to try to redress the situation.

Evaluation and audit

Last year's AMR indicated that all departmental policies and programs which have been in operation for a number of years would have been evaluated by the end of the MOU period. We are glad to report that all major DOC policies and programs, except for Telecommunications Policy and Communications Development, have been evaluated at least once. Telecommunications policy is expected to undergo significant revisions in the near future and will not likely be subjected to an evaluation in the next few years. The evaluation assessment (the planning phase of an evaluation) for Communication Development and Planning was completed. The scope of the evaluation was reduced to only include the International Research and Development and International Marketing. The evaluation of other areas within Communications Development and Planning was not considered by senior managers to be timely given recent reorganization of the Branch.

A worthy example of value added through evaluation can be found in the Book Publishing Industry Development Program (BPIDP) evaluation reported in this year Annual Management Report. The evaluation provided crucial and credible information for a major government policy reformulation and revamping of the program. In addition to serving departmental planning, resourcing and program design need, results of the BPIDP evaluation were shared and discussed with central agencies officials and, thereby, contributed to the policy formulation process. The evaluation group is also involved in consultation with industry on future program design. The audits conducted in this fiscal year are consistent with the 1991-92 Internal Audit Schedule but for the Human Resources Planning and Development audit, which was cancelled because it was covered by another audit conducted by the Audit Branch of the Public Service Commission. The audit reports for the 1991-92 are presently either completed or are at the discussion stage with management.

VI. IMPLEMENTATION OF THE MEMORANDUM OF UNDERSTANDING

In 1991-92, the Minister approved the terms and conditions of 71 new IMAA contributions totalling approximately \$6.9 million. The steady increase in new IMAA contributions can be attributed to an increased awareness and utilization of the IMAA contribution authority. This mechanism has made it much easier for the Department to fulfil its mandate.

Following the February 1991 Budget Speech, the creation of two new Special Operating Agencies (SOAs) was announced for DOC. Work continued throughout 1991-92 on setting up both the Canadian Heritage Information Network (CHIN) and the Canadian Conservation Institute (CCI) as SOAs. Framework documents, business plans and TB submissions were prepared, and intensive negotiations were held with Treasury Board.

To reflect the changes brought in the Department by the regionalization process, the Department is currently reviewing its Operational Plan Framework. It is DOC's intention to redefine the audit and evaluation universe and the structure of the components to be studied in line with the new OPF. Based on the results of this exercise, audit and evaluation plans for the next IMAA MOU period will be developed in consultation with the OCG and TBS.

As to the control of delegated authorities included in the IMAA MOU, existing processes were used wherever applicable to monitor these delegations.

Finally, the Department's contribution to the major accountability review, aimed at assessing to which extent the expectations and targets as defined in the MOU have been achieved, is found throughout the AMR. We tried whenever possible, to offer information on our overall performance over the last three years in order to provide an overview for Treasury Board's consideration. The review of our accountability regime that we intend to initiate during 1992-93 will complete the requirements of the 1989 IMAA MOU and ensure a transition to the extended IMAA. Treasury Board input into this exercise is essential, as feedback from past experience will guarantee an even better performance in the future.

CONCLUSION

In assessing the Department's performance in the past, we believe it is possible to conclude that our programs have generally been effective and well managed. Despite the ever-decreasing availability of resources, the Department continues to make significant efforts to provide satisfaction to its clients through the delivery of programs.

As far as management is concerned, the Department insisted on a constant re-evaluation of its priorities in order to meet the challenges posed by reductions and levies. In this context, every initiative undertaken is planned to guarantee fiscal responsibility. For example, departmental revenues and the Communications and Culture Reserve are used to finance new support programs to the industry. Other recent legislative measures, such as the status of the artist, are designed to improve the situation of creators in the market instead of creating a dependency toward government's support.

We realize that while we met or exceeded many objectives set out in the IMAA MOU, some performance targets were only partially achieved. We are convinced however, that this situation is not reflecting a performance problem. In the last three years, the Department launched new initiatives and strategies in order to meet its objectives. Results from these initiatives are already in evidence and will likely improve departmental's performance in the future.

In the last three years, the Department operated inside a more flexible and dynamic management framework, created by the Memorandum on Increased Ministerial Authority and Accountability signed with the Treasury Board. These last three years have been extremely beneficial and allowed for a greater autonomy in the pursuit of the DOC's mandate and for a better relationship with Treasury Board. The best proof of our success is the extension of our MOU until 1995.

Part I:
Program Accountability

SPECTRUM MANAGEMENT AND REGIONAL OPERATIONS

1.1 Performance Indicator

Results of international negotiations concerning the use of the spectrum.

Performance Targets

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

Fiscal year 1991-92 marked the culmination of the Department's involvement in preparatory activities which preceded the World Administrative Radio Conference (WARC 92) held in Spain. Department delegations garnered support from other countries for Canadian proposals put forth at the conference. Canadian proposals covered various services including new generations of cellular telephone systems, mobile satellite, air-to-ground communications, spectrum requirements for Digital Audio Broadcasting and High Definition Television. In most cases, Canadian proposals formed the basis for decision during the conference and spectrum allocations were approved by the conference for all of the above new services.

1452 - 1492 MHz	Terrestrial and Satellite Sound Broadcasting
17.3 - 17.8 GHz	Wideband HDTV Broadcast Satellite Service

The successes at WARC 92 were founded on solid preparatory work by the Department and close cooperation with its spectrum clients. These allocations have given the green light to Canadian broadcasters and the Department to start planning for the introduction of the services.

In the bilateral arena, the Department established spectrum sharing agreements with the U.S. for safety services and multi-point communications systems in the 800 MHz band. Also, negotiations have been well advanced for the utilization of the air-to-ground communications frequencies.

1.2 Performance Indicator

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

Performance Targets

- 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

In 1991-92, the Department has continued its work towards streamlining access to the spectrum for its clients. We have implemented administrative fleet licensing for large mobile fleets by grouping identical mobiles. We have also implemented a simplified application process for VSAT earth stations (expected to be a high growth area) and proposed fleet licensing for mobile earth stations.

The Department has also automated its international frequency notification and Canada/U.S. coordination processes, resulting in reduced administrative tasks and processing times for authorizing stations.

In 1991-92, the competitive licensing process was used to select national service providers for the Air-to-Ground Public Telephone Service and for assigning the last nation-wide 900 MHz paging frequency.

In response to client concerns, the Department adjusted its 30-percent penalty for reinstatement of an expired radio licence to 5 percent and 13 percent depending upon when reinstatement occurs.

The Department released six Radio System Plans, four Radio Standards Procedures and six Radio Standards Specifications applicable to various classes of radio stations.

1.3 Performance Indicator

Volume and timeliness of radio licences issued, broadcast certificates issued and examinations conducted by 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 percent of land-fixed applications processed within 15 days, 60 percent within 30 days and 90 percent within 90 days).

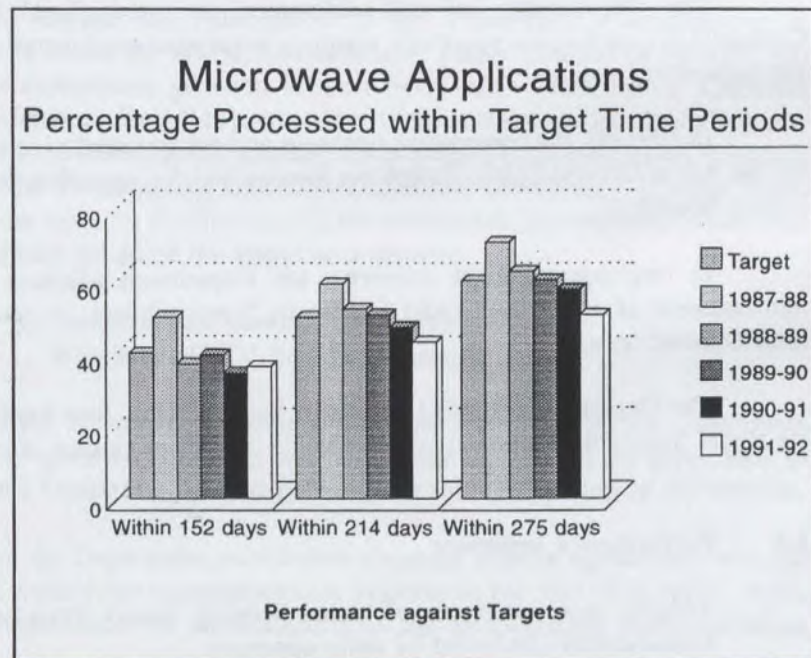
Findings

The spectrum is made available to Canadians by setting conditions on its use, assigning frequencies, and issuing certificates and licences. In 1991-92, 94,526 individual licences were issued compared to 77,896 in 1990-91. Fiscal year 1991-92 which represents the second year of system licensing for radio common carriers, resulted in the issuance of 605 system licences for this service. The total number of system licences including cellular now stands at 5,440. At the end of fiscal year 1991-92, 867,597 radio station licences representing all classes of stations were in effect.

In 1991-92, 1,881 microwave applications were processed (down 4.4 percent from 1990-91), as well as 21,535 land-mobile applications (down 23 percent from 1990-91), 15,660 land-fixed applications (down 14.9 percent from 1990-91). These reductions are due to an increase in system licensing. There was 19,379 ship, aircraft and amateur applications (up 8.6 percent from 1990-91) and 2,420 space and earth applications (up 155 percent from 1990-91 due to the migration of service users from ANIK C & D series satellite to ANIK E).

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. Improvements in the processing of land-fixed radio applications have been realized in 1991-92, however overall performance continues to lag the established performance target

Figure 1



(90 percent of land-fixed applications processed within 90 days) this time by 10.4 percentage points. 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 have contributed to reverse this trend and slightly improve the service to fee paying client. With the exception of microwave applications, all other service categories have gained ground against the established performance targets (see Figures 1, 2, 3, 4 and 5).

Figure 2

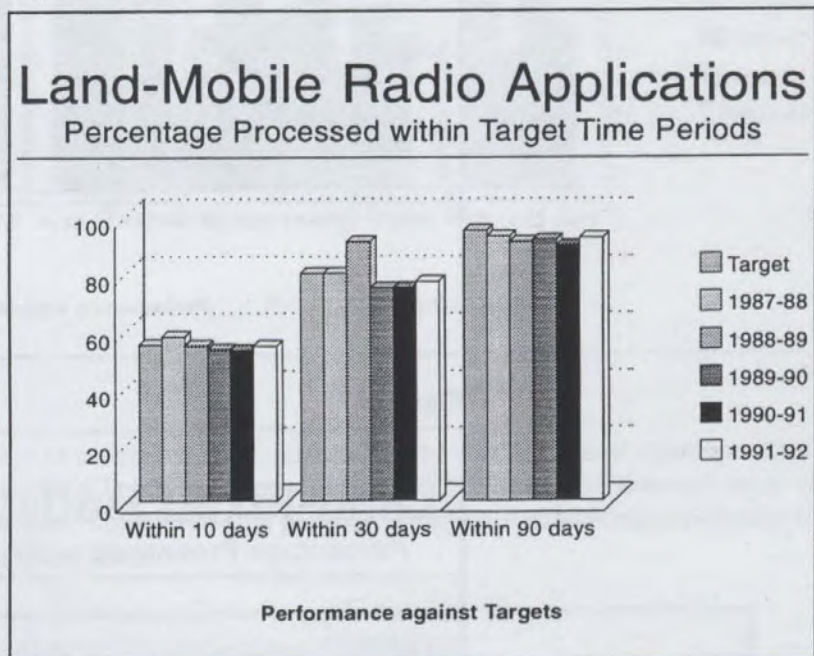
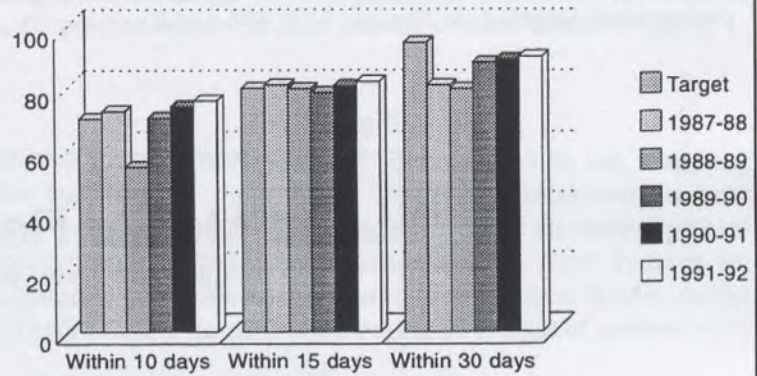


Figure 3

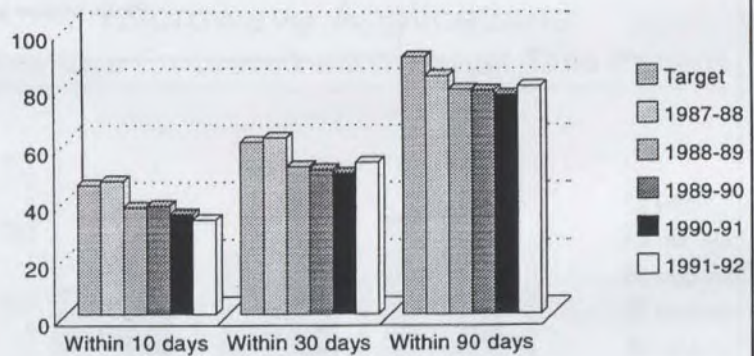
Ship, Aircraft and Amateur Applications Percentage Processed within Target Time Periods



Performance against Targets

Figure 4

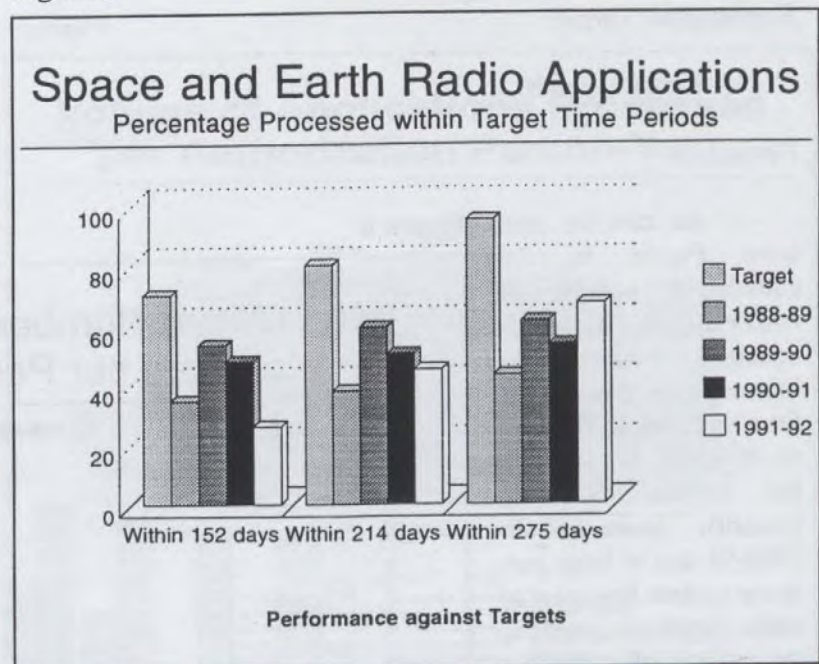
Land-Fixed Radio Applications Percentage Processed within Target Time Periods



Performance against Targets

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 1990-91, 6,253 such applications were processed by DOC and in 1991-92, 6,733 (up 7.7 percent). An indicator of timeliness may be misleading for this activity as several factors beyond DOC's control affect the application processing time.

Figure 5



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	1991-92
DOC Examiners	16,427	10,784	10,307	9,040	10,501
Non DOC Examiners	0	8,581	12,629	14,870	23,093
TOTAL	16,427	19,365	22,936	23,910	33,594

Since the inception of this program in 1987-88, the Department has realized significant efficiency gains by doubling the number of examinations conducted yet reducing its staff involvement.

1.4 Performance Indicator

Volume of individual, system and fleet licences issued relative to person-years over time.

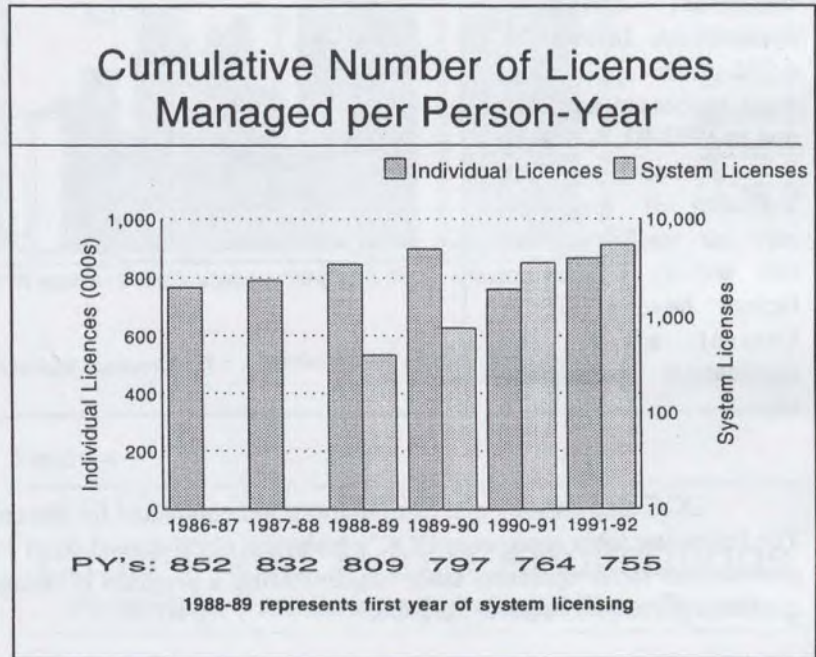
Performance Target

Monitor trends.

Findings

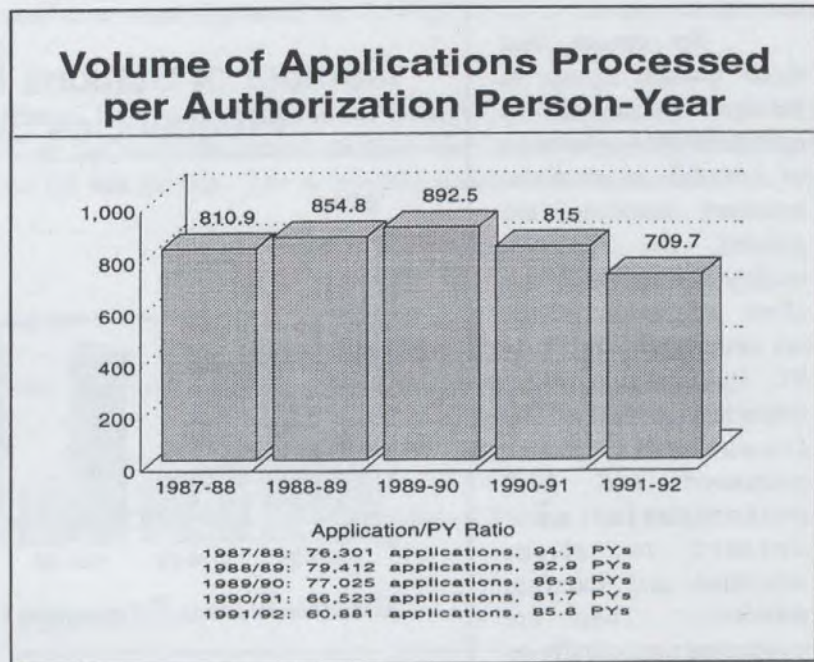
As can be seen from Figure 6, the cumulative volume of individual licences managed has continued to increase over time, rising from 790,746 in 1987-88 to 899,890 in 1989-90 (an increase of 13.8 percent); however, in 1990-91 due in large part to the system licensing of radio common carriers, the volume of individual licences had fallen to 761,794 (a decrease of 15.3 percent over 1989-90). In 1991-92, the volume of individual licences has risen to 867,597 (an increase of 13.9 percent over 1990-91).

Figure 6



However, the number of radio licence applications handled in 1991-92 continues to decline (see Figure 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.

Figure 7



1.5 Performance Indicator

Proportion of costs which are recovered.

Performance Target

100 percent recovery of spectrum management costs.

Findings

Overall spectrum management costs are fully recovered from radio licence revenues. In 1990-91, these costs amounted to \$71.2 million (estimated at \$70.2 million for 1991-92).

1.6 Performance Indicator

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

Performance Target

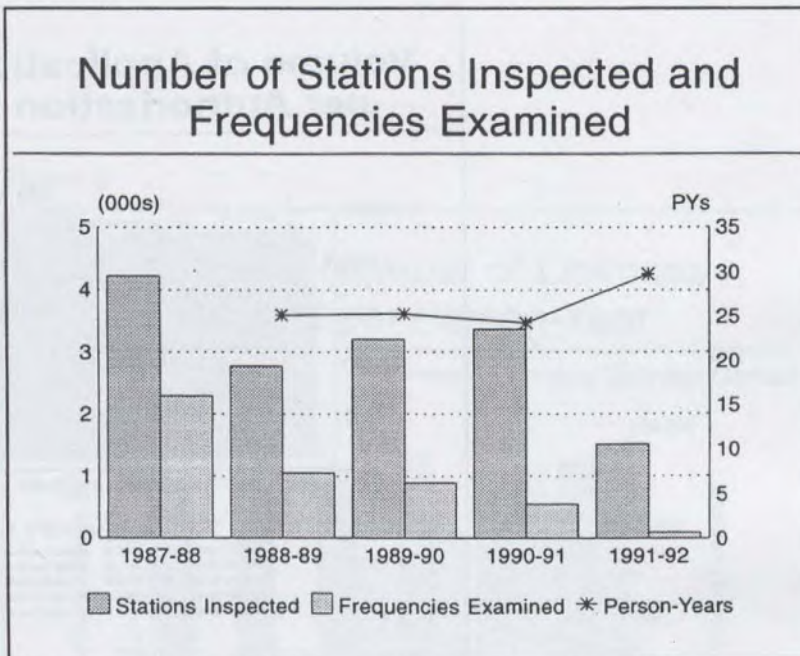
Both conducted periodically on proactive basis in congested areas, and in response to complaints in other areas.

Findings

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 1991-92, 1,508 stations were inspected. A total of 100 frequencies were measured and 29.8 person-years were devoted to client education and interface activities. These are conducted periodically on a proactive basis in

congested areas, and in response to complaints in uncongested areas. (See Exhibit 8.). The number of inspections and frequency measurements has been reduced in order to place more emphasis on client education and interface activities.

Figure 8



1.7 Performance Indicator

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

Performance Targets

- 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

Based on the results of the sampling program and on results from stratified samples of the maritime mobile service, the Department implemented client education initiatives to improve compliance rates within these services. These initiatives took the form of multi-media campaigns targeted at equipment suppliers, communications representatives, yacht clubs, marinas and boating enthusiasts. Poster, pamphlets, brochures, booklets, advertisements, notices and a video program

formed the basis of the campaign. In addition, field personnel attended trade shows to distribute this material and provided seminars, when requested, on the importance of radiocommunications and the proper use of radio.

The measured compliance rate for the maritime mobile service is 60 percent. In 1992-93, the Department will re-measure the maritime service to determine if the above initiatives have improved the compliance rate for this service. The acceptable standard for the maritime service has been set at 88 percent.

1.8 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.

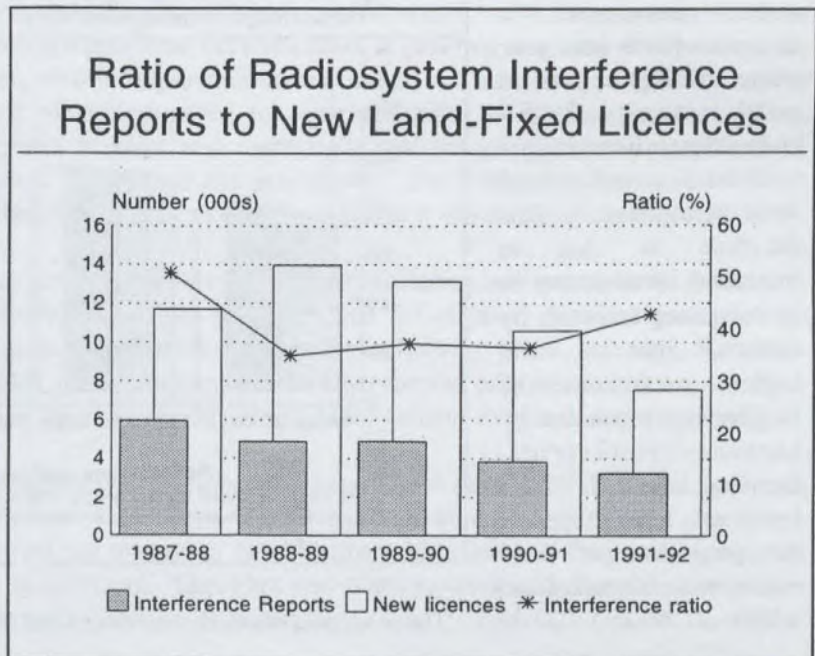
Findings

In 1991-92, both the number of radiosystem interference investigations and the volume of new land-fixed radio licences have declined in comparison to previous years. Interference complaints have decreased by 13.7 percent and land-fixed licence volumes by 36.9 percent.

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. From 1988-89 to 1990-91, interference complaints expressed as a percentage of all new land-fixed licences has remained stable over the last three years at approximately 36 percent. But with the implementation of system licensing, the indicator is now

Figure 9



starting to show an increase (due to an increase in the base figure of the formula used for ratio). For 1991-92, it has risen to 42.9 percent. However, this anomaly will stabilize over the short term. (See Figure 9.)

1.9 Performance Indicator

Timeliness of response to interference complaints.

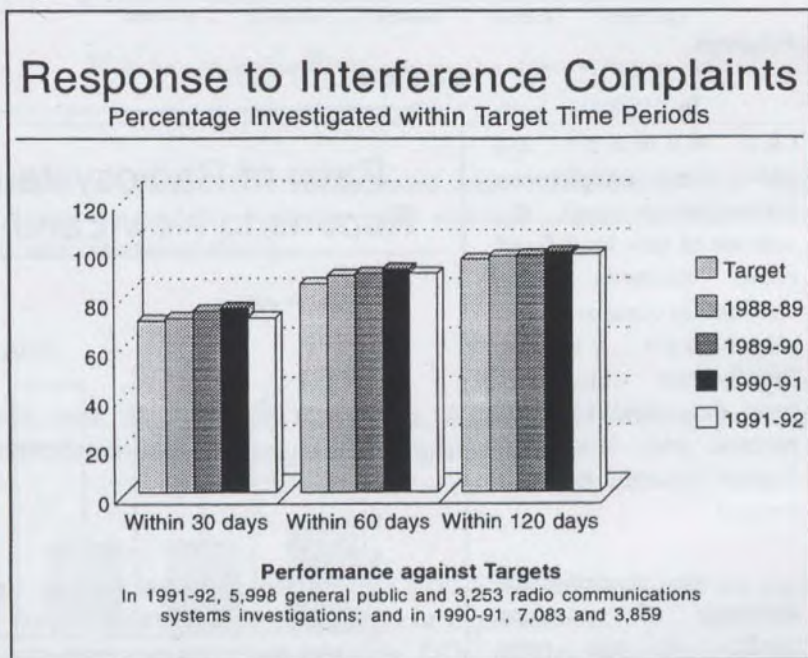
Performance Target

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

Findings

In 1991-92, 5,998 general public and 3,253 radiocommunications systems investigations were completed, a decrease from last year when 7,083 general public and 3,859 radiocommunications systems investigations were completed. 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 1991-92. (See Figure 10.)

Figure 10



1.10 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

Last year's Annual Management Report detailed evaluation findings and conclusions from a comprehensive evaluation of the Spectrum Management Program. Briefly, the evaluation concluded that the Department's Spectrum Management Program is well managed, that it achieves its objectives and that there is a continuing need for this program. The reason for this are: the high potential for interference among spectrum users, and the large number of international commitments to manage the spectrum. The program has generally been successful in ensuring that Canadians have access to an interference-free radio frequency spectrum. The majority of clients are generally satisfied with the Department's performance - the Department has been successful in resolving interference problems between users in granting access to the spectrum for most applications. However, clients express concerns about the cost and complexity of the application process, the lack of opportunities to comment prior to changes in regulations, inconsistency in the enforcement of rules and regulations and the adequacy and timeliness of notifications of changes to rules, regulations and procedures. The evaluation recommended that clients services could be enhanced and that current fee structure should be reviewed.

Spectrum management proposed several significant initiatives in response to the evaluation recommendations. For example, they have proposed that Information Services managers be engaged in each region to develop comprehensive communications plans. As well, Spectrum Management branches will work closer with Information Services to prepare clear documentation for its clients. A publication to describe the Spectrum Management Program is also planned.

Sample client surveys are being developed to assess client satisfaction with the Spectrum Management Program's procedures, services, and information availability. Internally, alternative mechanisms are being examined for managing the Spectrum Management Program in order to encourage optimal allocation of spectrum. There are also plans to work with Program Evaluation to develop a manageable approach to future evaluations.

These initiatives take into account the rapidly changing environment and limited resources which are available.

1.11 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 a second evaluation of spectrum management.

1.12 Performance Indicator

Impact of other departmental programs on spectrum-related activity.

Performance Target

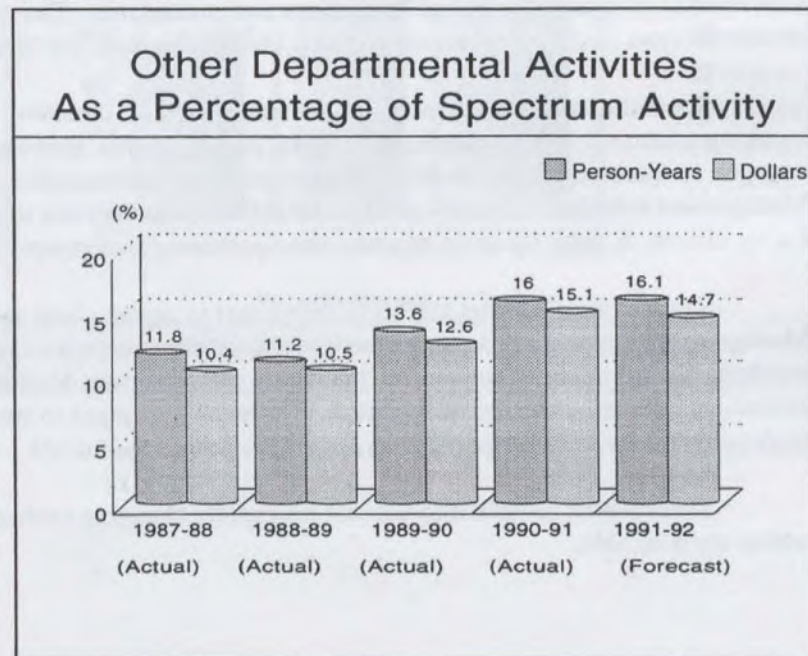
Monitor PYs and \$ ratios.

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 Department is also responsible for

Figure 11



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 generate approximately \$2 million.

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 and the Department's commitment to improving client services, noticeable changes in this indicator are becoming apparent. For example, in 1987-88 the person-years devoted to the regional delivery of departmental programs represented 11.8 percent of available resources and the financial expenditures represented 10.4 percent of available salary and operating budgets. However, the forecasted expenditures for 1991-92 will amount to 16.1 percent of available person-years and 14.7 percent of available financial resources.

TECHNOLOGY, RESEARCH AND TELECOMMUNICATIONS

1.0 Policy Development

1.1 Performance Indicator

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

Performance Targets

1991-92 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.

1991-92 Telecommunications and Telematics and New Media Policy targets include:

- Achievement of policy targets in areas of telematics and new media. This involves multi-faceted policy work: 1) Elaboration of policies and strategies to develop new markets in Canada for advanced communications services (telematics) and computer-based media (new media). 2) Encouragement of new alliances and partnerships to promote the capabilities of Canadian communications industries to develop new technologies and their applications and services for domestic and international markets. 3) Establishment of effective collaboration between governments and industry at the national and international levels.
- Draft telecommunications legislation for tabling by the Minister in Parliament.
- Carry out the privatization of Telesat.
- Reassess core spectrum policy principles and develop a strategic Spectrum Policy Framework for Canada.
- Develop comprehensive Canadian proposals for the 1992 Radio Allocation Conference (WARC-92), and effectively advance Canadian goals at the conference.
- Advance to the last phase of the 30-960 MHz policy review and issue a set of proposals for public consultation.
- Assess and recommend network structure and licensing policies which will provide efficient and economic telecommunications services to users, by competitive processes wherever possible.
- Develop and implement a management system for Canadian involvement in international standards activities, plan and direct participation in major international assemblies of senior standards bodies.
- Secure approval for a National Summit on Information Policy.
- Launch Phase I of SPIRIT, a national initiative to develop Canadian markets for electronic information.
- Develop TRI-EDI, a major proposal to promote electronic commerce between Canada and Europe.

-
- Prepare a TB submission to approve funding for a new media publishing strategy with the Council of Ministers of Education, Canada (CMEC).
 - Launch a joint working group with the CMEC to organize a pilot phase for new media publishing.
 - Prepare a preliminary report on cultural databases.

Findings

Information Society

Studies were undertaken in the Department to determine the social policy implications of moving to an information society. These implications pertain to personal and corporate privacy, the amount of access available in a world of private networks and on-line data bases and the quality and quantity of work available for Canadians. The studies support the Department's efforts aimed at preparing a set of Privacy Principles, which will be presented to the Minister during the Summer of 1992, and provide guidance for the upcoming Information Summit scheduled for December 1992. (See National Summit on Information Policy.)

Vision 2000

The Department facilitated and acted as a catalyst for Vision 2000 and other initiatives aimed at developing and implementing collaborative and strategic R & D by government, industry, university and research organizations. Vision 2000 has developed a strategy and action plan for establishing consortia to speed deployment of advanced personal communications systems, which targets the following seven project areas: a national public system for interchange of messages, text, data, documents and images; mobile/remote personal terminals; multimedia databases and network; desktop video; personalization of the network; secure integrated communications networks; and bandwidth for the future. The Department continued to provide strong support to various Vision 2000 working groups and to participate in collaborative projects. Plans are underway to convene a workshop for the members to get started on an integrated strategy for the early development and deployment of these projects.

Industry R & D Policy

The Department is responsible for developing and implementing R & D policies for industry. During 1991-92, a jointly sponsored DOC-ISTC (Industry, Science and Technology Canada) Telecommunications R & D Study was completed. Financial, regulatory and institutional constraints to the conduct of R & D were identified including the treatment of R & D expenditures by the tax system and CRTC regulations. Policy consultations with carriers on R & D and service innovation will be required for which this Telecommunications R & D Study could serve as a starting point. The cellular service providers have also announced higher R & D commitments; beginning in 1992-93, such commitments will be factored into licensing decisions for new services such as cordless telephony.

Intellectual Property and Technology Transfer

The Department's Technology Transfer Office (TTO) has now assumed all of the responsibilities previously resting with Canadian Patents and Development Limited (CPDL) for intellectual property management. Licensing and patenting procedures, including control mechanisms for monitoring revenues and expenditures have been put into place. An active promotion and marketing program to transfer the Department's technologies to industry was implemented. Some 60 licences were signed and/or negotiated, providing \$30,000 in revenues.

Major policy changes are occurring in intellectual property at both the government wide level and within the Department. Considerable effort has been required to assist in communicating and implementing the new Treasury Board policy concerning intellectual property (IP) ownership. Under the new IP policy, intellectual property resulting from contracts that encompass R & D activities vests with the contractor unless otherwise justified by the Department. Other efforts in IP concern revisions to departmental directives to reflect policy and procedural changes in intellectual property policy and technology transfer activities. The drafting and circulating by TTO of a document entitled "Operational Guidelines for Intellectual Property Management" represents a significant amount of input into this exercise.

Science and Technology Policy

Work undertaken with the Organization for Economic Cooperation and Development (OECD) Expert Group on Economic Implications of Information Technology (EIIT) and the Committee on Information, Computers and Communications Policy (ICCP) has continued. Major activities this year have included active participation and background preparation for an intensive OECD/ICCP study on Comparison of Changing Public Policies on Information Technology In Canada, the Netherlands and Sweden; planning and research in preparation of a Special Session on Information Technology planned for October 1992; and attendance at EIIT and ICCP meetings.

Telecommunications Legislation

The Minister tabled a comprehensive telecommunications bill in the House of Commons on February 27, 1992. The bill is designed to ensure that Canada's telecommunications system can respond to rapid technological change and to the demands of the market place, helping Canada remain internationally competitive and benefitting consumers.

In essence, the bill provides a Canadian telecommunications policy framework that is responsive to provincial and regional interests; unifies the regulation of the major carriers under the jurisdiction of the CRTC; strengthens measures for Canadian ownership and control of the telecommunications carrier industry; makes the regulatory system simpler and more flexible; and facilitates the development of more competition where this is in the public interest.

Privatization of Telesat Canada

The sale of the government's 53 percent shareholding in Telesat Canada to Alouette Telecommunications Inc. was announced on March 24, 1992.

The Minister confirmed that Telesat will remain a separate entity and will continue to be subject to the Radiocommunication Act, CRTC regulation and Department's policy. As such, Telesat will continue to serve as the primary vehicle for providing the northern and remote areas of Canada with access to telephone, broadcasting and other communications services.

Development of a Spectrum Policy Framework for Canada

In 1989, the Minister announced a review to reassess spectrum policy. Consequently, in 1990, the first phase of public consultation began with the release of a discussion paper raising a wide range of issues. In November 1991, a proposals paper outlining a set of core objectives and principles for the formulation of a policy framework was released with a deadline for public comments in March 1992. The Department has received twenty-nine briefs which will be important inputs to the finalization of a responsive spectrum policy framework for Canada which could be announced by the Minister in the fall of 1992.

Results of WARC-92

A Canadian Preparatory Committee was put in place in 1989 to develop Canadian proposals to the World Administrative Radio Conference(WARC-92) to provide radio frequency allocations for a wide range of new services and technologies. The Committee was made of representatives from both the government and the industry. In June 1990, Canada submitted and negotiated the Agenda for the Radio Conference and then began developing its proposals. This was accompanied by a series of extensive bilateral/multilateral discussions to advance Canadian views. The final proposals were submitted for the Conference in November 1991. This was followed with development of positions and strategies for the Canadian delegation.

A Canadian delegation lead by the Department, with representation from industry, participated in the Conference and achieved significant success. New radio frequency allocations, crucial to the future development of services and technology, were approved at WARC.

Spectrum Policy Review for the 30-960 MHz Frequency Range

As Part II of this review, policy proposals are presently being developed for the remaining portion of the spectrum and will be issued in late 1992.

Local Distribution Telecommunications Infrastructure

The Minister announced on May 29, 1991 the establishment of the Local Networks Convergence Committee (LNCC). The twenty private-sector members of the LNCC represent cable television operators, broadcasters, telecommunications common carriers, service users and service providers. The mandate of the Committee is to examine the technological, socio-economic

and cultural aspects of the evolution of the local distribution infrastructure. The LNCC is focusing on the impact of these developments on the policy and regulatory regime under which the various industry sectors presently operate. The Co-chairs of the Committee will shortly present a report to the Minister with recommendations to promote the orderly development of an efficient local distribution infrastructure for Canadians into the next century.

Radio Licensing Policy for Limited Area Fixed Radio Systems

A policy document was released on August 17, 1991 as the culmination of an extensive public consultation review. It provides greater choice of services and flexibility in the establishment of radio facilities that would generally be confined to a free-calling area to meet users' unique needs in a timely and efficient manner through a more open licensing environment and process. Through various consultations with the industry it was determined that the policy has been favourably received by the telecommunications industry and users in general.

Discussion Paper to Consider Relaxing the Intercity Radio Licensing Policy

Following the release of the limited area policy and in response to various requests for an expansion of that policy, a public consultation process was initiated to consider if it would be in the public interest, to relax the existing policy as it relates to intercity radio systems. This consultation process was started on April 18, 1992 with the publication of the document "Discussion Paper to Consider Relaxing the Intercity Radio Licensing Policy".

Transborder Satellite Services Policy Review

This review of the domestic policies was announced in the Canada Gazette in September 1989. The policy changes which are to be made would apply only to the fixed satellite, non-broadcast services of the VSAT and equivalent types and would exclude point-to-point and mobile services. This will enable us to give effect to the arrangement reached last year with the USA on these particular services. A key aspect of the policy will be a means to ensure the equitable utilization of Canadian satellite facilities, when faced with the large and numerous US satellite service providers.

The Telecommunications Standards Advisory Council of Canada

In May 1991, the Minister, in conjunction with the President of the Standards Council of Canada (SCC) announced the establishment of the Telecommunications Standards Advisory Council of Canada (TSACC).

TSACC is intended to provide a Canadian focus for the enhancement of the effectiveness of the Canadian telecommunications standards infrastructure. It is also intended to help in the development and recommendation of strategies for the advancement of Canadian telecommunications standards as well as Canadian involvement and influence in regional, interregional and international standards activities.

TSACC is open to all organizations which are actively involved in telecommunications standards development in Canada.

Implementation of Public Cordless Telephone Service

As a result of public consultation initiated in 1989, a total of 22 radio authorizations were issued to interested parties to conduct technical and marketing field trials for public cordless telephone service. Approximately \$10 million has been spent to date on these field trials.

In September 1991, an Industry Advisory Committee submitted to the Minister Part A of its Final Report containing recommendations on the implementation of an ongoing public cordless telephone service. The report outlined recommendations on all matters with the exception of a single common radio technology. A recommendation on the latter subject was filed in Part B of the Committee's Final Report at the end of February 1992. This recommendation is currently being reviewed for final approval by the Minister.

Also, in September 1991, a Canada Gazette Notice was issued calling for expressions of interest from parties who wish to operate a public cordless telephone service. Over 80 expressions were received by the Department. A call for detailed applications will follow, together with an accompanying policy paper. The decision on the successful applicants is expected to be taken late in 1992 or early 1993.

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

Cellular Mobile Radiotelephone Service Licence Renewals

Cellular mobile radiotelephone service began in Canada on July 1, 1985. Initially, this service was available only in Montreal and Toronto. Since then, this service has expanded and is now available in all Canadian provinces. Two national networks, Rogers Cantel Inc. and CellNet Canada, an association of the telephone company cellular affiliates, are offering this service.

The original licence conditions under which the cellular providers have been operating were revised. After extensive consultations, cellular providers were advised, in January 1992, of new licence conditions concerning Canadian ownership and control, and R & D requirements. The revised licence conditions will be applicable for the five year period extending from April 1, 1992 until March 31, 1996.

Privacy in Telecommunications

In the fall of 1991, the DOC's Telecommunications Policy Group was challenged to develop a policy to address public concerns about privacy protection in the telecommunications sector. A working group was established to review the issues and to analyze various options. Using the proposed telecommunications legislation and the Radiocommunication Act, as a statutory basis, the Working Group developed a set of privacy principles, or code, intended for

implementation by telecommunications carriers and service providers. The code is being submitted for Ministerial approval and public consultation. Its implementation should be in effect at the beginning of 1993.

National Summit on Information Policy

A national summit on Information Policy will be held in Ottawa, in December 1992. The summit will bring together governments, industry and major users to discuss policies and strategies to take account of the impact of advanced information technologies and the changing role of information. The summit will set the stage for an international conference on multi-media technologies that is being held in Canada in April 1993. (See Information Society.)

SPIRIT

Many sectors in the Canadian economy are lagging in their use of electronic information services to gain competitive advantage. In June 1991, to stimulate interest in new markets, a national strategy was published entitled - Support and Promotion for Information Retrieval through Information Technology (SPIRIT) -. Phase I of SPIRIT saw regional pilots organized in 1991 through the Department's regional offices in Ontario, Quebec and Atlantic Canada. Phase II will build on this momentum and seek during 1992 to complete the planning for SPIRIT pilots in Western Canada and the launching of a SPIRIT Alliance across Canada to link the pilots and strengthen the abilities of Canada's database industry.

TRI-EDI

Canadian industry faces serious competitive challenges as more and more businesses in our major trading partners accelerate their move to electronic commerce. Traditional paper-based transactions are being replaced by innovative electronic systems that are transforming the ability of firms to design, produce and deliver goods and services. To ensure that Canadian business is at the forefront of global trading developments, a strategic proposal on electronic commerce - Telecommunications Requirements for International Electronic Data Interchange (TRI-EDI) - was developed. The Department forwarded the TRI-EDI proposal to the Commission of European Communities in December 1991 as the basis for a joint Canada-Europe study on global trading systems. The Commission responded favourably with a request for further discussions planned for June 1992 with a possible start-up of the study in September 1992.

New Media Publishing Strategy

The Council of Ministers of Education, Canada (CMEC) in 1991 endorsed a strategy to utilize new technologies to meet the needs of emerging markets in the field of electronic educational materials. A TB submission was drafted, submitted and subsequently approved in this regard. The New Media Publishing Strategy is based on extensive consultations with industry and the provincial departments of education. The first set of pilots will begin in 1992 and discussions will commence regarding the establishment of a permanent program.

Cultural Databases

The Department prepared a preliminary report on the current vulnerability of cultural databases to fiscal cut-backs, corporate takeovers and changing technologies. Many cultural activities in Canada now rely on cultural databases that may not be able to continue operations in the face of changed circumstances in the marketplace. To help the Department in dealing with these issues, a working group was formed to collect information and study possible strategies. This work will continue through 1992 and submit a report along with a Cabinet submission.

Publications

A number of reports, studies and monographs were also published over the course of the past reporting period. Notable among these were:

- * New Media and the Canadian Television Industry;
- * Report on End-User Applications of Distributed Multimedia: Image Processing Technology;
- * Canadian Participation in the Development of Electronic Data Interchange (EDI) Standards;
- * Classrooms of the Future;
- * Report on the Canadian Mission to Europe on Distance Learning and Computer Based Training.

1.2 Performance Indicator

Satisfaction of interested parties with policy development and delivery processes.

Performance Targets

- 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.

Telecommunications policy is expected to undergo significant revisions in the near future and will then likely not be subjected to an evaluation in the next few years.

2.0 Research and Development

2.1 Performance Indicator

Expenditures (\$ and PYs) by core substantive area.

Performance Target

Actual expenditures and trends over time in \$ and PYs.

Findings

Type of Research	1989-90		1990-91		1991-92	
	PYs	\$ M	PYs	\$ M	PYs	\$ M
Radio and satellite communications technologies	111.1	9.087	115.7	13.399	119.0	14.793
Broadcast technologies	44.7	4.111	41.7	4.352	42.2	4.605
Workplace automation *	61.5	9.280	47.6	9.150	55.9	8.331
Communications devices and components	52.7	4.133	51.9	3.965	50.8	4.492
Total Research Resources	270.0	26.611	256.9	30.866	267.9	32.221

*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 \$5.2 million and 9 person-years for MSAT in 1991-92, \$4.6 million and 6 person-years in 1990-91, \$1.9 million and 4.1 person-years in 1989-90, \$1.9 million and 5.2 person-years in 1988-89, and \$0.7 million and 5.3 person-years in 1987-88.

2.2 Performance Indicator

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

Performance Target

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

Findings

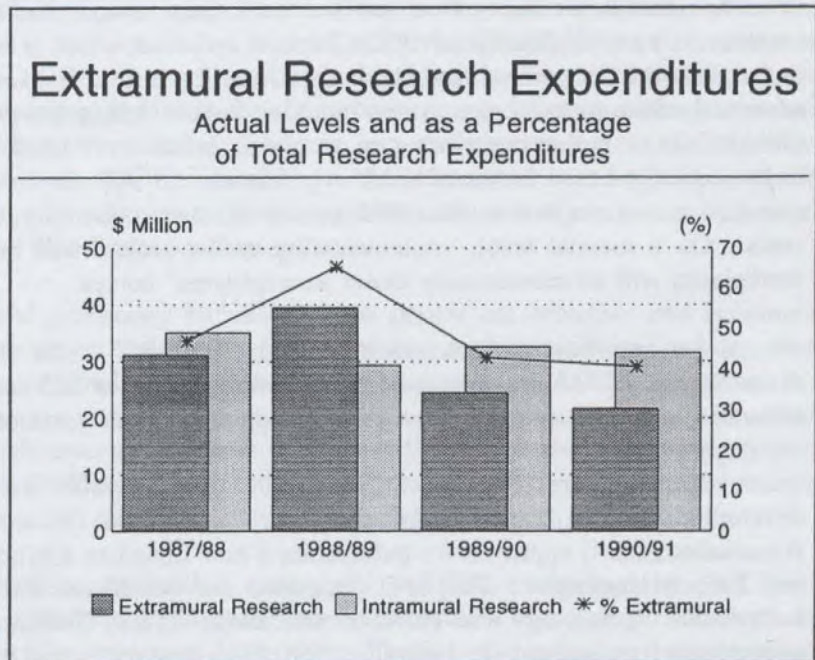
Actual expenditures for 1990-91 reported in the 1992-93 Main Estimates Science Addendum (Natural Sciences) (MESA) for the Department show that extramural contracts, grants and contributions were 40.7 percent (\$21.7 million) of total expenditures. (See Figure 12).

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 \$21 million for 1987-88, \$18 million for

1988-89, \$16 million for 1989-90 and \$13 million for 1990-91.

The reduction in extramural expenditures is attributed to a decrease in funding for the communications Economic Regional Development Agreements (ERDAs).

Figure 12



2.3 Performance Indicator

Significant findings or applications from research efforts.

Performance Target

Descriptive

Findings

The Canadian Workplace Automation Research Centre (CWARC) has contributed to the completion of the MEDIATEX project. MEDIATEX is the first simultaneous French-language caption system which was developed for Radio-Canada to meet the needs of its francophone hearing-impaired viewers. CWARC was responsible for developing experimental platforms and TASF (Transcription assistée de sténotypie en français) software with IBM-France. CWARC also supervised the project's scientific work and, together with Radio-Canada, the technical implementation of MEDIATEX. MEDIATEX has been officially launched on April 14, 1992 by Radio-Canada.

CWARC conducted research aimed at facilitating, from an organizational, human and technological aspect, the development and implementation of an electronically linked satellite office system. Concrete steps to implement a satellite office system have been initiated with the active participation of DOC's Ontario regional office. So far, 18 employees of the Department have expressed interest in working at a pilot project site, located in Burlington, Ontario. The

relocation details are being finalized and we expect to open the first telework satellite office between July and September of 1992. Such an initiative, which is being reported in more details in the Shared Management Agenda, is significant because it is likely to create, with the help of advanced office technologies, a new working culture within the government. It will establish CWARC as a major contributor in resolving problems related to new and more efficient technologically-based forms of work organization. It will also have a positive impact on the retention rate of employees, the training costs and the productivity, thereby reducing government costs. On a societal level, implementation of the project will reduce transportation costs as workplaces will be considerably closer to employees' homes.

An important project was initiated by CWARC in the field of performance support systems with ADGA in support of their participation in a \$26 million consortium to develop advanced interfaces and training aids in complex electronic systems.

The Standards Program Office (SPO) was successful in resolving the impasse in the development of a Bilingual keyboard standard for Canada. As a result the Canadian Standard Association (CSA) approved for publication a new Canadian Keyboard Standard for the English and French languages. The SPO organized and conducted the first Canadian Seminar on Information Technology and Telecommunications (IT&T) Standards which provided a unique opportunity for discussion and identification of key strategic issues for Canada in IT&T standards. A number of key areas of consensus were identified and captured in the Seminar Rapporteur's report which was widely distributed. A recommendation was made to hold similar regional seminars that will encourage regional participation in the standards-making process. These seminars are being planned in the five DOC regions for June 1992.

The Board of Directors of the Optical Society of America has recognized the Department's contribution in the advancement of optics by electing one of the Department's employees to a "Fellow of the Society". The technology of fused fiber optical couplers was invented and developed by the Department. This is the number one technology used worldwide to split, combine and multiplex optical signals and represents a potential multimillion dollar market.

A four-year collaborative activity to carry out research in the area of miniature hybrid microwave integrated circuits (MHMIC) with the Centre national d'étude en télécommunications (CNET) in Lannion, France concluded successfully in 1991-92. This program which was established to more rapidly advance the technology of MHMIC design and fabrication has resulted in many technological benefits to both the Department and the Canadian industry.

Construction of the new Microelectronics Facility and Microwave Laboratories was successfully completed within budget and is now close to full operation. This integrated facility is one of the most versatile of its type in Canada, and will enable researchers to develop a variety of prototype components from semiconductor material growth to full electronic characterization. Moreover, disciplines such as microwave, digital and optoelectronic technologies are co-located in the same area, encouraging interaction, idea exchanges and joint projects among scientists with different fields of expertise. The convergence of these technologies is expected to be an important topic for R & D in communications systems during the next decade.

A significant contribution was made to the Canadian initiative that resulted in the allocation by the 1992 World Administrative Radio Conference (WARC-92) of 40 MHz of spectrum in the L-Band (1.52 GHz) for satellite and terrestrial broadcasting of digital sound. In partnership with the broadcasting industry, the Department carried out numerous research activities, the results of which were included in two reports released by the Consultative Committee for International Radio (CCIR). In addition, the Department was very active in the CCIR deliberations that led to the adoption in November 1991 of two draft recommendations on satellite and terrestrial digital sound broadcasting systems.

Modern digital signal processing techniques now permit the effective and economic elimination of image ghosting which is caused by unfavourable reception conditions and degrades a television picture. Computer simulations and laboratory tests were conducted to evaluate the suitability and compatibility of a number of proposed ghost cancelling systems. As a result of these assessments, and the field tests carried out in the United States, one ghost cancelling system will be selected and standardized for use throughout North America to ensure that viewers receive higher quality television service in the future.

The Advanced Television Evaluation Laboratory (ATEL), established by DOC and supported by private sector partners to conduct subjective assessment of six proposed advanced television systems, was officially opened in May 1991. Testing of the first terrestrial system commenced in August 1991 and by year end the examination of three systems had been completed. Analysis of the data is in progress and the reports on all six systems will be available by December 1992.

Telesat Mobile Incorporated (TMI) announced in June 1991 the completion of its arrangements with Arianespace for the launch of the first Mobile Satellite System (MSAT) MSAT I in 1994 aboard an Ariane 4 launch vehicle at a contracted price of \$120 million. TMI and American Mobile Satellite Corporation (AMSC) signed a \$2 million contract with Comsat Labs and MPR Teltech Ltd. for the complete functional and interface definition of the Canadian ground segment system. The specification of the ground segment has been completed and a contract is expected to be let in early 1992-93. A significant amount of effort from the Communications Research Centre (CRC) of the Department has been devoted to support this project by way of developing modulation and coding schemes, antennas and radio components. In addition, development of aeronautical satellite communications has proceeded. After more than a year of intense preparations of Canadian positions for L-Band spectrum, Canada was successful in securing substantial new mobile satellite allocations at WARC 92.

A \$3 million Phase A1 contract with Spar Aerospace Limited entitles "Advanced Satcom Mission System Concept and Hardware Definition" is progressing well with many of the tasks now completed. This contract, which was jointly funded by DOC (\$1.8 million), Spar (\$565,000) and Spar's sub-contractors (\$642,000), is studying the feasibility of an integrated Ka/Ku-band advanced demonstration payload which is designed to provide a variety of personal, mobile and private business communications services. A proposal for a Phase A2 study entitled "Advanced Satcom Mission Payload Definition and System Feasibility Study" has been received from Spar and is currently under review by DOC. Two major experiments are in progress using the Ka-band repeater on the Olympus satellite.

2.4 Performance Indicators

- Quality of research and nature and incidence of its use.
- Continuing relevance of the R & D.

Performance Targets

- Quality comparable to that obtained in similar private 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 main findings, conclusions and recommendations of the evaluation of research laboratories were outlined in last year's Annual Management Report. In summary, the evaluation found that the research laboratories clearly perform a valuable and distinct function within the Canadian communications industry, and that the quality of the research work is comparable to that done in other countries. However, the evaluation also concluded there was a widespread lack of awareness of some of the lab activities, a need to focus research efforts more closely on industry priorities, and a need to organize and communicate research project information more effectively. The observations and recommendations made in the evaluation are in line with those of the Committee on Federal Science and Technology Expenditures (Lortie Committee), which further enhances its credibility.

The recommendations flowing from the observations were accepted by departmental managers and are being taken into account in the discussions surrounding the new organizational arrangements for the laboratories. As approved by Treasury Board on January 20, 1992, the Communications Research Centre (CRC) became a research institute beginning April 1, 1992, and should be operating fully under the new model as of October 1, 1993. The Department's evaluation function is working with CRC senior management to develop an accountability framework and an assessment framework. It is anticipated that the pilot project will be assessed three years after implementation.

A transition team was put into place in the Fall of 1991 to address the mission, organization structure, functions and accountabilities of the new institute. A submission covering key managerial authorities was presented to the Treasury Board Secretariat and approved in January 1992. A CRC-DOC Memorandum of Understanding has been developed covering the new relationship between the Department and the CRC including funding arrangements, site and corporate services, nature of the client relationship, accountabilities and responsibilities, authorities and management process. Formal contractual arrangements between the Department and the CRC will be finalized in the coming fiscal year.

The CRC will have leadership and excellence in communications research as a key element of its new mission. It will continue to demonstrate the value of government research and will help ensure that Canada's communications industry remains at the leading edge of world competitiveness and continues to contribute to the prosperity of the country. Its mandate will include: developing and promoting communications technologies, systems and services; supporting the efficient use and management of the radio frequency spectrum; contributing to the development of national and international standards in communications technologies, systems and services; providing communications research and development services advice and facilities; transferring technologies to clients; contributing technical expertise in support of government policy initiatives; and facilitating and participating in international research and development agreements.

A president of the CRC, reporting to the Deputy Minister, will be named after a selection process. As well, a board of directors, consisting of representatives from academia and industry will be appointed by the Minister.

2.5 Performance Indicator

Relative costs and benefits of intramural R & D.

Performance Target

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

Findings

On April 1, 1992, the Communications Research Centre (CRC) became a research institute in keeping with the recommendations of the National Advisory Board on Science and Technology. While the evaluations of the research laboratories had consistently acknowledged the world-class calibre of the research carried out at the CRC, they also indicated the need to raise the profile of the CRC activities and enhance the diffusion of knowledge to industry.

Working with increased independence, this new research institute will have increased flexibility and a more collaborative culture for creating partnerships and alliances in academia, the private sector and other public sector organizations. The increased flexibilities are in the areas of revenue retention, use of specified purpose accounts, and personnel exchanges.

CRC will strive to promote and participate in collaborative communications research and development to maximize the effectiveness of research resources and to gain access to, and utilize technical knowledge.

The R & D programs will be planned and evaluated and clients identified through internal and external peer review and advisory processes to determine their success and effectiveness.

3.0 Communications Development

3.1 Performance Indicator

Level of expenditure by industry support program or thrust (\$ and PYs).

Performance Target

Actual expenditures and trends over time in \$ and PYs.

Findings

Activities are concentrated in the following areas:

- Industrial and economic support programs which include direct support to the Canadian satellite communications industry through cost-shared projects under the Space Industry Development (SID) program. This program is being gradually phased out - resources fell from \$8 million to \$3.3 million.
- International R & D cooperation, with particular emphasis on Europe and Japan (3 person-years and \$0.05 million).
- International marketing support (stable at 10 person-years and \$0.25 million).
- Communications applications program (CAP) (4 person-years and \$1.8 million).
- Informatics applications program (8 person-years and \$0.655 million).
- Development support to the Technology Transfer Office via the Industrial Research Applications Program (IRAP) (6 person-years and \$6 million for 24 IRAP-R and 45 projects from other programs).

Specific achievements in 1991-92 include the completion of Phase A1 of the system definition for the next generation of communications satellites (Ka-Band Advanced Satcom). The subcontractor development portion of the previous DOC/Spar Memorandum of Agreement was completed at the end of March 1992. A new program, Satellite Communications Infrastructure Development (SCID), was developed and included in the Long Term Space Plan which will be presented to Cabinet for consideration in September 1992. In 1991-92, international marketing was directly or indirectly responsible for over \$100 million worth of export sales by Canadian companies.

A successful mining communications program consisting of four projects was implemented: wireless high speed data transmission; VLF paging system for emergency communications; wireless tele-control system for remote machinery operation; and powerline characterization project. The multi-media Integrated Services Digital Network (ISDN) based project for distance learning was inaugurated. The \$158 million National Strategy for the Integration of Persons with Disabilities was put in place with the DOC/Communications and Culture Portfolio as a full partner receiving \$4.65 million over the next four years. The BLISS software is now on the market and commercialization is underway for Newspapers for the Blind.

The Technology Transfer Office (TTO) managed 25 major R & D projects valued at \$12 million. TTO processed nine new projects valued at \$5.4 million with National Research Council (NRC) contributions of \$2.3 million. It is expected that project management activity will increase for the next two years due to the multi-year nature of these projects. TTO also coordinated the technical evaluation of more than 45 projects submitted to other government departments (e.g. Industrial Research Assistance Program (IRAP), Western Economic Diversification (WED), Atlantic Canada Opportunities Agency (ACOA)) involving CRC technical expertise. These projects represent \$5 million in R & D expenditures.

Pending formal restoration of user operations which took place in February, the Olympus satellite was accessed in October on an interim basis, following its recovery. Canadian use fell into three categories: (1) a test bed facility for the Communications Research Centre (CRC) researchers (for work on simulated on-board processing, preliminary research in personal communications antenna systems and benchmark measurement for fade countermeasures and uplink power control systems, and for Telesat Canada's experimentation on a microcellular system); (2) industry stimulation (development contracts for low noise block converters, solid state power amplifiers and EHF transceivers); and (3) service development with other partners (including External Affairs for health-care training to Romania, Enterprise York for candidate selection for the East-West exchange, the Ontario Government for interactive multimedia trials with Wales, and the Canadian Forces Network for live news and special event coverage.) Discussions have been initiated for the Advanced Communications Technology Satellite experiment phase with a view to establishing a framework for cooperative activities as follow on to Olympus.

3.2 Performance Indicator

Ratio of annual expenditures or other forms of industry support to person-years.

Performance Target

Actual ratio and trends over time.

Findings

	1989/90	1990/91	1991/92	% Change
Industrial and Economic Support Programs	1.5M/PY	1.6M/PY	0.825M/PY	-48.4
Communications Applications	0.18M/PY	0.3M/PY	0.45M/PY	50
Informatics Applications	0.06M/PY	0.089M/PY	0.082M/PY	-7.9
International Marketing	0.02M/PY	0.025M/PY	0.025M/PY	0
Technology Transfers	--	0.78M/PY	1.0M/PY	28.2

The Space Industry Development Program (SID) involved the management of 2 contracts per person-year, as compared to 8 contracts per person-year for 1990-91. However, with the additional responsibility of coordinating and assisting the Regions with projects under the Regional Communications Development Program, as well as other projects such as the new Long Term Space Plan, the number of projects per person-year was 8, approximately the same as last year.

In international marketing, each person-year gave support, on average to, approximately, 30 companies, involving 20 outgoing missions. Also, there were 30 incoming missions and visits.

In the area of communications applications, an average of ten communications applications projects per person-year were implemented, developed or planned representing an increase of 30 percent. A total of 4.5 contracts (over \$25,000 each) per person-year were managed representing an increase of 33 percent.

In the area of informatics applications, 1 contract (over \$25,000) per person-year was managed. An average of three communications projects per person-year were implemented, developed or planned. All projects were done in partnership with other organizations both inside and outside the government.

With respect to technology transfers, the ratio was \$1 million per person-year with an average of 4 major and 7 smaller projects managed per person-year.

3.3 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

The demand for support under the Space Industry Development Program (SID) was three times greater than available funds; this trend is continuing into the new fiscal year. Canadian communications companies require assistance to undertake long range R & D which they themselves cannot afford. A consortia of companies with the Department's participation and cost-shared funding support seem to be a viable method of undertaking large R & D projects with manageable risk and cost to individual firms.

Although, demand for and results of international marketing support activities are difficult to quantify precisely, it is anticipated that the levels of demand and results in future years will be comparable to those of the current year with the possibility of a slight increase.

In 1991-92, with respect to technology transfers, 9 new R & D projects were submitted and approved for funding support.

3.4 Performance Indicator

Incremental economic benefits obtained through the program.

Performance Target

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

Findings

All the supported projects under the Space Industry Development (SID) Program in 1991-92 were high risk, long range type R & D. The SID subcontractor development portion of the SID Program funded 50 percent of a \$3 million Advanced Communications Satellite Concept and Definition Study directed to designing the next generation of Canadian communications satellites. The other 50 percent was shared by SPAR, Telesat, ComDev, MPR Teltech and Comsat.

In 1991-92, significant support was provided to Canadian companies for trade of telecommunications and information technology products to: the Americas; the Pacific Rim; North Africa and the Middle East; and Western Europe and increasingly, Eastern Europe, Russia and other members of the Commonwealth of Independent States. This support includes: Spectrocan contracts in Indonesia valued at \$13 million; a \$6 million one in Malaysia; and a \$9 million contract between MPR Teltech Limited and Korea.

3.5 Performance Indicators

- 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 Targets

- 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 important reorganizations which took place in the course of the last two years, the evaluation of Communications Development is now scheduled for 1992-93.

3.6 Performance Indicator

Expenditures under the Economic Regional Development Agreements (ERDAs).

Performance Target

Actual levels against Economic Regional Development Agreements (ERDAs) targets.

Findings

The Canada-Manitoba Subsidiary Agreement on Communication and Cultural Enterprises, signed on June 11, 1984, expired March 31, 1989. However, the government of Canada agreed to reinvest the unspent amount of \$1.748 million in the Cultural Industries Development Office. The federal share of this \$21 million Agreement was \$13 million and all funds had been spent by March 31, 1992.

The Canada-Quebec Subsidiary Agreement on Communications Enterprises Development was signed on February 1, 1985. Allocated an initial budget of \$40 million, with half provided by each government, the Agreement was extended through March 31, 1991. It was allocated an additional \$3.6 million, with half provided by each government, to finance, among other things, Canadian participation in TV-5. By March 31, 1992, \$21,352,273 of the federal share of the Agreement had been spent.

The Canada-Saskatchewan Agreement on Communications Technology was signed on September 12, 1991. This four-year Agreement, allocated \$10 million, with half provided by each government, aims at maximizing the development and growth of industries, technologies and infrastructures; providing more services to rural and remote regions of Saskatchewan, thanks to communications technology, in order to stimulate their economic growth and diversification; promoting the use of new technologies; and facilitating the setting up and implementation of advanced communications systems. By March 31, 1992, \$621,000 had been spent.

The Canada-Alberta Agreement on Communications (Technology) was signed on March 17, 1992. This four-year agreement, allocated \$10 million, with half provided by each government, aims at maximizing the development of communications technologies, systems, applications and services in order to promote the economic and social development of Alberta; strengthening Alberta's communications industries to heighten the province's competitiveness on the national and international levels; and improving existing communications skills to promote the development of advanced innovations and speed up their marketing. On March 31, 1992, \$1,134,750 had been spent.

3.7 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 the 1989-90 Annual Management Report, we reported extensively the findings of the evaluation on Canada-Quebec and Canada-Manitoba agreements. In 1990-91, we presented a summary of the Canada-Quebec agreement.

Other evaluations will be performed as other agreements are coming to an end.

4.0 Government Telecommunications Agency

4.1 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 continue to be competitive with commercial long distance rates. This is in spite of the decreases in commercial rates offered by carriers. The savings offered by GTA in comparison to Direct Distance Dialling (DDD) was 37 percent. More detailed comparisons are found in the 1992-93 Main Estimates Part III.

In addition, other services also offered considerable savings in commercial long distance rates:

The Government Digital Channel Service (GDSCS) realized revenues of approximately \$10 million in this, its first year of operation. The saving to departments was estimated to be 25 percent over commercial rates.

The usage by volume of the Government Electronic Messaging and Document Exchange Service (GEMDES) increased by 19 percent over the previous year. A saving of 13 percent over the estimated commercial price was passed on to departments.

The Government Packet Network (GPN) accesses increased by 35 percent, realizing revenues to GTA of approximately \$10 million. The estimated saving was 12 percent compared to commercial rates.

4.2 Performance Indicator

Cost savings to the government from using GTA.

Performance Target

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

Findings

The Government Intercity Calling Service (GICS), in association with the Local Telephone Services (Centrex/EEWD), continue to be the principal common services provided by the GTA. However, new services are beginning to have an impact on the overall GTA portfolio. The estimated overall savings to the government resulting from the provision of GTA services during 1991-92, was 22.4 percent (\$92 million), representing an estimated retail value of \$410 million. This saving of expenditures was a 16-percent improvement over the previous year.

The Government Intercity Calling Service (GICS), which provides telephone, facsimile and voiceband data services, saw its usage in 1991-92 increased by 8 percent (from 240 million minutes to 260 million minutes) over the previous year, while the cost to departments was reduced by 10 percent (from \$78 million to \$70 million). At the same time there were major reductions in the commercial long distance rates. The net result was a 35-percent savings for the government compared to commercial rates in 1991-92 for the voice network.

4.3 Performance Indicator

Administrative costs as a percentage of service costs.

Performance Target

10 percent or less of service costs.

Findings

Services provided and managed by GTA in 1991-92 resulted in revolving fund revenues forecast at \$209 million and \$109 million billed directly by our suppliers on our behalf for a net total of \$318 million. Administrative costs for this period are estimated at \$17.3 million or 5.4 percent of the service costs.

4.4 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 to improve cost-effectiveness continue to be made. A comparison of the rates charged with those that would have been levied by commercial carriers showed an overall saving of 22.4 percent for GTA clients.

The Consolidated Management Service (CMS), implemented on a trial basis in Moncton, Montreal, Ottawa, Calgary and Vancouver with two different suppliers, has been evaluated. This assessment concluded that the service was viable and a supplier was selected. The service provides client departments with on-line Service Order entry, Automated Inventory, Centrex/EEWD equipment, features and billing reconciliation and Management Report capabilities. The selected supplier is filing the service with CRTC. Widespread implementation of the service is expected in the fall of 1992.

4.5 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 percent for 1989-90.

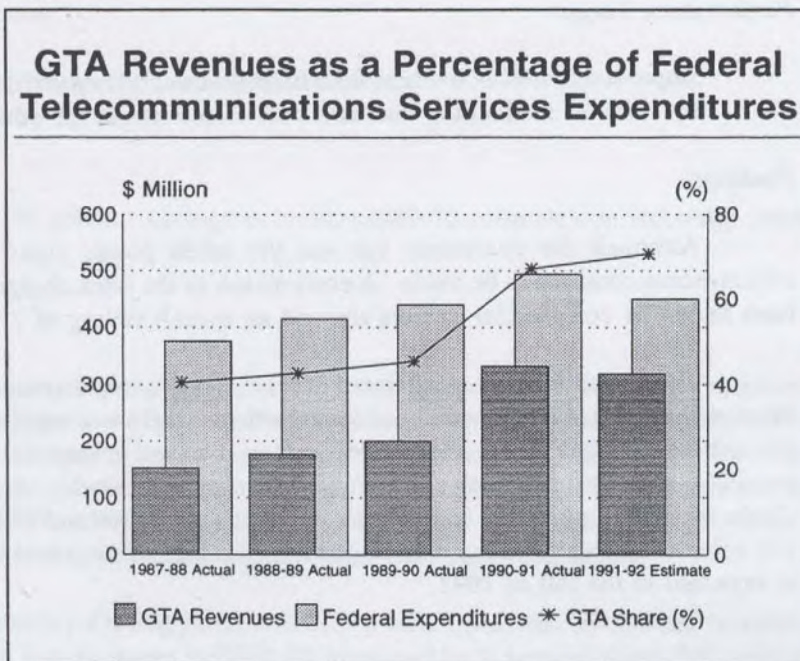
Findings

The total government telecommunications expenditures have been estimated to be \$450 million for 1991-92. Total billing for GTA administered services, including direct billing by carriers to departments, is \$318 million. Thus, the GTA share of the operating expenditures is 70.7 percent. Beginning in 1990-91 the expenditures for Centrex/EEWD services, which GTA provides and manages on behalf of the departments, are included as part of the GTA share of total telecommunications operating expenditures (see Figure 13).

4.6 Performance Indicator

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

Figure 13



Performance Target

Improved client satisfaction as demonstrated in the 1993-94 evaluation.

Findings

The "Forum on Open Architectures for Government Enterprise Networking and Information Management" was attended by over 300 participants. Its purpose was to inform clients of plans for and the progress made under the Architect Program and to give them the opportunity to provide direct input pertaining to common networking issues. Client views were consolidated and will be incorporated into further developments of the architect program. General consensus was that clients were satisfied with the Architect Program and GTA services as a whole.

A newsletter entitled "Focal Point" was launched to keep all departments informed of the progress being made under the Telecommunications Architect Program and to generate dialogue on the challenges to be met.

GTA provided leadership in the management of telecommunications in the government by actively participating in committee activities. The President oversaw the creation of the Government Telecommunications Council (GTC) and chaired the meetings of the Telecommunications Advisory Panel (TAP). GTA also provides the secretariat for both committees. In consultation with GTC and TAP, GTA is developing performance indicators and standards focusing on client satisfaction, which will facilitate client feedback. GTC and TAP will monitor progress on an ongoing basis.

4.7 Performance Indicator

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

Performance Target

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

Findings

In consultation with the TAP, great strides were made in the development of the Government Enterprise Network. A conceptual model was postulated to guide the development of the Government Enterprise Network Architecture (GENA). A strategy for network evolution was put in place. A government-wide E-Mail connectivity using X.400 standard was introduced. A gateway to external non-OSI (Open Systems Interconnection) networks was put in place, based on router technology.

The Government Satellite Network (GSN) service, using VSAT technology, received new impetus as a result of the decision by the RCMP to subscribe to the service for its many dispersed locations. This will provide significant savings opportunities both in the use of the network and in the sharing of terminals with co-located departments.

An MOU was signed with Training and Development Canada and with Canadian Centre for Management and Development (CCMD) to collaborate in the development of the Videoconferencing and Distance Learning Network. Several trials to test out various related technologies and applications were organized with participating departments across Canada.

GTA, with the participation of provincial and municipal governments, organized trials in Halifax and North Bay to evaluate a new design of the Blue Pages. In addition to improvements in layout, the new Blue Pages incorporate advertising related to government programs and services.

ARTS AND HERITAGE

1.0 Museums and Heritage

1.1 Performance Indicator

Achievement of targets in areas of policy review or program development, and federal/provincial and international negotiations or agreements.

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;
- Archaeology Policy and Draft Legislation;
- Heritage Strategy;
- Use of Stable Alkaline Paper;
- Legal Deposit of Canadian Publications.

Findings

Canadian Museum Policy

In keeping with the Department's commitment to increase access to its programs and improve services to the public, the Museums Assistance Program (MAP) was regionalized. All the Program components are now administered by the Department's regional offices, with the exception of the "Priority Initiatives" and "Travelling Exhibitions" components, which, because they are national in scope, continue to be managed in whole or in part at Headquarters.

With the new Canadian Museum Policy, Cabinet established new areas of activity for the Canadian Heritage Information Network (CHIN). These include:

- expanding the network to include all types of museum information;
- developing, in partnership with the appropriate agency in each province, provincial networks;
- operating a Fellowship Program in the area of documentation research; and
- operating a Technology Assessment Centre.

CHIN has actively progressed in implementing each of the four activities. Databases have been established to provide new and expanded information for users of the network. Provincial networks have been established in Quebec, Ontario and Saskatchewan. A Fellowship application and peer review process has been established. A total of 17 applications were received. A Technology Assessment Centre has been designed and will be completed in June 92.

The 1990 Canadian Museum Policy identified four major needs in the continued development of a comprehensive conservation program for Canada. The policy proposed to deal with these issues through the implementation of new initiatives at the Canadian Conservation Institute (CCI):

- to support the development of a French-language conservation training program;
- to undertake priority conservation projects of national significance throughout Canada;
- to disseminate conservation information through an enhanced publications program; and
- to support the operation of CCI's Museological Resource Centre.

CCI has provided both technical and financial assistance to the Université Laval for the development and creation of a conservation training program. Pending provincial authorization, the program will likely begin to operate in the Fall of 1993. Supported by financial contributions from CCI, a number of conservation projects were initiated and/or completed, including the conservation and restoration of the interior of the Chapelle des Ursulines in Quebec City and the treatment of a Lismer Mural at Humberside Collegiate Institute in Toronto. Numerous technical publications were printed and the Museological Resource Centre continued its acquisition activities and service programs.

Archaeology Policy and Draft Legislation

Further to the draft legislation's release to the public in December 1990, intensive consultations took place in 1991-92, particularly with archaeologists and aboriginal peoples. Two reports on the consultations were circulated. The legislation is now being reviewed in light of issues raised during the consultation process.

Heritage Strategy

A discussion paper on heritage strategy, for public consultation, drafted in cooperation with the Department of the Environment and the Secretary of State, was submitted to senior management for review.

Government's Use of Stable Alkaline Paper

The new policy on the "Federal Government's Use of Stable Alkaline Paper" was announced by the Minister on January 15, 1992. This policy will affect all publications deserving of retention for information or historical purposes.

An Interdepartmental Committee has been created by the Minister to explore the use of permanent paper for records produced by the Government of Canada, to consult with industry, and to recommend implementation strategies.

Legal Deposit of Canadian Publications

The Department is actively examining the question of Legal Deposit of Canadian Publications. It is hoped that in the near future changes to the Legal Deposit Provisions of the National Library Act will enable the National Library to function as a more effective instrument for the collection and preservation of Canada's published heritage.

1.2 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.

1.3 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

In 1989-90, the federal government's contribution to the operating budgets of museums amounted to \$114 million or 38 percent of all public funding of museum operations. All provincial and territorial governments, on the other hand, spent \$172 million or 58 percent of total public expenditures for museum operations. Federal spending on museums' operations in 1989-90 represented a 16 percent increase over 1988-89 spending. This compares with an increase in spending at the provincial level of 11 percent. Federal departments and agencies also invested \$88 million on capital projects for museums in 1989-90, a decrease of 34 percent from 1988-89 capital spending.

Departmental operating grants and contributions to museums in 1989-90 represented 39 percent of such funding from all federal departments and agencies and 10 percent of operating grants and contributions from all levels of Government.

As the Access to Archaeology Program (AAP) only began to award grants in 1991-92, the impact of this program on the heritage sector will not yet be evident in Statistics Canada's survey data.

1.4 Performance Indicator

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

Performance Target

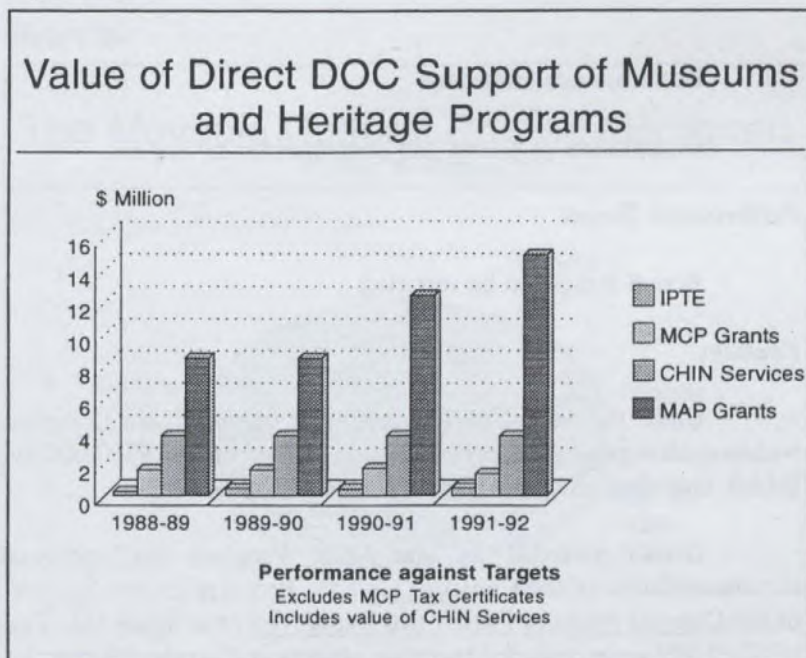
Actual levels and trends over time for the Access to Archaeology Program (AAP), the Movable Cultural Property Program (MCP), the Insurance Program Travelling Exhibit (IPTE), the Museums Assistance Program (MAP) and the Canadian Heritage Information Network (CHIN).

Findings

Figure 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 IPTE funding. The value of tax certificates issued under the MCP Program is not included in the exhibit.

The Access to Archaeology Program awarded \$700,000 in grants during its first year of operation. A \$10,000 IMAA contribution agreement brought the support to archaeological projects to a total of \$710,000 in 1991-92.

Figure 14



The face value of the MCP tax certificates has stabilized at approximately \$58 million annually. These are not expenditures by DOC; the cost of this component is measured by foregone tax revenues. DOC estimates this to be 20 percent of the total face value of the certificates.

The cost of insurance covered by the Insurance Program Travelling Exhibit 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 and \$443,000 in 1991-92.

Overall support levels to museums have grown significantly over the last three years with MAP funding growing from \$8.5 million in 1989-90 to \$14.9 million in 1991-1992. This growth comes as the result of increases to MAP funding received by the Department in response to the 1990 Museums Policy. MCP grants have ranged from \$1.3 million to \$1.7 million between 1988-89 and 1990-91 shown in the exhibit.

The value of CHIN services remained stable over the past three years with approximately \$3.7 million as the value of services provided to Canadian museums. This annual imputed value for services will not deviate since it is proportionate to CHIN's budget. During the past year more emphasis was placed on provinces which have been under-represented in the past. Consequently, effort and imputed resources for Quebec have increased of 27 percent in 1991-92.

1.5 Performance Indicator

Distribution of grants and contributions by region.

Performance Target

Actual figures to be reported.

Findings

Under the Access to Archaeology Program, figure 15 represents grants provided to clients within each region. The percentages are based on the \$700,000 available for grants. The single IMAA contribution of \$10,000 was in the Ontario Region.

Grants awarded by the MCP Program are approved by the Minister on the recommendation of the Canadian Cultural Property Export Review Board pursuant to section 35 of the Cultural Property Export and Import Act (see figure 16). Four (4) grants with a total value of \$263,520 were awarded to retain objects in Canada; 23 grants with a value of \$1,101,113.16 were awarded to repatriate objects to Canada.

Figure 17 displays the regional distribution of MAP grants and contributions (expressed as percentages) over time. As this exhibit demonstrates, there is some fluctuation 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.

Figure 15

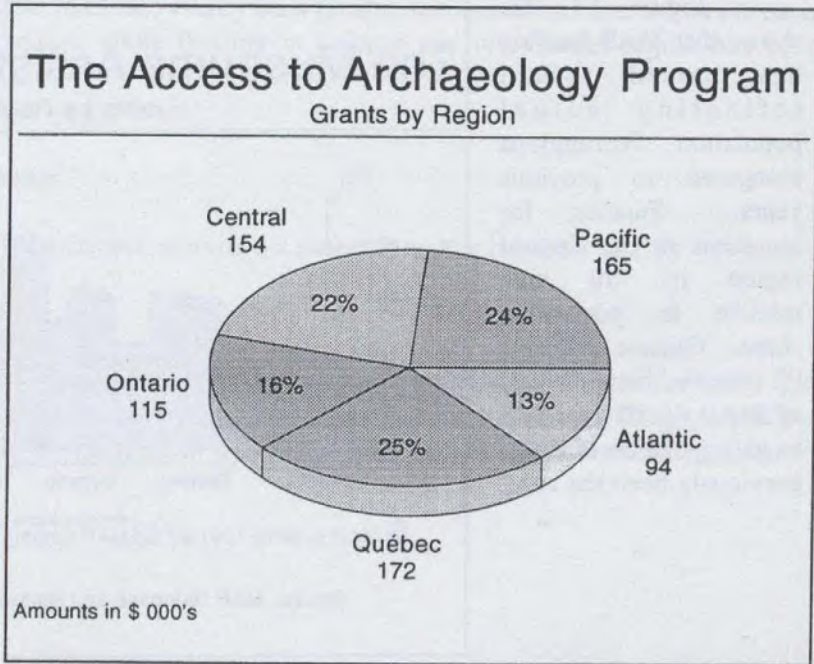


Figure 16

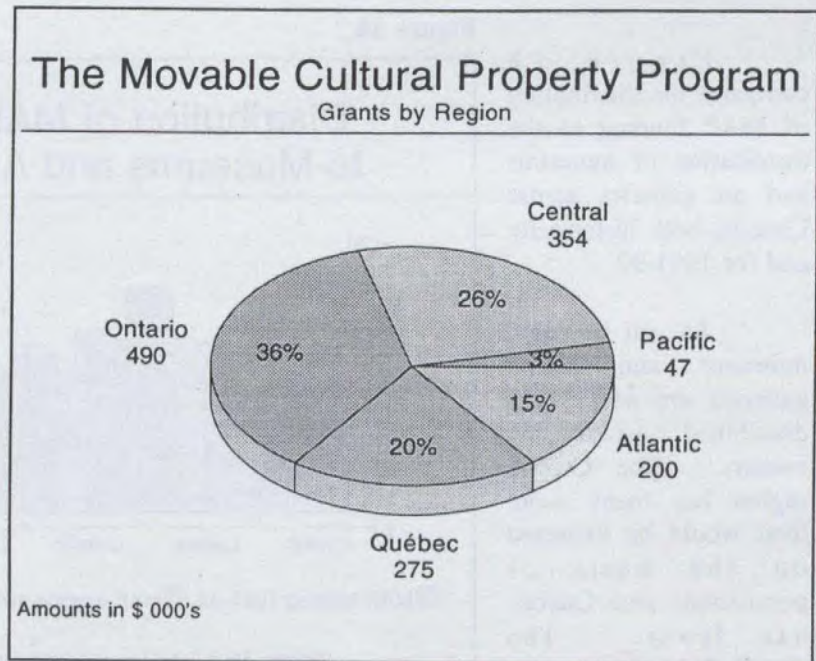
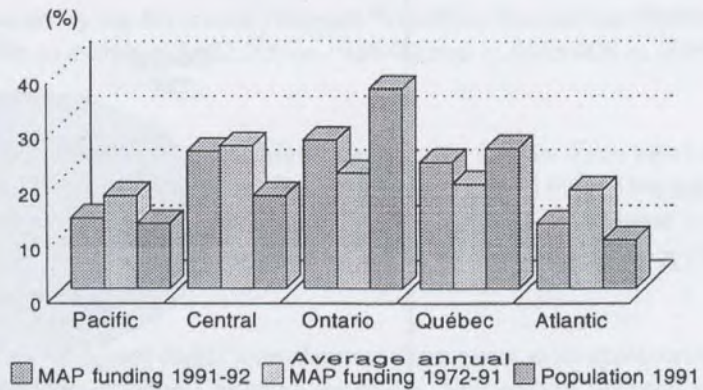


Figure 17

Figure 17 also shows that MAP funding has moved toward reflecting actual population distributions compared to previous years. Funding for museums in the Central region is still high relative to population share. Ontario in 1991-92 received higher levels of MAP funding relative to its population than has previously been the case.

The Museums Assistance Program

Grants by Regions



Source: MAP Database and Statistics Canada (1989-90)

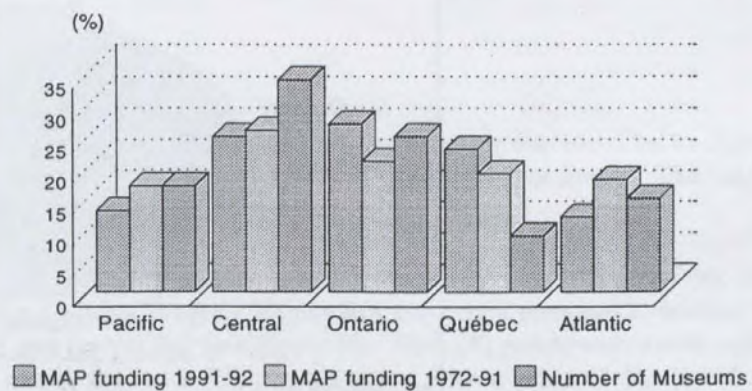
Figure 18

Figure 18 compares the distribution of MAP funding to the distribution of museums and art galleries across Canada, both historically and for 1991-92.

As can be seen, museums and public galleries are not evenly distributed across the country. The Central region has many more than would be expected on the basis of population, and Quebec has fewer. The distribution of museums provides an objective measurement of overall institutional demand.

However, MAP funding has historically addressed structural inequalities in the museum community. Thus, one sees that MAP grants and contributions to museums in

Distribution of MAP Funding to Museums and Art Galleries



Source: MAP Database and Statistics Canada (1989-90)

Quebec and the Atlantic Region have historically been greater than would be expected on the basis of the distribution of institutions, while funding in Ontario and the Central region has been somewhat lower.

1.6 Performance Indicator

Ratio of applications processed, records documented and/or inquiries to PYs.

Performance Target

Target to maintain current ratios for the Access to Archaeology Program (AAP), the Canadian Conservation Institute (CCI), the Movable Cultural Property Program (MCP), the Canadian Heritage Information Network (CHIN) and the Museums Assistance Program (MAP).

Findings

Program Activity	1988-89	1989-90	1990-91	1991-92	% Change (1990-91 to 1991-92)
Movable Cultural Property Program (7 PYs):					
▫ tax certificate applications per PY	188	189	289.5	132	-54.4
▫ export permit applications per PY	100	118.5	90	49.5	-45
▫ grant applications per PY	12	11.8	8.5	3.9	-54.1
▫ designation applications per PY	3	3.5	3	2.6	-13.3
Canadian Heritage Information Network (34 PYs):					
▫ total number of artifact records documented a/o maintained	85,781	94,824	105,542	137,587	30.4
▫ total data bases maintained	111	118	122	128	5.0
Canadian Conservation Institute (78 PYs):					
▫ requests for consultations or services per PY	12.6	19.4	17.9	22.0	22.9
Museums Assistance Program (10 PYs):					
▫ grant applications per PY	n/a	24.6	31.6*	26.4	-16.5
Heritage Services (8 PYs):					
▫ ETS revenue (in dollars)		492,100	750,000	837,000	11.5
▫ institutions served		88	89	106	19
▫ FDAS - applications reviewed		39	48	81	69
▫ FDAS - site visits		39	81	73**	-10
Access to Archaeology Program (2 PYs):					
▫ grant applications per PY			n/a	36.5	

* adjusted

**Note:

Due to the spending freeze, a number of planned trips were cancelled and others deferred to 1992-93.

As for the Access to Archaeology Program, the productivity measure used may show a drop in future years due to a high level of ineligible applications in 1991-92 (the first year of operation for the Program) and to the introduction of improved regional office screening.

For CCI, the number of requests for consultations and services per person-year varies from year to year. CCI may obtain a preponderance of short-term requests in one year, resulting in a large number of units of output, whereas in another year fewer but longer-term projects are handled thus lowering the number of output units. The percentage change does not necessarily represent an increase or decrease in the efficiency of staff to deliver the services.

For MCP, the number of PYs in the Program increased from 4 to 7 in 1991-92 as a result of the transfer of the responsibility for determining fair market value from Revenue Canada Taxation to the Canadian Cultural Property Export Review Board.

During the 1991-92 fiscal year, the ratio of CHIN records to 34 person-years increased from 105,542 to 137,587 over the previous year. This increase of 30.4 percent can be attributed to more and efficient training of clients, better technology and increased participation with provincial networks.

MAP figures for 1991-92 show a substantial decline in the ratio of grant applications to PYs from 1990-91. This decline is largely due to the fact that last year's Annual Management Report did not include person-year resources from MAP operations in the Department's regional offices in the calculation of the ratio.

1.7 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 Access to Archaeology Program (AAP) (Figures 19 and 20), the Movable Cultural Property Program (MCP) and the Museums Assistance Program (MAP).

Findings

Grants awarded under the Access to Archaeology Program comprised 34.62 percent of the total value of financial assistance requested in 1991-92. Total amount requested was \$2,021,666.41 in 1991-92. MCP met 100 percent of eligible demands for grants (up from 88 percent in 1990-91).

Grants under the Museums Assistance Program comprised 60 percent of the value of financial assistance requested in 1991-92 as compared to 72 percent in 1990-91.

Figure 19

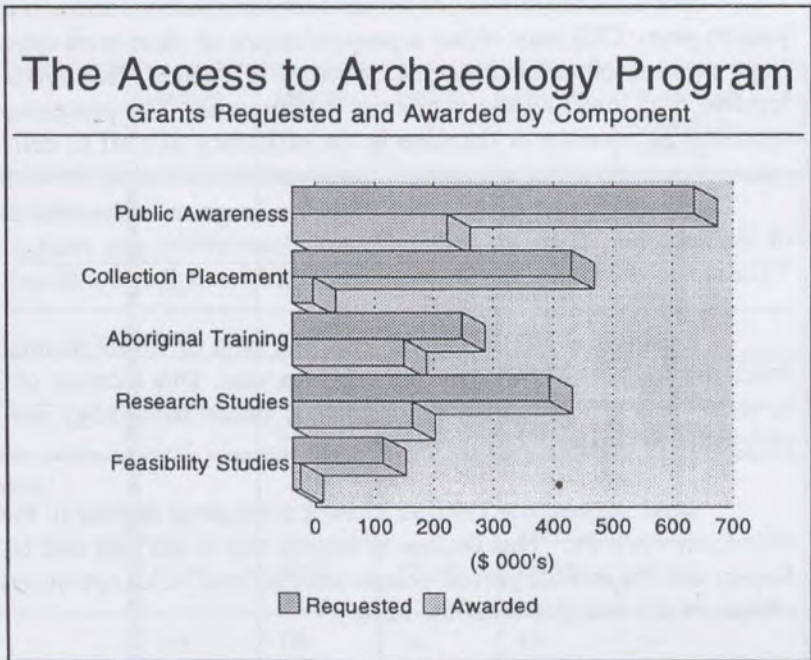
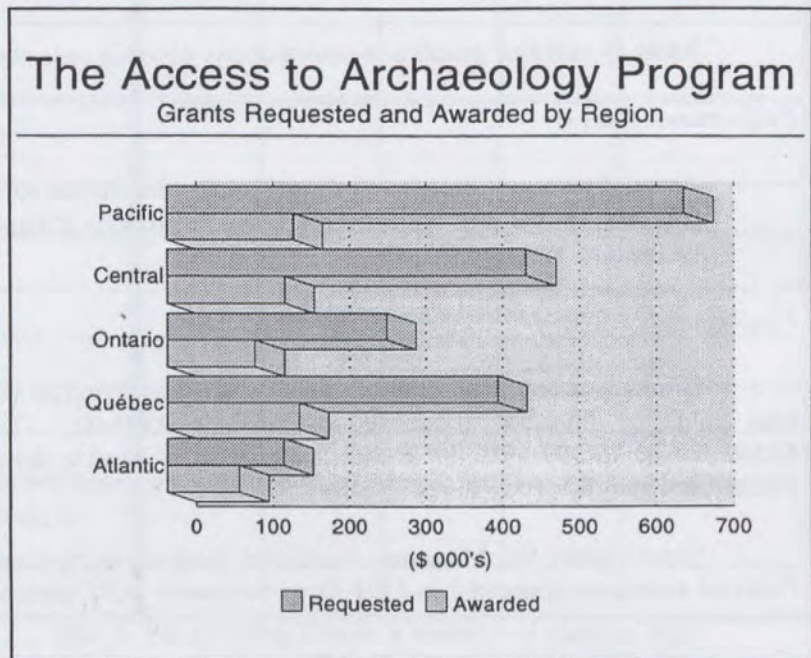


Figure 20



1.8 Performance Indicator

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

Performance Target

Descriptive for Canadian Conservation Institute (CCI) and Canadian Heritage Information Network (CHIN).

Findings

The 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 23 research projects; CCI conservators provided the Canadian museum community with approximately 13,000 hours of treatment services in 1991-92. 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. CCI staff responded to over 1,700 requests for assistance, services or consultations.

During 1991-92, CCI was involved in the hosting of an international symposium on the conservation of modern materials which attracted 250 participants from 14 countries. CCI also participated in the organization of a conference and a workshop on the effect of shipping works of art, in conjunction with the Conservation Analytical Laboratory of the Smithsonian Institution, the Tate Gallery (of London) and the National Gallery of Art (Washington).

The CHIN assists 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 128 databases in 1991-92 in comparison to 122 in 1990-91. This increase of 5 percent is attributed to new databases for specific institutions and two reference databases.

1.9 Performance Indicator

Progress made on revenue generation by Canadian Heritage Information Network.

Performance Target

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

Findings

CHIN had initially projected revenues of \$519,000 for 1991-92 based on the assumption that the administrative authorities requested as part of the Special Operating Agency status would be approved. These authorities which will permit more flexibility in pursuing revenues are being

negotiated with the Treasury Board. The original projection without the authorities was reduced early in the year to \$400,000 and the actual revenue generated was \$388,692 (97 percent) of the forecast.

Revenues Generated by CHIN								
	1989-90		1990-91		1991-92		Change	
	\$	%	\$	%	\$	%	\$	%
LOCAL	21,292	5	100,876	25	213,385	55	112,509	112
INTERNATIONAL	404,548	95	302,628	75	175,307	45	(127,321)	(32)
TOTAL	425,840	100	403,504	100	388,692	100	(14,812)	(4)

1.10 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.

Findings

Access to Archaeology Program

A program evaluation framework for the Access to Archaeology Program has been developed and efforts are underway to establish baseline data in preparation for a future program evaluation (probably in 1996-97).

Heritage Services

DOC's Heritage Services significantly raised productivity levels in 1991-92 in all areas except the number of Facility Development Advisory Service site visits. The latter declined since fiscal restraint measures directly affected this activity. Due to the lack of salary allocations to sustain two additional advisors the unit was unable to expand planning advisory services nor extend its expertise to clients in the area of architectural design as intended in response to DOC regional office and client requests. The Exhibition Transportation Service continues to generate an increasing portion of its financial requirements. However, there is a large increase in the number of institutions served - testimony to the need for this service in the community and the esteem in which the service is held. The increase in the number being served is in keeping with the 1988 evaluation report which noted most institutions desired greater access to the service.

Movable Cultural Property Program

The Movable Cultural Property Program (MCP) was established pursuant to the 1977 proclamation of the Cultural Property Export and Import Act (the Act). The primary objective of the Program is to preserve in Canada significant examples of Canada's heritage in movable cultural property (art and antiquities normally collected by museums, art galleries, libraries and archives).

The Program achieves its objectives through the administration and implementation of five components: (1) export controls, (2) tax incentives, (3) grants and loans, (4) designation of collecting institutions and (5) import controls. The Program serves as Secretariat to the Canadian Cultural Property Export Review Board which makes recommendations to the Minister for approval or refusal of grants and makes determinations with respect to tax certification.

In 1988, the Program underwent a comprehensive evaluation. The Program was found to be functioning extremely well and since 1988, all recommendations which followed the evaluation have been implemented (including amendments to the Cultural Property Export and Import Act and the Income Tax Act).

During 1991-92, a program evaluation was undertaken at the request of the Canadian Cultural Property Export Review Board with respect to the fair market value of objects for which grants had been requested. In September 1990, the Review Board expressed concern about the potential effect of grants on the market place, and about the degree of compliance with the Act. The Board asked for a specific evaluation to examine the following four issues: Effect on the market place in terms of price and level of demand for Canadian artifacts, compliance with the Cultural Property Export and Import Act, appropriateness of funding formula used to award cultural property grants, and impact of the Program on Canadian public collections.

This evaluation was completed in September 1991 and concluded that the availability of grants to purchase objects was not inflating prices, that the current funding formula was appropriate, that the Program had assisted in improving the quality of museum collections and that compliance with the Act was not a problem. It was recommended that additional effort to acquire a sales history for objects acquired through the Program should be made (the collection of such information would help officials monitor price changes and respond to future questions about program impacts on prices) and that Board and Program officials should examine, on a systematic basis, cases where letters of offer are made by foreign buyers (this would emphasize the importance attached by officials and the Board to the fairness and integrity of the review process and may send out a warning signal to potential abusers of the Act).

2.0 Support to the Arts

2.1 Performance Indicator

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

Performance Targets

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

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

Findings

Federal Arts Policy Framework

Several priorities have overtaken the finalization of an arts policy framework, including the Status of the Artist Bill, the analysis of various documents containing constitutional proposals in the area of culture, 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. The increased emphasis on training and marketing is new, in that previous governments have traditionally focused more on production and distribution.

Status of the Artist (Bill C-7)

The Status of the Artist Bill, which will govern professional relations between artists and producers, was tabled for the second time in the House of Commons in May 1991. The third reading and royal assent are expected in June 1992. The legislation establishes a Canadian Artists and Producers Professional Relations Tribunal and a Canadian Council on the Status of the Artist.

The Bill passed on second reading in October 1991, and the Standing Committee on Communications and Culture held hearings with interested artists' organizations starting in November 1991. The Committee intends to proceed with clause by clause consideration of the Bill in early May, and to submit its report as soon as possible. The third reading is scheduled for May or June of 1992.

Throughout the legislative process, the Department has consulted with the artistic community and the appropriate departments and agencies.

Canadian Advisory Committee on the Status of the Artist

The Department provided office support services to the Committee (contracts, filing, budget management, document preparation).

The Committee held three two-day meetings and formed two subcommittees. The latter conducted meetings and discussions on employment benefits and constitutional proposals.

The Committee met with the Minister several times and reported to him regularly in writing on its activities and on its opinions on matters such as Bill C-7, access by artists to employment benefits, and funding for the arts.

National Arts Training Schools

As a partial response to the Report of the Task Force on Professional Training in the Cultural Sector in Canada, the government approved financial assistance to national arts training schools to allow them to continue their operations. In the 1991-92 fiscal year, the National Theatre School received \$400,000 and the National Ballet School received \$500,000 to reduce their accumulated deficits. In 1992-93, the amounts are \$1.23 million for the National Ballet of School and \$400,000 for the National Theatre School. The National Ballet School funding includes \$730,000 which is the balance of the federal government's matching contribution for the renovation of training facilities.

A sum of \$125,000 is to be contributed to the École nationale de cirque in each of the 1992-93 and 1993-94 fiscal years, to make up a shortfall linked to operating costs.

Canada Council

The Department studied the question of the Canada Council's level of appropriations, in consultation with Treasury Board, the Department of Finance and the Privy Council Office. The Council received additional funds of \$2.6 million for 1992-93 and benefitted from the renewal of a temporary allocation of \$8 million.

Confederation Centre of the Arts

The Department assisted the Confederation Centre of the Arts to address the problems of a chronic operating deficit and the burden of long-term debt. As a result, the Centre entered the 1992-93 season free of an accumulated deficit.

National Arts Centre

The Department which had prepared the official response to the Report of the Standing Committee on Communications and Culture on the National Arts Centre, tabled in the House in February 1991, continued to provide the Minister and senior management with the necessary support in policy matters related to the National Arts Centre.

Design

The design sector is vital for Canadian competitiveness, both nationally and internationally. In all the provinces, design and its creators play a prominent role in a variety of fields, including architecture, fashion and urban planning. Design brings together the artistry of

artists, the inventiveness of inventors and the business sense required to succeed in the private sector. The Department will continue its efforts with a number of departments to promote the eventual implementation of a Canadian design policy, as well as its work with multidisciplinary groups across Canada in this area.

Task Force on Professional Training in the Cultural Sector in Canada

This group, created in March 1990, submitted its final report to the Communications Minister and the Employment and Immigration Minister in January 1992. The members formulated 56 recommendations, 40 concerning the cultural sector as a whole and 16 concerning native peoples.

A group representing various departments is looking at these recommendations and preparing a response. Three national schools - for theatre, ballet and circus - have already received financial assistance to cover budget deficits. A statistical survey of all the disciplines in the cultural sector will be conducted over the next three years, and initiatives to meet the demands of native peoples are being examined in light of the recommendations in the report of the Task Force on Museums and First Peoples.

Crafts

In 1991-92, the Department commissioned a study by a consultant of all federal, provincial and municipal reports published in Canada in the last ten years on the subject of crafts. The Department also continued to provide funding to the Canadian Crafts Council. The Department is currently examining the findings of a forum organized by the Bronfman Foundation on the future of crafts in Canada in the next decade, so it can advise the Minister on the role the federal government might play in this area of cultural activity.

Canadian Art Consumer Profile

The Department 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, including dance, theatre and music. This study was completed in May 1992. A total of 65,000 questionnaires were completed by 52,000 Canadians. The report and subsequent database, now in development, provide information on behaviour and attitudes that will assist in the creation of marketing strategies to increase audiences and earned revenues for the performing and visual arts.

Visual Arts

Visual arts have not figured prominently among departmental priorities in the last few years. Consequently, the Department initiated a research project to gather information on policies and support programs in place in Canadian municipalities and provinces. This information will

help us gauge the contribution of visual arts to the Canadian economy and cultural life. The research project will be continued by the Department in 1992-93 as part of the Government of Canada's cultural policy framework.

2.2 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.

2.3 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

The federal government's financial support for performing arts has increased, in current dollars, from \$76.1 million in 1984-85 to more than \$125 million in 1990-91. At the same time, the federal share of total government support to the arts has risen from 35 to 48 percent.

In 1990-91, assistance provided to performing arts under the Cultural Initiatives Program amounted to more than \$10 million. The increase in federal resources provided to performing arts has been constant in recent years, although it has not kept pace with the increase in the theatre sector's requirements.

2.4 Performance Indicator

Volume and value of contributions.

Performance Target

Trends over time for Cultural Initiatives Program (CIP).

Findings

Expenditures over time under the CIP, which is the major conduit for direct financial assistance from the Department to performing and visual arts organisations, are displayed in Figure 21.

The Program provides management assistance, capital assistance and funding for Canada-wide festivals and special events. Many disciplines benefit. In 1991-92, funding under this Program by discipline was \$2.2 million for management assistance, \$5.6 million for capital assistance and \$5.7 million for festivals and special events.

In 1991-92, there was a relative stabilization in the funds granted to capital projects. Commitments for projects of this kind had reached \$9.3 million in 1990-91.

Moreover, there was a slight increase in grants for festivals and special events. This increase reflects minimal indexation of contributions, below the increase in the cost of living.

2.5 Performance Indicator

Distribution of contributions by region.

Performance Target

Actuals to be reported for Cultural Initiatives Program (CIP).

Findings

Figure 22 shows the breakdown of funds distributed under the CIP in the past three fiscal years, as well as the breakdown of total funding since 1980. It shows the large annual fluctuations in regional contributions.

Figure 21

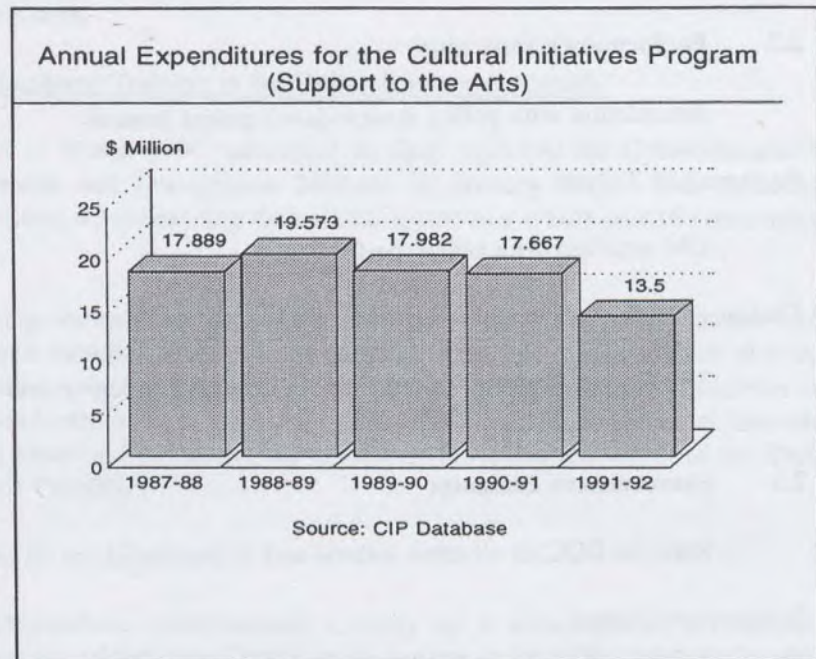
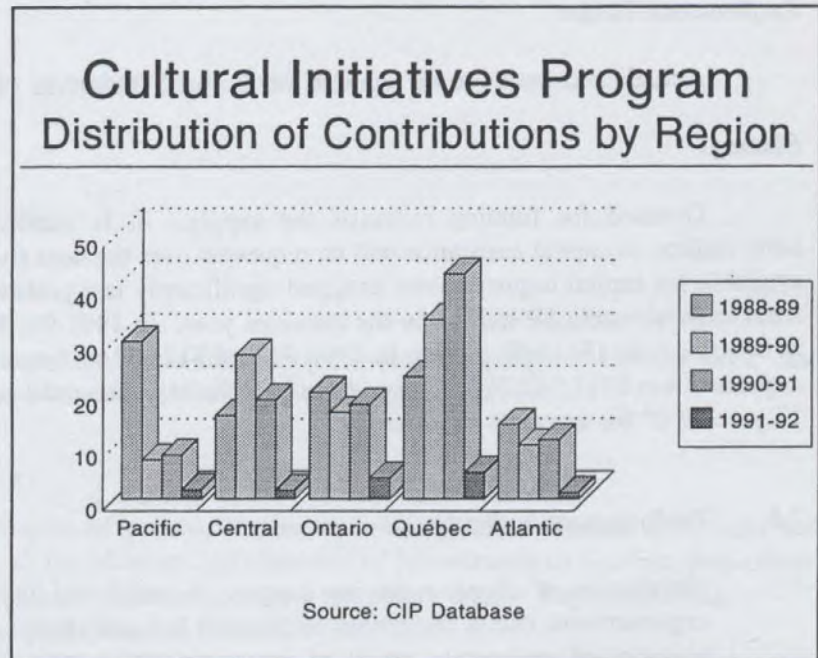


Figure 22

Since the Program is intended to improve Canadians' access to theatre and visual arts, the regional distribution of funding is a legitimate concern. The graph shows in a simple way the breakdown of total CIP funding, as a percentage.



2.6 Performance Indicator

Ratio of applications processed to PYs.

Performance Target

Actuals to be reported and targets set for Cultural Initiatives Program (CIP).

Findings

Last year, more than 712 applications were reviewed by 12 officers in the Department's regional offices. In addition to preparing analyses and recommendations for the projects submitted to the CIP, these employees handle various files for which the culture and communications sectors are responsible. In 1990-91, when the Program was administered essentially from Headquarters, 2,000 applications had been reviewed by 14 employees, or an average of 143.1 applications per employee, while in 1989-90, 940 applications had been reviewed by 14 employees, or an average of 67.1 applications per employee.

2.7 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 dropped significantly last year, to approximately \$5.6 million from approximately \$9 million in the previous year. In 1991-92, \$13,679 million was awarded in contributions (\$17,667 million in 1990-91 and \$17,982 million in 1989-90); the total amount requested was \$112,962,767 (\$288 million in 1990-91). Thus, the program was only able to fund 12 percent of the amounts requested.

2.8 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.

Findings

Following the regionalization of the Cultural Initiatives Program (CIP), its evaluation was postponed. However, the evaluation of the "Orchestra Marketing Fund", which constitute one of CIP components, is currently being undertaken. Results will be reported in the 1992-93 AMR.

2.9 Performance Indicator

Adequacy of the financial status and viability of artists.

Performance Target

Findings from 1992-93 evaluation of Copyright legislation.

Findings

This evaluation is to be performed at a later date.

3.0 Cultural Industries

3.1 Performance Indicator

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

Performance Target

For 1991-92, 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:

- Canadian Independent Film and Video Corporation
- Postal Subsidy Replacement Program
- Cultural Industries Development Fund
- Film Products Importation Bill
- Phase II of the Copyright Legislation and Home Taping
- Film and Video Policy Review
- New Book Publishing Industrial Assistance Program
- 1991 Broadcasting Act (Bill C-40)
- Task Force on the Economic Status of Canadian Television
- Television Summit
- Industrial Strategy for Television
- Radio Action Plan Consultative Group
- TV5
- Canadian Broadcasting Corporation
- New Technologies
- Television Northern Canada
- National Broadcast Reading Service
- Descriptive Video
- Canada-Saskatchewan and Canada-Alberta Agreements

Findings

Canadian Independent Film and Video Corporation

Following the elimination of the Non-Theatrical Fund on March 31, 1991, the Department assisted the non-theatrical industry in the formation of a new program to fund development, production and distribution of non-theatrical film and video products. In addition to resources

from the National Film Board (NFB) and Telefilm Canada, the Department contributed \$546,500 in 1991-92, with a further commitment of \$70,000 in 1992-93. Telefilm Canada's contribution amounts to \$500,000 in 1991-92 and \$1 million in 1992-93. The NFB contributed \$250,000 in 1991-92. The Portfolio's participation will end in 1992-93. Beyond that fiscal year, the independent Corporation is mandated to secure other sources of funding. The Department has approached the Atlantic Canada Opportunities Agency as well as Western Economic Diversification on the Corporation's behalf to explore possible funding.

Postal Subsidy

In June of 1990, the Minister announced that the Postal Subsidy Program for books, magazines and newspapers would be phased out and replaced by programs of direct financial assistance to the industry. The budget for the Postal Subsidy Program had been set at \$219.5 million; the budget for the replacement programs is \$110 million. The replacement programs will focus on the Canadian-owned sector; more specifically, paid circulation magazines, small community weeklies, and the book trade. Foreign-owned publications, daily newspapers, large community weekly newspapers and controlled circulation magazines will be eliminated from the Postal Subsidy Program and will not be eligible for the replacement programs.

During 1991-92, the phase-out of the postal subsidy proceeded as follows:

- dailies sustained a 25 percent rate increase;
- controlled circulation magazines sustained a 50 percent rate increase;
- foreign beneficiaries were eliminated from the Program; and
- large community weeklies were eliminated from the Program.

Several issues arose concerning (i) national and regional weeklies; and (ii) small community weeklies. Special assistance was accorded to these publications in order to help them adjust to new commercial postal rates. In the case of national and regional weeklies, a special Program was announced in which DOC will allocate \$6 million over the next three years (1991-92, 1992-93 and 1993-94). Small community weeklies' transition to commercial rates was spread out over an additional two years (1991-92 and 1992-93) at a cost to DOC of \$6.3 million.

Cultural Industries Development Fund

Since April 1st, 1991, the Fund (\$33 million over 5 years) has been administered by the Federal Business Development Bank. It offers 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 financing 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.

In 1991-92, loans were disbursed as follows:

Publishing industry	\$3.837 million (54 percent);
Film industry	\$2.118 million (30.2 percent);
Sound recording sector	\$1.065 million (15.2 percent).

Film Products Importation Bill

The DOC is considering the reintroduction of the 1988 Film Products Importation Bill which would

- (i) establish Canada as a separate market for independent productions;
- (ii) stress the government's commitment to maintaining strong domestic industries while recognizing the importance of foreign investment in this process; and
- (iii) ensure that all new foreign investment in the film/video industry will be evaluated in relation to the government's policy objectives, as outlined in clear performance criteria.

Phase II Copyright Legislation and Home Taping

The Memorandum to Cabinet was approved on December 12, 1991. Introduction of the legislation is planned for the Fall of 1992.

Following a recommendation formulated in the Memorandum to Cabinet on Phase II of Copyright, the Department has initiated an in-depth analysis of the home taping issue. The results of this analysis will be presented to Cabinet in the Fall of 1992.

Film and Video Policy Review

In light of the changes that have occurred in the economic, cultural and political environment in the last decade, an in-depth review of government policies in the cinematographic sector has become a priority. Key components to be examined will include training, R & D and the roles and mandates of key film agencies. The results of this review will provide the basis for future policy recommendations for the film and video sector.

In 1991-92, a review of the foreign investment policy for the film and video industry has led to a strong reaffirmation of existing Investment Canada provisions with regard to foreign investment in the Canadian marketplace. Strengthened performance criteria would encourage significant re-investment of Canadian market revenues in the production and distribution of Canadian film products.

Book Publishing Policy Review

On January 28, 1992, the Minister announced a new three-part strategy to aid the book industry. These new initiatives are based on a detailed review of government policies and programs in the book industry.

A new industrial assistance program will provide \$102 million in new resources over the next five years to strengthen the competitiveness of the Canadian-controlled sector in both the domestic market and abroad. The new program will be formulated in close consultation with the industry.

An amendment to the Copyright Act will provide greater protection for the exclusive market rights held by publishers and distributors in Canada. These rights will be balanced by a requirement that publishers and distributors provide an acceptable level of service to their customers. Intended as part of Phase II of the copyright reforms, these amendments will not be proclaimed until industry members have agreed on what constitutes "acceptable levels of service".

Finally, the foreign investment policy, more commonly known as the "Baie Comeau" policy, has been amended: an anti-avoidance clause to strengthen the application of the definition of what constitutes a Canadian-controlled company will be introduced into the Investment Canada Act; acquisitions of Canadian-controlled firms will not generally be permitted and new foreign investment in the Canadian book trade will be limited to Canadian-controlled joint ventures; should a non-Canadian investor plan to sell a Canadian business independent of any other transaction, Canadians will be given full and fair opportunity to bid; and indirect acquisitions will be reviewed against a net benefit test.

1991 Broadcasting Act (Bill C-40)

The new Broadcasting Act (Bill C-40) was proclaimed into law on June 4, 1991, after having received Royal Assent on February 1, 1991. It outlines, in general terms, the roles and responsibilities of private and public broadcasters and includes the Canadian Broadcasting Corporation's (CBC) and the Canadian Radio-television and Telecommunications Commission's (CRTC) mandates.

Task Force on the Economic Status of Canadian Television

In May 1991, the Task Force on the Economic Status of Canadian Television presented its report to the Minister. The Task Force had been appointed in July 1990 to study the role of advertising in existing television markets and the ability of those markets to absorb new services. It was also asked to review the operation of the Canadian Broadcast Program Development Fund administered by Telefilm Canada and to examine funding for alternative television programming services. The report included 44 recommendations addressed to the government, the Canadian Broadcasting Corporation, the Canadian Radio-television and Telecommunications Commission, Telefilm Canada and the industry. These recommendations were subsequently reviewed and discussed at the Television Summit held later in 1991.

Television Summit

The Department provided the support necessary to the convening of the Television Summit chaired by the Minister in Montreal on December 9 and 10, 1991. This Summit conference brought together representatives of all sectors, public and private, involved in all facets of the production, distribution and broadcasting of Canadian television. The television industry, as a whole, had been able to answer the government's call in attending this conference, and to agreeing so quickly on 31 of the 44 recommendations contained in the Girard-Peters report. At the same time, the participants agreed that the remaining 13 recommendations ought to be examined under the umbrella of an industrial strategy.

Industrial Strategy for Television

Following the December 1991 Television Summit, under the general direction of an industry-government steering committee, chaired by the Assistant Deputy Minister, Communications Policy, a series of committees have been working toward the development of an industrial strategy for television.

Radio Action Plan Consultative Group

In October 1991, the Minister announced his intention to form the Radio Action Plan Consultative Group. Private radio broadcasters, as an industry, have experienced serious financial difficulties. In 1990-91, radio broadcasters had a collective pre-tax loss of almost \$20 million. The mandate of this group is to make recommendations on short term steps necessary to return the industry to economic health, and to plan for the longer term future, where new technologies such as digital radio may change the environment yet again. The Consultative Group is to report its recommendations to the Minister in June of 1992.

TV5

Geographic extension of TV5 is currently under way in Eastern Europe, Africa and the United States. An extension of TV5 in Latin America will begin in September 1992.

Canadian Broadcasting Corporation

During 1991-92, the implications of restructuring continued. The government approved new funding to continue the Radio-Canada International service, and the Corporation continues to explore stable and predictable long-term funding.

New Technologies

With the coming into force of the Broadcasting Act, and the complementary changes to the Radiocommunication Act in June 1991, the doors opened for new programming services and delivery of programming by any means of technology. The legitimization of the direct-to-home satellite market was a major priority, in that the majority of home satellite receivers were electronically compromised to receive scrambled television programs without authorization. The Broadcasting Sector launched a major information campaign, and distributed over 35,000 booklets which explained, in simple language, the new anti-theft provisions and the steps necessary to become legitimate. As the year progressed, the Broadcasting Sector was involved in industry-government working groups examining digital audio services and direct broadcasting satellites.

Television Northern Canada

The funding provided covers the remaining costs of the installation and construction of the infrastructure required to provide broadcast programming to approximately 100 communities in the far north as well as the transponder and operational costs for a northern aboriginal television

network. TVNC received CRTC licensing approval and began operations in January 1992, with programming provided by aboriginal broadcasters, CBC Northern Service, Yukon College, Labrador Community College, Katavik School Board and the Territorial Governments.

National Broadcast Reading Service

The 1991 year was the first full year of operation for the National Broadcast Reading Service (NBRS). The readings provided by more than 400 volunteers continue to be carried free of charge on 150 cable systems across the country, reaching approximately 5 million cable subscribers.

Descriptive Video

A government/industry working group has been established to promote the development of a descriptive video system which makes programming accessible to visually-impaired viewers compatible with the Canadian broadcasting system. Funding through the Communications Applications Program has been provided for research into the best of means of distributing descriptive video in Canada.

Canada-Saskatchewan Agreement on culture

The agreement was signed in October 1991, and will take effect in 1992-93. The agreement is valued at \$5 million and will be in effect until March 31, 1997. There are four main programs:

- (1) The Cultural Industries Assistance Program: (\$1.350 million - Federal: \$1.175 million; Provincial: \$0.175 million). It will provide assistance to the film and video, sound recording and book and periodical publishing industries in equal amounts, for marketing, distribution and professional development.
- (2) SaskFilm: (\$1 million) funded entirely by the Saskatchewan government for development, production and distribution of film and video.
- (3) Norman Mackenzie Art Gallery: (\$1.5 million - Federal: \$750,000; Provincial: \$750,000), to assist in the completion of a new gallery building.
- (4) Diefenbaker Centre: (\$1 million - Federal: \$500,000; Provincial: \$500,000), to provide financial assistance to the John Diefenbaker Society for the management and preservation of his memorabilia and the operation of the Centre in Saskatoon.
Agreement Administration: \$150,000

The Canada-Alberta Agreement on Cultural Industries

Work preparatory to the signing of the Agreement was accomplished in 1991-92. The \$7 million Agreement was signed in April 1992 and will extend to March 31, 1997. The Agreement is funded in equal parts by the federal and provincial governments, and is aimed at

the film and video, sound recording and book and periodical publishing industries. The components of the Agreement are:

- (1) Company Development;
- (2) Marketing and Distribution;
- (3) Professional Development.

Other Issues

In November 1991, the Minister launched a song contest for Canada's professional authors and composers in order to arrive at an original song in celebration of Canada's 125th anniversary. The winning song is to be aired in June 1992.

Last year's Annual Management Report discussed in greater detail the evaluation of the Sound Recording Development Program (SRDP), which looked at the relevance of the Program, achievement of its objectives, impact on the industry, and recipients and alternative solutions.

The evaluation found that the Program had mainly contributed to increasing the quality of sound recordings. This is an important result because better quality means more airplay and, consequently, more sales. Other major findings were a 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. It was recommended that the SRDP adopt more specific and targeted objectives, set aside more money for marketing activities, improve marketing activities aimed at the American market, and develop a better focused training component.

The results of this evaluation are being taken into account in developing new policies and the new SRDP, since the new initiatives include increased efforts in the marketing of Canadian products nationally and internationally.

Policy work on marketing and distribution of film products and sound recordings is ongoing for the domestic and international markets. For the Canadian market, an in-depth study of the Sound Recording distribution sector is scheduled in order to provide accurate data for the formulation of appropriate policy.

The evaluation of Telefilm Canada's Feature Film Distribution Fund has concluded that the Fund has added an important financing element, as well as had a positive impact on marketing and distribution, in the light of the decline in private investment in Canadian feature films and the increase in production budgets. Measures to address the importation of film products into Canada are still considered essential to strengthen the Canadian distribution and production sectors.

The survey of Canadians' reading habits was designed to provide an up-to-date portrait of the reading habits and opinions of Canadians aged 14 and over. This is a landmark study on the place of reading in Canada. The last survey of this scope dates back to 1978. The survey was funded by the Department, the Secretary of State and Multiculturalism and Citizenship Canada.

The objectives of the survey "Reading in Canada - 1991" were multiple. First, it fills in the gaps in our knowledge of reading habits in Canada and provides other data on the participation of Canadians in this activity, in addition to existing statistics, which mainly concern the sale of books. Because of the richness of its database, it is a useful marketing tool for the book industry. The Department is making a copy of this database available to professional associations and provincial governments who wish to make more detailed analyses. Finally, a comparison with the 1978 survey will be useful to decision makers and policy makers, as well as to the Department, which will be able to assess whether its objectives are being met.

In May 1992, the Department published an 80-page bilingual document on the highlights of the survey, which was distributed extensively. There was widespread and very favourable reaction from the media and more specialized circles. The Department is currently completing a more technical analysis on the reading and book-buying publics. This analysis will be published and copies will be available upon request.

The data was gathered by an Ottawa firm, Ekos Research Associates Inc. The questionnaire repeats the questions in the 1978 survey and adds new ones to provide a more detailed analysis of reading and the purchase of books.

The questions deal with recreational activities in general, reading habits (frequency, volume, type of books read), Canadian books, obstacles to reading, the buying of books, the responsiveness of demand to price, visits to libraries, distribution systems, selection factors and children's reading habits. The survey also contains questions on Canadians' opinions and values (confidence in institutions, tolerance, views on Canadian culture, etc.).

Data was gathered from May to July 1991. The survey was first conducted by telephone with a sample of Canadians selected at random; later, 12,401 questionnaires were sent out by mail. Of these, 7,063 were returned, for a final response rate of 60.1 percent. In addition, a large number of Canadians were sent an exact replica of the questionnaire used for the 1978 survey (carried out at the time by Statistics Canada) to determine whether the differences in the statistical data in the 1978 and 1991 surveys could be attributed to changes in the questionnaire.

Some highlights

- The vast majority of Canadians read for pleasure. They also read very frequently and devote a considerable amount of their free time to reading, especially the reading of books (4.4 hours per week, compared with 3.6 for newspapers and 2.1 for magazines).
- The number of readers increases with age and varies with sex. Women tend to read much more than men. The survey also shows provincial differences. Residents of British Columbia, Nova Scotia and Ontario are the most voracious readers, while Quebecers are in last place.

-
- Reading habits have made impressive strides since 1978. The most spectacular growth has occurred in the reading of books. Not only do more Canadians read books (68 percent of respondents said they had read a book in the past week in 1991, compared with 43 percent in 1978), but the time devoted to reading has also increased (4.4 hours a week in 1991 compared with 2.7 hours in 1978).
 - The reading of books for entertainment has increased more among those 44 and over, especially those between the ages of 65 and 69, women, and among residents of British Columbia, Ontario, Nova Scotia and Quebec.
 - Readers estimated that 17 percent of the books read were by Canadian authors. Approximately 44 percent of respondents recalled having read at least one book by a Canadian author in the past 12 months. Only 8 percent of the respondents said that there were no Canadian writers worth reading.
 - The book industry does not necessarily benefit from Canadians' increased interest in reading books. The most voracious readers (the elderly) are those who buy the fewest books. However, Francophones and Quebecers, who read fewer books than Anglophones, buy more of them and, on average, twice as many books by Canadian authors. In general, a very large percentage of the books read come from non-commercial sources (loans from libraries and friends). In addition, the considerable role played by second-hand bookstores, which do not result in new sales for the industry, cannot be neglected.

3.2 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.

3.3 Performance Indicator

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

Performance Target

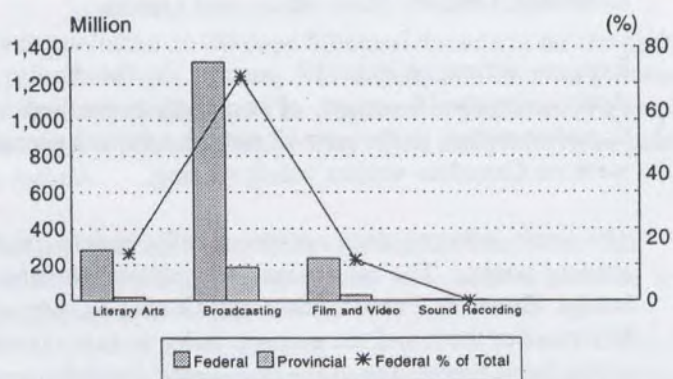
Actuals for most recent year available; trends overtime.

Findings

Figure 23 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.

Figure 23

Federal and Provincial Expenditures for the Cultural Industries 1988-89



Source: Statistics Canada

3.4 Performance Indicator

Volume and value of grants and contributions.

Performance Target

Actual levels and trends over time for the Sound Recording Development Program (SRDP), the Book Publishing Industry Development Program (BPIDP) and service organizations.

Findings

In 1991-92, \$6.4 million (\$5 million from DOC and \$1.4 million from various sources (Factor/Musicaction/Canada (FMC), radio stations and sound recording associations) was spent under the Sound Recording Development Program. The Program consists of eight components, four of which are administered by 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 specialized music recordings

of Canadian composers, the budget is \$250,000 per annum. The remaining three components (international marketing, business development and specialized music distribution) are administered by DOC. The total budget for these three components is \$800,000 per year.

In 1991-92, the total budget available to the BPIDP was \$6.995 million, reduced from the 1990-91 budget of \$7.65 million owing to the implementation of budgetary restraint measures. This program 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.

3.5 Performance Indicator

Distribution of grants, contributions and tax advantages by province.

Performance Target

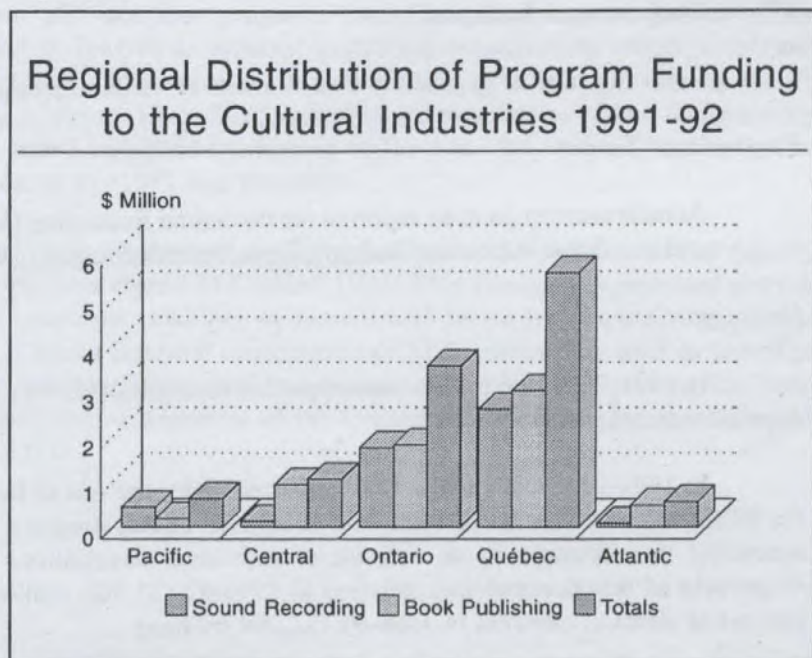
Actuals to be reported for the Sound Recording Development Program (SRDP) and the Book Publishing Industry Development Program (BPIDP).

Findings

As figure 24 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, 76 percent of the total sound recording assistance is spent in the two provinces: \$1.9 million in Ontario and \$3 million in Quebec. Book publishing assistance is also highly concentrated in Quebec (\$2.7 million) and Ontario (\$1.77 million), which represents 81 percent of the total budget of \$5.495 million for domestic initiatives (the budget for international marketing assistance of \$1.5 million is not included in the regional breakdown).

Figure 24



3.6 Performance Indicator

Ratio of applications processed and inquiries to PYs.

Performance Target

Actuals to be reported for Sound Recording Development Program (SRDP) and the Book Publishing Industry Development Program (BPIDP).

Findings

In 1991-92, FMC, the Canada Council and DOC handled 2,003 requests for assistance related to SRDP compared to 1,758 in 1990-91. The 4 DOC staff handled 121 requests (128 in 1990-91).

In 1991-92, BPIDP staff dealt with 236 applications for assistance under the 5 major program components, or an average of 78.6 applications per employee. In 1990-91, a total of 212 applications were presented, or an average of 70.6 applications per employee. The 3 staff members also responded to some 6,000 telephone inquiries this year, compared to the 5,000 inquiries handled by 4 staff members in 1990-91.

3.7 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 (SRDP) and the Book Publishing Industry Development Program (BPIDP).

Findings

In 1991-92, \$10.6 million was requested from SRDP and 65 percent (\$6.9 million) of this demand was satisfied.

In 1991-92, \$3.46 million was requested under the Aid to Individual Firms component of the BPIDP (down from \$3.78 million in 1990-91). (Other program components provide funding according to a formula or as a result of individual negotiations with DOC.) A little over 49 percent of this demand was satisfied in 1991-92 (\$1.708 million). This is less than the 55 percent of demand satisfied in 1990-91 (\$2.098 million).

3.8 Performance Indicator

Expenditures under the Economic Regional Development Agreements (ERDAs).

Performance Target

Actual levels against ERDA targets.

Findings

The Canada/Prince Edward Island COOPERATION Agreement on Cultural Development was signed on August 2, 1990 and was amended in July 1991 to make a significant contribution to the Confederation Centre of the Arts. Allocated an initial budget of \$3.55 million, of which the federal government's share was \$2.5 million and the provincial government's share \$1.05 million, the Agreement had its budget increased by \$3 million (of which the federal government's share was \$2 million and the provincial government's share \$1 million), for a total of \$6.55 million. By March 31, 1992, 72 projects had been funded, including the Musée Acadien de Miscouche and the PEI Museum and Heritage Foundation. The federal contribution by March 31, 1992, was \$2.9 million.

The Canada-New Brunswick COOPERATION Agreement on Cultural Development was signed on October 11, 1990. Allocated a budget of \$5 million, shared equally between the two governments, the Agreement provides four programs aimed at promoting the growth of the cultural sector and sustaining its long-term viability; increasing revenues and employment; and improving artistic expression and appreciation of the arts and cultural heritage. Among the 29 projects financed are the major projects Phare-Est (marketing and distribution of four documentary films from "l'Acadie de la mer") and Fado (marketing of the film "Le violon d'Arthur"). The federal contribution as of March 31, 1992 was \$368,000.

The Canada-Saskatchewan Agreement on Culture, of about \$5 million, shared equally between the two governments, was signed in October 1991. This five-year Agreement aims at strengthening the long-term economic viability of the cultural sector by emphasizing cultural industries. It should be noted that a financial contribution of \$1.5 million was paid to complete the construction of the Norman Art Gallery and that another \$1 million was paid to The John Diefenbaker Society to support the management of the Diefenbaker Centre. The amounts spent by March 31 totalled \$1,250,000.

As of March 31, 1992, the federal share of spending under the cultural ERDAs and Cooperation Agreements were as follows:

Province	Expenditures (\$)	Budget
Manitoba-Cultural & Communications	13 000 000	13 000 000
Ontario-Culture	25 000 000	25 000 000
Quebec-Culture	34 292 820	36 750 000
Quebec-Communications	21 352 273	21 800 000
Prince Edward Island-Culture	2 900 000	4 500 000
New Brunswick-Culture	368 000	2 500 000
Saskatchewan-Culture	1 250 000	2 500 000

3.9 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 Targets

Findings from program evaluations with targets to be developed based on the Book Publishing Industry Development Program (BPIDP).

Findings

Evaluation Issues

The purpose of the BPIDP was to support Canadian-controlled book publishers in their efforts to improve profitability. It was expected that these firms would as a result become less dependent on government subsidies. It was also expected that the Canadian-controlled share of the book market would increase, both domestically and internationally. The evaluation not only focussed on the appropriateness of the main objectives and whether or not these were achieved, but also analyzed the Program's results in terms of the specific objectives associated with each of its components, including: increased efficiency through computerization, enhanced marketing, greater penetration of the educational market, the development of alliances and associations between book publishers for marketing and distribution, and useful professional training offered by associations.

The evaluation report, which includes the final recommendations for the Program, discusses four background studies (an economic study, a financial and marketing study, a study on educational publishing, and a survey of publishers' opinions) and two other studies carried out at the same time, the "Reading in Canada 1991" survey and a study on the shipping of books. For information purposes, we report only the main conclusions of these studies. Note that, starting

in the fall of 1991, the preliminary results and final conclusions of the evaluation were submitted to central agencies, senior management of the Department, Program managers, and various industry groups. The results of the evaluation are also being presented in the consultations with industry on the permanent publishing assistance program.

Main conclusions

- The grants have contributed to the industry's good relative performance in the last decade, the increase in the number of Canadian titles published, and the slight growth in the market share of Canadian publishers. However, this growth in the Canadian-controlled market share is attributable to an increase in the number of book publishers and titles published, especially in case of English-language publishing. Moreover, although the market share of the Canadian-controlled publishers increased as a whole, their share of the educational market declined, and considerable fragmentation was found in this sector.
- The results in terms of improved profitability have been disappointing. In the case of English-language publishers, although sales rose substantially, profitability on the whole declined and dependency on subsidies increased. These firms remain undercapitalized, suffering from a chronic shortage of financing. As for French-language publishers, profitability has improved as sales have risen, and their levels of indebtedness are acceptable.
- Given the large increase in the number of titles and publishers supported, financing of the deficits incurred in publishing titles by Canadian authors was more fragmented and hence less efficient. However, sales of subsidized titles rose steadily except in the English-language sector, where print runs increased more rapidly than sales, perhaps due to less stringent editorial selection or weaker cost control.
- Support for computerization was the Program's major contribution to the industry. This contribution was positive in that it led lower costs and improved management. Although not used a great deal, the assistance for cooperative projects yielded positive results. As for the training provided by professional associations, it was on the whole judged inadequate.
- The amounts disbursed as assistance to educational publishers were paltry in relation to the sums required to develop textbooks. Moreover, the increased fragmentation of this sector may be partly blamed on the Program's automatic funding formula, which does not take into account the capacities of individual publishers to work in the sector.

New directions suggested

Publicly-funded assistance programs should, in the first place, recognize the important links between production, marketing and other business activities and functions (management, financial planning, and so on) and, in the second place, encourage firms to develop and expand their operations. Such programs are no substitute for market forces, and should only finance new

investments which a firm could not otherwise afford to make. Program managers should also adopt measurable objectives and performance indicators to ensure on-going control. Some of the suggested directions are outlined below:

- Grants made to publishers should be awarded selectively, not automatically, and should subsidize the risk associated with the publisher's business plan. This plan should contain specific objectives so that performance indicators can be identified and, eventually, it will be possible to check whether the objectives have been met. Funding levels should be raised substantially, and should be based on individual needs and the size, specialty and financial position of the book publisher.
- Export assistance should be increased substantially and should be given to established exporters. Applications for contributions should be accompanied by a plan for breaking into foreign markets, and should be reviewed by an external committee from which competitors would be excluded.
- Training needs require more attention than in the past. Professional associations should be encouraged to work with specialized agencies, for example, management and marketing agencies. Consideration should also be given to a program offering advice to publishers on an individual basis; the publisher would not have to submit an application for assistance to the Program, and professional associations could be responsible for coordinating the service.
- Finally, the problem of book distribution in English Canada cannot be ignored. Initiatives should also be developed to support the promotion of Canadian books and to stimulate overall demand. Note that a great deal of information on the book market in Canada is lacking, for example, information on current, quarterly and annual sales, provided by computerized bookstores. The industry must have the tools it needs to correct this situation.

3.10 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

Findings

The conclusions drawn in the Final Report of the Evaluation of the Canada-Ontario Cultural Development Subsidiary Agreement are very positive. The Final Report assesses the impact of the twenty-six completed projects and provides a positive recommendation for renewal

of the program, or the creation of a new agreement that would build on the high degree of intergovernmental cooperation that has already been established. Any new agreement would be best targeted at large-scale infrastructure and at more entrepreneurial type of cultural enterprises projects.

The report states that the majority of the projects achieved their specific objectives, with almost all completed on-schedule and within the planned budget.

The projects are estimated to have generated a provincial economic impact in excess of \$220 million and 1,000 person-years of employment during the lifetime of the projects, with an additional impact of \$30 million and 200 person-years of employment annually in the post-completion period.

The cultural benefits generated by the Agreement are also substantial resulting in significant improvement of Ontario's cultural infrastructure, cultural programming, and commercial ventures, with the largest proportion of the cultural benefits accruing outside of Metropolitan Toronto.

As to the Canada-Quebec Agreement on Cultural Infrastructures, the evaluation of the Agreement was undertaken at the beginning of December 1991. The preliminary report is expected by mid-May of 1992.

CORPORATE POLICY AND MANAGEMENT

1.0 Corporate Policy

1.1 Performance Indicator

Achievement of targets in areas of policy review or development and federal-provincial (F/P) and international relations, including negotiations and agreements.

Performance Target

Federal/Provincial Relations targets:

- Preparation of F/P Strategy 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 Economic Regional Development Agreements.
- Organize national conference on Culture and Technology.

International Relations targets in the promotion of telecommunications and cultural canadian interests in bilateral and multilateral fora included:

- The 1992 ITU World Administrative Radio Conference.
- ITU Telecom '91.
- The GATT Multilateral Trade Negotiations.
- The North American Free Trade Agreement (NAFTA).
- Increased Canadian access to the European (European Community and the Council of Europe) and the Asia-Pacific regions.
- The establishment of new cultural initiatives with key countries.
- The Francophonie.
- The provision of a strategic international comparative context to domestic policy development.

Findings

Federal/Provincial Relations

Pending the tabling of the telecommunications bill, no major consultations with the provinces and territories have been undertaken.

A conference of federal, provincial and territorial deputy ministers responsible for culture and cultural heritage was held in June 1991, and a Ministers' Conference was held in October 1991. The ministers reaffirmed the importance of cooperation to better meet the needs of the arts community.

During the fiscal year, the Department concluded agreements concerning culture with Saskatchewan and communications technologies with Alberta and Saskatchewan. Moreover, negotiations began with Nova Scotia, Newfoundland and Alberta concerning agreements on

cultural matters and with Manitoba concerning communications technologies. Since the coming into force of the IMAA MOU in 1989, the Department has signed five regional economic development agreements in the fields of culture and communications, and has been entrusted with the management of \$19.5 million in federal funds with respect to these agreements.

The Conference on Culture and Technology was held in Montreal in May 1991. A first of its kind, this conference brought together 400 experts, artists and technologists from all areas of the country, who use the new technologies in their respective fields. The proceedings of the conference were published and sent to all the participants. The Department is presently examining the main conclusions of this conference to develop guidelines and policies in this field.

International Relations

The Department successfully led the Canadian delegation to the World Administrative Radio Conference (WARC-92) where requirements for frequency allocation for new communications systems were negotiated. The international spectrum allocations that have been negotiated have ensured that Canadian industry will have an opportunity to fully participate in the exploitation of new technologies such as Digital Audio Broadcasting (DAB), High Definition Television (HDTV) and Low Earth Orbit Satellite Systems (LEOSAT). The Department played a key role in policy discussions and marketing at the major ITU forum, Telecom '91 in Geneva, which included attendance by the Minister.

With the United States, senior level policy consultations were organized with the Federal Communications Commission (FCC) and other U.S. agencies. One of a series of periodic "Niagara" consultations, this meeting provided an opportunity to take stock of our complex communications relationship and allow for a more strategic approach to its management.

The Department effectively represented Canadian communications and cultural interests in several multilateral trade and economic fora including the Organization for Economic Co-operation and Development (OECD) and the Asia-Pacific Economic Cooperation (APEC). As Chairman of the GATT Telecommunications Working Group, a representative of the Department helped steer a key element of the Uruguay Round negotiations. If approved, the GATT Services Agreement will substantially advance Canada's telecommunications interests while allowing for the ongoing development of our cultural industries. The Department also convened a series of interdepartmental telecommunications meetings on European Community '92 and led a Canadian Delegation to the third round of Canada-EC policy consultations in Brussels where the growing level of cooperation and issues were frankly discussed. The Department has also represented Canada's interests in the NAFTA negotiations which, when concluded, will ensure that Canada's telecommunications sector is a full fledged participant in the changing, more competitive North American environment.

In film and television co-productions, the Department negotiated and signed agreements with Mexico, Hong Kong and Romania as well as a Protocol of Amendment with Great Britain and an exchange of notes with France. Initial negotiations on multilateral interests for enhanced audiovisual relations with the Council of Europe, English Language Treaty Countries and in Ibero-America were initiated.

The Department participated in bilateral cultural Joint Commissions with France, the United Kingdom, Mexico, Italy where programs of cultural relations were negotiated. Museums cooperation agreements were signed with France and Mexico and negotiations were initiated with Great Britain as a follow-up to the Mixed Commission.

Multilaterally, the Department participated in the 26th UNESCO General Conference and represented cultural heritage interests at the Cultural Symposium of the CSCE (Conference on Security and Cooperation in Europe) and at the ministerial conference on Cultural Heritage of the Council of Europe. As a member of the Commission internationale du théâtre francophone (CITF), DOC granted \$75,000 to three multilateral theatre projects. The Department organized the first conference in Canada of ministers responsible for TV5, the international French language satellite television consortium. This meeting, which included representatives from Francophone Africa, led to the Department being directly involved in efforts towards a TV5 Africa. The Department also played an important role in the preparation for the Francophonie Summit in Paris attended by the Prime Minister.

The policy work of the Department was further enhanced by international comparative analysis and advice on a range of major issues and initiatives such as an analysis of Mexican culture and telecommunications regulations, arts training, public sector cultural funding, telecommunications R & D, the financing of broadcasting, statistics on cultural industries, convergence of telecommunications and broadcasting technologies and trends in cultural participation.

1.2 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.

1.3 Performance Indicator

Other performance indicators to be developed following the evaluations.

Performance Targets

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

1989-90: International relations;

1990-91: Federal/Provincial relations;

Communications function.

Findings

Last year's Annual Management Report detailed evaluation findings and conclusions from a comprehensive evaluation of the International Relations function. Beside concluding that the function was important and well-developed, the evaluation helped clarify the objectives of the function which have substantially broadened over the past period. The evaluation demonstrated that the Department is widely respected for its expertise and significant contribution to international trade negotiations and telecommunications relations with organizations such as the International Telecommunications Union (ITU). The function has also been successful in acting as a source of information on international matters, keeping clients informed and conducting effective consultations. International visits are well organized and help enhance the basis for further cooperation. However, smaller interest groups and firms felt that their interests are sometimes overlooked. As well, the need for proactive, strategic analysis of the impact of international trends and agreements on domestic interest was noted as a recommendation for an increased service approach to departmental clients.

The Department has assertively responded to the Program Evaluation of the International Relations Function.

The evaluation's recommendations are being addressed through the implementation of an action plan. Included has been the formation of a new group responsible for international comparative policy, a clarification of the organizational mandate and structure and the implementation of an international strategic policy and planning function. Specific measures that were implemented include:

Information Activities

In response to the Evaluation's conclusion that a very high demand for a more comprehensive and proactive information and analysis service was required, the International Comparative Policy Group has introduced a number of services including a Documentation Centre and data base, established linkages with information and resources institutions abroad, provided listings of its activities to an expanding mailing list of clientele and contacts and developed two information newsletters. Information requests are tracked, allowing for future evaluation.

Consultation

An ongoing series of consultations was implemented within the Department to ensure more effective work plan linkages. International trip reports are listed and made available upon request to the Department.

Strategic Analysis and Planning

In response to the view of many departmental managers that a significant and growing proportion of their work plans are affected by international developments, activities were undertaken in consultation with the Strategy and Plans section of the Department. A series of strategic planning workshops and seminars on international relations issues have been held. Through the ongoing consultations effort, those emerging ministerial and departmental issues with international dimensions are identified and supported. The monitoring and comparative analysis of related policy approaches and developments in other countries also provides a more strategic global context for Canadian initiatives.

Trade in Telecommunications

While the Department is widely respected for its expertise and its contribution to trade negotiations, the need to better analyze the impacts of trade agreements has been addressed through active consultations with External Affairs and International Trade Canada (EAITC) and Sectoral Advisory Groups on International Trade (SAGITs) as well as through debriefings on trade developments.

Opportunities for International Marketing and Cooperation in Culture

In an effort to better respond to client needs, the cultural relations activities of the Department's International Relations has been revised with an emphasis on international marketing. Additional efforts, such as international marketing support and managing sectoral studies are being pursued.

Resources

In an effort for activities to be refocused and make better use of existing resources, the International Relations Branch has been restructured, eliminating one of four divisions and aligning the balance of activities within trade and comparative policy, bilateral and multilateral telecommunications and bilateral and multilateral cultural relations. Responding to the conclusion that the function is well developed and should be focused within the International Relations Branch, the Department decided to shift the responsibilities and resources for international technical assistance in telecommunications marketing to the Branch effective the start of the 1991-92.

The evaluation of Federal/Provincial Relations has not been performed. As a result of departmental reorganization, there is no federal/provincial branch in DOC. Because of this it was decided that an evaluation would not be cost-effective at this time. The issue of Federal/Provincial Relations is considered in the planning phase of those evaluations where it is appropriate.

The Department has not undertaken a comprehensive evaluation of the communications function. Evaluation activities associated with the communications function have been divided into several studies concerning the implementation of the Department's operating principle of effective communication. These studies have involved telephone and mail surveys of departmental employees, and a large focus group study concerning the operating principles of good management and effective communications. Twenty eight focus groups were organized with employees in all regions and at all levels in the Department. As a result of the focus group study the following findings and recommendations were made regarding implementing effective communication in the Department.

Employees identified four broad areas when asked to define the operating principle of "Effective Communications"; interpersonal communication, flow of information, specific methods of communication and communicating with the public.

The most frequent concern regarding communication in the Department involved the amount of information employees receive. Employees at all levels and in all locations reported feeling overwhelmed by the sheer volume. There is no simple or obvious solution to this problem. Any attempt to limit the distribution of information would likely be viewed by some employees as a lack of sharing while continuing to deluge employees will only contribute to the current frustration.

Most employees seemed to agree that one-to-one communication with the public and clients was good but that corporate communications with the public and clients was seen as weaker.

As a result of this work on good management and effective communications the following recommendations were made:

1. All managers should find an appropriate mechanism to get honest feedback from their employees.
2. The practice of good management as defined in this report needs to be seen as important, valued and rewarded by senior management in the Department.
3. The feasibility of providing employees with the opportunity to formally evaluate their managers should be investigated further.
4. A mechanism, through which areas of chronic and/or severe problems could be identified, should be established (e.g. a departmental ombudsperson).
5. Each work unit should develop a plan for improving their internal communications.

All the recommendations were accepted and an action plan has been implemented. For example, this year the Department initiated a formal program to provide EX level managers with feedback from their subordinates. In addition, an ombudsperson has been appointed as recommended.

In addition to studies on the operating principles, the program evaluation group has performed several special studies on the quality of internal communication of major announcements by the Deputy Minister in the Department. In 1991, a survey of departmental employees examined employees' knowledge of and attitudes toward the Department's response to the Federal Budget. In 1992, a second survey examined employees' knowledge of the new federal budget, as well as their attitudes toward alternative means of communication such as electronic mail. These surveys have proven to be a useful tool for understanding and improving the Department's internal communications.

2.0 Corporate Management

2.1 Performance Indicator

Ratio of Corporate Management to total DOC (in dollars and PYs).

Performance Target

Maintain or improve current ratios.

Findings

1988-89	5.5% of dollars,	10.7% of PYs.
1989-90	5.1% of dollars,	10.7% of PYs.
1990-91	4.5% of dollars,	10.8% of PYs.
1991-92	4.3% of dollars,	10.4% of PYs.

As these figures show, the ratio of Corporate Management's financial resources to total DOC financial resources steadily improved during the three years covered by the MOU. In terms of PYs, the ratio showed an improvement last year. The Department has therefore achieved its IMAA objectives in that area.

3.0 Sites and Technical Services

3.1 Performance Indicator

Percentage of cost overruns to total capital cost projects.

Performance Target

Actual levels to be reported.

Findings

See Part II Administrative Accountability.

Part II:
Administrative Accountability

1.0 Program and Resource Management Policy

LIVING WITHIN BUDGET AND GOVERNMENT RESOURCE DECISIONS

1.1 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 generates a vast assortment of programs and activities which range from scientific research to cultural policy development. DOC also provides to the Communications Research Centre all the services normally provided by Public Works Canada. The Department's challenge is to meet the widely diversified demand for resources from within budgets constrained by cuts and levies.

Following the Budget of February 26, 1991, over \$13 million was cut at the outset from the total gross expenditures of \$573 million included in the 1991-92 Main Estimates (\$352 million in appropriations and \$221 million in revenues credited to the Vote). Of the \$560 million actually allocated to DOC, \$123 million (22 percent, like last year) was allocated to salaries and \$171 million (31 percent) to specific programs, where there is very limited flexibility for reallocation. Of the remaining \$266 million allocated to the Department's operational programs, \$216 million (\$212 million last year, or an increase of 1.8 percent) is administered by the Government Telecommunications Agency through a revolving fund used to telecommunications services to government departments and agencies.

The Department reviewed its financial situation at the end of the fifth month of the fiscal year, re-evaluating workplans and reallocating resources as best it could under the circumstances in order to deal with its commitments and emerging priorities. The terms and scope of the traditional nine- and twelve-month reviews were substantially modified, following the government's announcement of a spending freeze on January 27, 1991: they were replaced by systematic reviews of discretionary activities and departmental obligations, according to criteria developed by the Treasury Board Secretariat for the application of the spending freeze.

Consequently, DOC had no choice but to reallocate resources that were earmarked for activities essential to achieving its mandate to those obligations of the Department having the highest priority.

The Department adopted the objective of reacting promptly and responsibly to decisions affecting all parts of the huge government organization to which it belongs.

In 1991-92, DOC made a significant contribution to the deficit reduction initiatives announced in the Budget of February 26, 1991, by reducing its overall resource level and trimming a total of \$13.3 million from its requests in the Supplementary Estimates.

The Department also realized savings in the order of \$9 million under the spending freeze ordered by the President of Treasury Board on January 27, 1992. These savings were achieved solely through the application of specific measures, such as the cancellation or postponement of certain projects and the scaling down of others. In this way, the Department was able to cancel its Final Supplementary Estimates requests, by using these savings to finance the items included in them.

Consequently, the Department was dealing with a \$22.3 million reduction in its budget as it administered the programs under its responsibility in 1991-92. If we add to this the fact that DOC has attained close to full utilization of its resources in the last five years, we may conclude it is able to manage its resources effectively. It has done this by making some tough decisions, while always striving to minimize the negative impact on its clients and maintain the highest possible level of service.

EXPENDITURE MANAGEMENT CYCLE

1.2 Performance Indicator

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

Findings

Since early September and throughout the process of preparing the Multi-Year Operational Plan (MYOP), DOC representatives held intensive consultations with Treasury Board analysts and provided, as they became available, the Department's proposals, working documents and other documents relevant to the analysis and evaluation of the DOC MYOP.

Accordingly, the work of the Treasury Board analysts was not hindered by the official submission of the MYOP at the end of October 1991.

Since the coming into effect of the IMAA Memorandum of Understanding (MOU), DOC has maintained closer and more frequent contact with the Treasury Board Secretariat, in a healthy atmosphere of negotiation and challenge that characterizes the roles of the two organizations. The result has been an improved expenditure management cycle, and hence more effective management.

2.0 Personnel Policy

WORKFORCE ADJUSTMENT

2.1 Performance Indicators

- Percentage or number of affected employees who are:
 - redeployed internally (total and with retraining);
 - 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 Targets

- 100 percent 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

In 1991-92, 96 employees were affected by workforce adjustment, 87 of whom took advantage of cash-out provisions. Only one employee from the regions, who refused to relocate, was laid off.

No grievances or appeals were filed during the period.

EMPLOYMENT EQUITY

2.2 Performance Indicators

- 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 of extent of acceleration of achievement of participation targets for target group members.

Performance Targets

- As specified in Multi-Year Human Resources Plan.
- Measures taken to identify and eliminate barriers.

Findings

The new approach to Employment Equity is designed to increase the representation of Target Group Members by focusing specifically on their recruitment, promotion and retention. To address these issues, and to create an environment more receptive to the needs of designated group members, the Department has put in place a number of strategies, namely in the areas of Sensitization and Training; Consultation and Communication; and in the Elimination of Barriers.

SENSITIZATION AND TRAINING

A Managing Diversity Course was offered to DOC managers in January 1992. In addition, managers are also encouraged to participate in the cross cultural awareness courses offered annually by the PSC. A module on Employment Equity is part of the Supervisory and the Middle Managers Orientation courses.

In January 1992, a Disability Awareness Session oriented towards recruiting and working with disabled persons was offered to DOC managers.

An Information Session was held focusing on programs and services offered to managers in many areas including the Department, the PSC, and private sector organizations.

To create a greater awareness of issues related to women and persons with disabilities, theatre groups such as Parminou and the Puzzle Factory were invited to perform during special occasions such as International Women's Day and National Access Awareness Week.

The Special Measures Program {O.P.T.I.O.N.(Non-traditional occupations program for women), N.I.D.P.(National Indigenous Development Program), A.C.C.E.S.S. (Program for disabled persons)} of the PSC continues to assist managers in the recruitment process of designated group members by providing salary dollars to cover the training period.

In addition, workshops and info-kiosks on various issues related to Employment Equity were organized throughout the year.

CONSULTATION AND COMMUNICATIONS

A number of information sessions were given to sector coordinators, personnel advisors as well as regional personnel managers on the new Employment Equity approach. Each sector and region will establish an Employment Equity action plan for 1992-93.

Questionnaires were sent to aboriginal peoples, persons with disabilities and to women in non-traditional occupations to determine their needs. As a result, appropriate action has been taken: a course was especially designed and offered to women in non-traditional occupations; and working groups have been established to address the concerns of persons with disabilities and aboriginal people in the Department.

Based on the barriers identified at the conference "Women at DOC - Today and Tomorrow" held on January 31, 1991, an action plan containing recommendations was produced. As a result, the report of the conference was distributed to all departmental employees, all deputy ministers in the federal public service as well as to all Canadian libraries.

A number of activities have been arranged for women to network and share ideas. Some of these initiatives include the very successful "Dinner at the Club" where guest speakers were invited and which permit women of all levels to exchange views, informal monthly luncheons and info-lunches where resource persons are invited to talk about issues of interest.

While continuing to recruit individuals using inventories from the PSC, a 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. Their curriculum vitae are being circulated among the sectors and are available at the Employment Equity office for managers' review.

ELIMINATION OF BARRIERS

Employment Equity Guidelines were produced to clearly establish line of responsibility in this area as well as to set up mechanisms to eliminate systematic barriers.

Two Employment Equity Working Groups have been established, one for aboriginal peoples and another for persons with disabilities. These groups provide designated group members with a forum to voice their opinions, network and identify barriers to employment.

DOC is actively pursuing a consortium approach with TBS for a joint workplace day-care facility in the downtown core. DOC, in consultation with other departments, will participate in the establishment of an interdepartmental committee on family support services to look at a variety of support needs including elderly care.

As a result of the new target setting strategy that became effective in the Spring of 1991, targets were set for the elimination of systematic barriers in the Department. DOC is currently assessing its approach to meeting these targets:

	RECRUITMENT	PROMOTION	SEPARATIONS
NON-MANAGEMENT CATEGORY TARGETS:			
Aboriginal Peoples	2.7	1.7	5.9
Persons with Disabilities	5.2	3.2	5.9
Visible Minorities	8.7	4.4	4.4
Women (by category)			
Scientific & professional	22.9	17.5	2.9
Administration and Foreign Service	33.5	51.3	5.7
Technical	24.6	10.7	2.1
Administrative Support	N/A	87.1	6.6
Operational	19.9	1.3	5.0
MANAGEMENT CATEGORY TARGETS:			
Aboriginal Peoples	0.9	1.0	2.0
Persons with Disabilities	2.7	2.0	2.0
Visible Minorities	3.4	2.2	1.2
Women	17.4	15.8	1.7

STAFF TRAINING

2.3 Performance Indicators

- The degree to which training provided corresponds with identified needs.
- The extent of attendance at mandatory management training courses.
- The extent of attendance at mandatory communications training courses for departmental spokespersons.

Performance Targets

- 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 determine 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 middle managers has been respected through the delivery of two in-house pilot courses: one in English and one in French.

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

Mandatory Management Training						
Categories	1989/90		1990/91		1991/92	
	Planned	Trained	Planned	Trained	Planned	Trained
Executive Group	19	17	19	17	15	7
Middle Management	23	15	23	18	23	27
Supervisors	44	44	40	37	*40	22

* Because of an insufficient number of participants for the French course, the program will be offered again in 1992-93 along with the English course.

As indicated in last year's Report, it has been possible to reconsider the training of departmental spokespersons. As a result, training was provided to 75 employees by an Ottawa-based consulting firm.

JOB EVALUATION

2.4 Performance Indicators

- Effective program controls 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 Targets

- Fully satisfactory overall classification performance in terms of program controls; and quality of classification decisions at 90 percent or higher.
- Prescribed timeframes for classification grievances observed; decisions fully documented.

Findings

Classification Performance

The 1991/92 fiscal year was a particularly interesting period in which the Department received a fully satisfactory performance rating. It was also an important year as we successfully completed the Triennial Review exercise which required the review and evaluation of 100 positions. This project was completed on time and we have attained a 92 percent accuracy on the quality of classification decisions. This represents an increase of 1 percent from the previous review in 1990-91. The annual classification report is being submitted to TBS under a separate cover.

Classification Grievances

During 1991/92, a total of ten classification grievances were actively being handled by the Monitoring, Audit and Grievances unit. Two classification grievances were presented this year and eight are still unresolved from last year's report. Of the ten grievances, two of these were withdrawn, one is scheduled in May and the seven others are pending the resolution of staff relations grievances concerning the job description. Five of the seven outstanding grievances are not supported by the bargaining agent. During the period covered, 8 dispute resolutions were received. From these, 4 were withdrawn by management, 4 were brought to committee resulting in 1 confirmation of level, 2 reclassification upward, and 1 is being held in abeyance pending review of the job description by management.

CONFLICT OF INTEREST AND POST-EMPLOYMENT CODE

2.5 Performance Indicators

- 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 Targets

- 100 percent completion rate.
- Compliance by employees with direction provided.
- 100 percent completion rate of exit interviews.
- Appropriate response taken in cases of non-compliance.

Findings

100 percent completion rate

The completion rate for forms that must be filled out by new employees in order to comply with the Code is 100 percent. Appointments are not finalized until the forms have been reviewed to determine whether there is any real or potential conflict of interest situation.

Compliance with established procedures

During the year, no cases were reported of employees who refused to comply with the requirements of the conflict of interest policy.

A special "conflict of interest" file is opened for each departmental employee for any correspondence on this subject. These files are stored in the Human Resources records room, along with the performance appraisal, compensation, pension and leave files.

PERFORMANCE REVIEW AND EMPLOYEE APPRAISAL

2.6 Performance Indicators

- Completion rate of performance review and employee appraisal documents.
- Frequency distribution of appraisal.

Performance Targets

- All eligible employees appraised.
- Departmental distribution of appraisal levels consistent with service-wide policy standards.

Findings

The Department continues to do very well and expects to maintain again this year a completion rate of 99 percent of its performance appraisals. In fact, over 99.4 percent of the employee appraisals were completed in 1990-91 representing 2,231 appraisals. Over the life of the IMAA MOU, the Department has systematically maintained a high completion rate of appraisals and such performance has been noted by the Treasury Board Secretariat.

OCCUPATIONAL SAFETY AND HEALTH

2.7 Performance Indicators

- The frequency and severity of occupational injuries and illnesses.
- Findings and recommendations of safety and environmental health investigations and inspection reports.

Performance Targets

- Not to exceed present levels.
- Compliance with recommendations.

Findings

The frequency and severity of occupational injuries and illnesses decreased slightly in 1991; 12 compared to 13 in 1990, and 10 in 1989. Slips and falls continue to be a major contributor. From 1987 to 1991, injuries and illnesses decreased in the first two years and remained relatively stable afterwards.

Three environmental studies were conducted and/or concluded in 1991. As a conclusion of the Heating, Ventilation and Air Conditioning (HVAC) study reported in the 1989 and 1990 AMRs, humidity levels in the Journal Tower North continued to be monitored throughout the year and results were analyzed by the Department. The levels were found to be within the prescribed limits. Following corrective measures taken in 1990, the comfort level in the building has been substantially increased. Complaints have virtually been eliminated as a result.

A study of an environmental chamber at the Canadian Conservation Institute (CCI) laboratories was conducted by Health and Welfare Canada with a view to assessing health hazards associated with using the chamber. As a result, detailed procedures have been implemented to ensure the chamber is sterilized and cleaned properly on an ongoing basis.

The CCI was also the subject of an in-depth study of the environmental requirements/HVAC system needs which was commissioned by Public Works as part of a major multi-year refit program to ensure an adequate level of ventilation and environmental control in the chemical laboratories. The report is forthcoming, and major renovations are expected to be completed during the 1992-93-94 period.

Overall, six various studies were conducted during the three-year period covered by the IMAA MOU. In studies where recommendations were formulated, measures were taken to comply with them.

SICK LEAVE

2.8 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 was slightly above the Public Service average usage (norms). While the average usage of sick leave in the Public Service has decreased during the 1990-91 fiscal year, the Communications' employees increased their sick leave usage. However, this increase is very small, and does not have a significant impact on our sick leave usage performance.

We continued the distribution of quarterly cumulative leave and attendance reports to employees and managers to assist the Department in monitoring the sick leave utilization.

Average Sick Leave Utilization (days)					
1988-89		1989-90		1990-91	
DOC	PSC	DOC	PSC	DOC	PSC
8.796	7.965	7.807	7.714	7.840	7.477

HUMAN RESOURCE PLANNING

2.9 Performance Indicator

A Multi-Year Human Resources Plan (MYHRP) 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 goals achieved.

Findings

No requirements to do a full-fledged MYHRP. Human Resources concerns and objectives are included in operational plan.

3.0 Administrative and Information Management Policy

CONTRACTING

3.1 Performance Indicator

The percentage of competitive to total contracts.

Findings

The Department issued 838 service contracts in fiscal year 1991-92, of which 730 or 87 percent were sole source contracts. The following table provides details on these contracts:

Sole Source Service Contracts			
Value (\$000s)	Number	%	Average Value
0 - 10	518	71	\$ 3,574
10 - 25	121	17	\$18,271
25 and more	91	12	\$41,751

It should be noted that only 12 percent of the sole source contracts were higher than \$25,000.

The Department uses sole source contracts to obtain the specialized expertise it needs to maintain its position as a leader in the fields of telecommunications, research, museology and conservation.

INFORMATION TECHNOLOGY

3.2 Performance Indicator

Project schedules and budgets met.

Findings

Fiscal year 1991-92 saw a number of major projects being successfully carried out while continuing to maintain essential services and to support core corporate systems. Three major successes can be reported: the planning, development and roll-out of the revised financial information system (ARCS) to accommodate the Single Operating Budget (SOB); the development of a classification/staffing tracking system; and two pilot projects which were conducted in support of the policy on "Management of Government Information Holdings".

A merger of the Informatics Management Branch and the Senior Executive Network Branch brought in significant management changes. The milestones and related data were not reported on since the scheduled update to the Strategic Information Management Plan was postponed until 1993 due to lack of resources. However, two availability targets were established for 1991-92: Overall Systems Availability which includes four primary computer environments, and Overall Network Availability which pertains to all data communications across Canada. Both targets were exceeded during 1991-92.

	Availability Target (%)	Achieved (%)
Overall Systems Availability	98	99.3
Overall Network Availability	98	99.7

ACCESS TO INFORMATION AND PRIVACY SECRETARIAT

3.3 Performance Indicators

- Information - Percentage of requests completed within prescribed times.
- Ratio of complaints to Commissioners related to time extensions upheld to total complaints received.
- Privacy - Percentage of requests completed within prescribed times.

Findings

In 1991-92, 114 access to information requests were received. In addition, 22 outstanding access requests from the previous year were carried forward for a total of 136 requests. From that amount, 119 requests were completed within the following periods:

30 days or less: 49;
31 to 60 days: 23;
61 to 120 days: 21; and
121 days or more: 26.

From the total of requests, 56 (41 percent) required time extensions.

A total of 13 complaints were received this year, of which 3 were for time extensions required to process the requests (still outstanding), 6 were for delay (1 unjustified, 3 justified/well founded and 2 outstanding), 3 for exemptions (1 not well founded and 2 outstanding) and 1 for cost estimate (well founded).

Some 9 privacy requests were received this year. From these requests, 1 complaint on delay was received (still outstanding).

Please note that this report does not take into account the 21 consultations received from other government institutions during the reporting period.

A total of 136 access requests were handled in 1991-1992, compared with 125 in the previous year. (These figures include requests received during the reporting period as well as requests carried forward from the previous year.) This 8 percent increase is significant, because the number of new requests received was higher than in the preceding year. Note that the 1990-91 fiscal year was itself a record year in terms of the number of requests received. In addition, a breakdown of the requests reveals that there has been an important decrease in the more "routine" requests - 49 against 34 (for example: requests for specific extracts of spectrum databases) with a corresponding increase in the more "sensitive/complex" requests. Finally, the number of privacy requests received during 1991-92 has doubled (9 against 4).

RECORDS MANAGEMENT

3.4 Performance Indicator

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

Findings

Of the 21,369 active operational type records, 14,205 records are under approved retention and disposal schedules. All schedules pertaining to 23,483 housekeeping type records are covered under the National Archives of Canada's "General Records Disposal Schedules of the Government of Canada".

MANAGEMENT AND CONTROL OF PROJECTS

3.5 Performance Indicator

Percentage of cost overruns to total projects.

Findings

The 1989-90 version of the AMR focused on one capital project (the Building 2 rehabilitation project). The additional funds identified in the Treasury Board submission were approved and the project is nearing completion. The project will be completed in 1992-93 within the approved funding level.

4.0 Official Languages Policy

SERVICE TO THE PUBLIC IN BOTH OFFICIAL LANGUAGES

4.1 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 presently making a demographic analysis to determine the areas where the Department has to provide services in both official languages. As this analysis will be concluded at the end of June, mechanisms will then be put in place to ensure that services are provided in both official languages as needed.

4.2 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

This policy, implemented last year, is still in effect.

4.3 Proposed Action

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

Performance Target

The Government Telecommunications Agency ceased to receive complaints from the public.

Findings

The introduction of text revision services and the development of various mechanisms to ensure the quality of entries have clearly helped to improve the content and linguistic quality of government telephone directories. This is confirmed by the fact that there were no complaints in 1991-92.

4.4 Proposed Action

Provide bilingual telephone reception and service both on the telephone and at the counter in the language chosen by the client at all times.

Performance Target

All telephone calls will be answered 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

We reminded the employees of the Department of their responsibility towards the public through two Communigrams, by distributing to all employees responsible for service to the public a copy of the TBS document entitled "Active Offer of Service in Both Official Languages" and a counter card entitled "Phone Tone" with the most common expressions in both official languages when answering the telephone or providing services at the counter.

These initiatives show what steps the Department undertook during the year to make its employees familiar with its policy regarding service to the public.

4.5 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

All advertisements published by the Department appear in the newspapers of both official language groups. When such dailies are not available, we publish, in both official languages, our ads in the daily that is available and in the weeklies that appear in the official language of the minority group. The public is well aware of the availability of services in both official languages. The Department conducted a survey last summer to assess the satisfaction of the public with the linguistic quality of the services provided by our employees. Over 92 percent of the respondents were fully satisfied with the linguistic quality of our services. Furthermore, the percentage of people declaring French as their first official language went from 9.8 percent in 1985 to 16.5 percent in 1991 an indication that more francophones are aware that the Department can provide services in both official languages.

4.6 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 of the survey 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

The survey was carried out during the first two weeks of July, 1991. The results showed that 92 percent of our clients always received their services in the official language of their choice while another 7 percent received their services most of the time in the official language of their choice.

Furthermore, 95 percent of our client indicated that they were always satisfied with the linguistic quality of written communications while another 3 percent claimed to be satisfied most of the time with the linguistic quality of written communications. Finally, 92 percent of our clients claimed that they received all their documentation in the official language of their choice, while another 7 percent maintained that they received it most of the time. Those are very positive results for a survey of this kind.

4.7 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 percent to 87 percent by 1992.

Findings

Although the Department invested heavily in language training for its employees, the situation remains relatively unchanged since March, 1991 when 82.1 percent of the incumbents of bilingual positions met the language requirements of their position. At the end of March this year, 82.5 percent of the Department's incumbents of positions identified bilingual to provide services to the public met the language requirements of their position. One of the reasons for such slow progress is the high percentage of incumbents of bilingual positions who have incumbents' rights (10.4 percent). The Department's Senior Management Committee recently adopted a policy whereby language training for such people will be given as high a priority as professional training. Furthermore, the same committee also adopted a policy whereby the linguistic competence of incumbents of bilingual positions will be assessed along with other technical requirements at least once a year on the Assessment Report.

4.8 Proposed Action

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

Performance Target

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 percent to 87 percent by 1992.

Findings

During fiscal year 1991-92, the Department spent some \$94,600 on various types of language training for its employees. Some of them already met the level required by their positions; others were exempted from having to meet those requirements for various reasons but chose to improve their linguistic proficiency.

4.9 Proposed Action

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

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 percent to 87 percent by 1992.

Findings

In spite of financial resources used for language training with Language Training Canada and various firms, the Department spent an additional \$1,500 on language training taken by employees in various colleges and universities in Canada.

LANGUAGE OF WORK

4.10 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

In March 1991, the Department conducted a survey on the language of work situation. A total of 2,000 questionnaires were sent to all employees working in the NCR, in northern and eastern Ontario, in Metro Montreal and in New Brunswick. We are presently in the process of analyzing the results.

4.11 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 percent to 80 percent by 1992.

Findings

As soon as an employee is appointed to a bilingual position for which he or she does not meet the language requirements, a training plan is developed and implemented. At the end of March 1992, 78.4 percent of supervisors in bilingual positions met the language requirements of their position. This significant increase over the last three years proves this initiative has been very effective, even though the target set in the Memorandum of Understanding has not been reached. At two occasions, we had information booths at Headquarters, all aspects of the language training programs and various aspects of the Official Languages Program were discussed.

4.12 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 now offers the Follow-up to Language Training Program to its employees in the National Capital Region. Again this year, as part of the French-Language Centres of Excellence Development and Promotion Program, the Department offered eleven scientific conferences in French, both at CRC and at Headquarters.

4.13 Proposed Action

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

Performance Target

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

Findings

No employee participated on such a program in 1991.

4.14 Proposed Action

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

Performance Target

Employees will work in the official language of their choice during meetings.

Findings

In addition to the activities described in last year's report, we distributed to all directors and above the TBS brochure on "Chairing Meetings". As a result, many managers communicated with representatives of the Official Languages Division to obtain further information on this subject. This subject and many others pertaining to Official Languages were also discussed at our information booths.

4.15 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 element was examined in the study on language of work. The study's findings will be known soon, and will reveal the degree of employee satisfaction in this area.

4.16 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

The Memoranda of Understanding have yet to be developed. This activity will be postponed until a new Memorandum of Understanding with the Treasury Board Secretariat is signed. The MOU should be signed before the end of December 1992.

4.17 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 percent to 88 percent and from 78.2 percent to 85 percent by 1992.

Findings

The situation between March 31, 1991 and March 31, 1992 has improved in the area of personal services. While 80 percent of the incumbents of positions identified bilingual to ensure personal services met the language requirements of their position in March, 1991, it now stands at 82.3 percent.

As far as the provision of central services are concerned, the situation has also improved significantly over the last 12 months. While 80.6 percent of the incumbents of positions identified bilingual to provide central services in both official languages met the language requirements of their position in March 1991, 83 percent of the incumbents of such positions now meet those same requirements.

Although the performance targets have not been met at 100 percent, a significant improvement has been noted in both instances.

4.18 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

Although the "Employee Performance Review and Appraisal Report" form was revised this year, employees are still entitled to have their performance appraised in the official language of their choice. This policy is explained in a booklet entitled "General Information related to the Performance Review and Employee Appraisal Program".

Furthermore, a section entitled "Official Languages Objectives and Results" was added to the appraisal form. This should allow the Department to assess the work accomplished by its managers in matters dealing with the implementation of the Official Languages policies.

4.19 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

Except for some proprietary systems which are not available in both official languages, most systems respect the requirements laid out in TBS Circular 1988-31. Commercial software available in both official languages are purchased in the language chosen by the employee. The results of the Language of Work Study conducted last March should provide us with further information on the availability of these work instruments in the language of choice of all employees in bilingual regions.

EQUITABLE PARTICIPATION OF BOTH OFFICIAL LANGUAGES COMMUNITIES

4.20 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

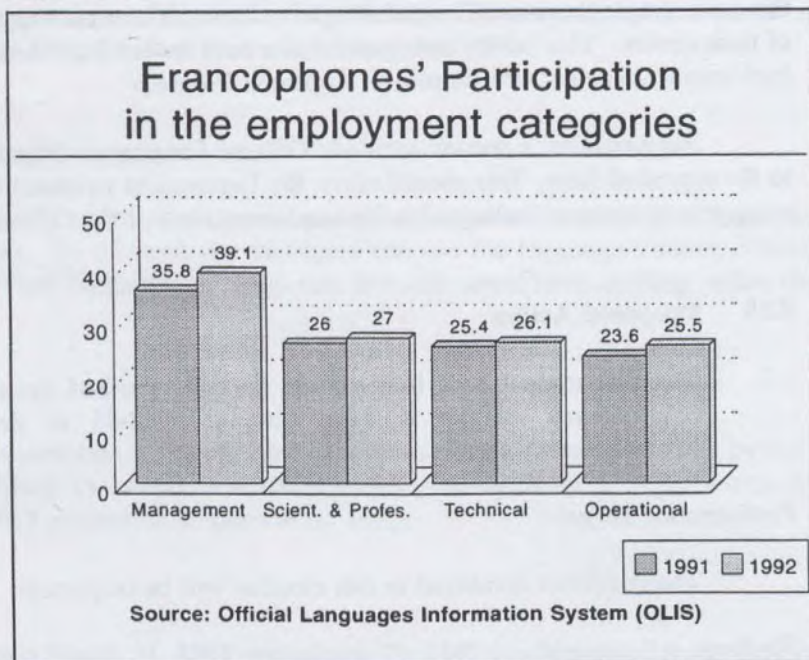
In the long term, the aim is to achieve 30, 26, 30, and 37 percent Francophone participation respectively in these categories.

Findings

Figure 25 represents the improvement pertaining to Francophones' participation in the employment categories as stated in the Official Languages Information System (OLIS) reports dated March 31, 1992:

As the above statistics demonstrate, the Department continues to improve the Francophone participation in the Technical Category and in the Scientific Category. We will continue to encourage the development of COOP programs with colleges and CEGEPs where French is the official language used in teaching courses.

Figure 25



4.21 Proposed Action

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

Anglophone Participation in Certain Employment Categories (in percentage)			
Region	<i>Performance Targets</i>	<i>Findings</i>	
	Long Term Anglo. Partic.	March 31, 1991	March 31, 1992
NCR (Headquarters and CRC)			
- Administrative and Foreign Services	63	56.3	54.4
- Administrative Support	63	40.6	41.2
- Global	65	60.6	59.6
Quebec Region			
- Administrative and Foreign Services	14	3.9	5.2
- Technical	12	7.3	2.7
- Administrative Support	12	7.4	5.2
- Global	12	8.7	6.8
New Brunswick			
- Administrative and Foreign Services	67	32	38
- Technical	67	60	60
- Administrative Support	65	23	24
- Global	64	40	46

Special recruitment efforts (COOP Programs) in English-language high schools, CEGEPs and colleges in Quebec will be made by the Department to improve the Anglophone participation.

LANGUAGE TRAINING

4.22 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

Many employees undertook language training this year: 23 employees participated as a result of a non-imperative staffing action; 2 employees participated since their position was reidentified; 229 employees undertook language development courses at government expenses; finally, 23 employees participated actively in the "Follow-up to Language Training" Program.

4.23 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

In order to reach its language training objectives, the Department had to use its own resources, in addition to the envelope allocated by Treasury Board.

TRANSLATION

4.24 Proposed Action

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

Performance Targets

- 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 Department has the appropriate infrastructure to ensure that only the texts that meet the established standards are sent to the Translation Services. The Department had 4,823,604 words translated which is slightly over the 1991-92 allocation of 4,715,000 words. The Department feels that it is making all reasonable efforts to enforce the standards regarding the translation of documents, but that the volume of words to be translated justifies an increase in its yearly allocation. Accordingly, the Department requested such increases at two occasions.

OFFICIAL LANGUAGES INFORMATION SYSTEM (OLIS)

4.25 Proposed Action

The Department will carry out a complete review of the data in the 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

In the past, this activity was only partially carried out. During this fiscal year, the Department will review the data contained in OLIS for its accuracy.

MANAGEMENT

4.26 Proposed Action

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 Targets

- 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

Due to lack of appropriate resources and the slow updating of the computerized systems to reflect the most recent reorganization, this activity was not carried out during the 1991-92 fiscal year. It will however be a priority this year.

BILINGUALISM BONUS

4.27 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

Employees responsible for the conduct of language exams continued to provide accurate information to the pay and benefits section, in order to ensure that only qualified employees receive the bonus. Any discrepancies are investigated immediately and corrective measures are taken.

INTERNAL AUDIT OF THE PROGRAM

4.28 Proposed Action

A functional audit of the Program will be performed. 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

An audit of the activities and operations of the Department's Official Languages Division was conducted.

The auditors noted that, generally speaking, the management practices of the Official Languages Division were sound and appropriate, and their review of the elements intrinsic to the program's accountability framework revealed no major problems. The activities and responsibilities of the Official Languages Division were reported in the Department's Annual Management Report.

The auditors also noted that several types of internal publications were distributed to departmental employees to inform them of the program's various elements. In addition, mechanisms had been established for periodical review of all components of the policy, and all departmental managers had been informed of these.

As far as management practices were concerned, however, the auditors identified areas in which there was room for improvement and made three recommendations to this effect: 1) update job descriptions for positions within the Division and staff vacant positions; 2) ensure that the program's monitoring activities and responsibilities are carried out regularly and continuously in the future; and 3) consider automation of the translation request control system.

All the recommendations were accepted by the program's managers and an action plan was developed to implement them.

5.0 Program Evaluation Policy

5.1 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

In accordance with guidelines issued by the Office of the Comptroller General (OCG), the Program Evaluation Branch conducts periodic and special evaluations to assess objectively the performance of departmental programs and activities and makes recommendations to senior management for improved program delivery, effectiveness, and ultimately, for better use of resources. It normally challenges the rationale of a program; assesses impacts and effects to ensure that the program is working well, and is meeting its set objectives. If necessary, the Department's evaluators will study alternative ways to permit the achievement of set objectives. Special studies are also performed upon request.

Moreover, DPE conducts evaluation frameworks at the developmental stage of programs. The framework is the basis upon which a future evaluation is built. It outlines what the evaluation is likely to entail and describes the kind of information and data that are to be collected prior to and during the evaluation. This enables the program manager to establish information collection mechanism(s) at the start of the program, which will assist in the on-going management of the program, and will contribute to the utility of the evaluation process.

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. Telecommunications policy is expected to undergo significant revisions in the near future and will not likely be subjected to an evaluation in the next few years. The evaluation assessment - the planning phase of an evaluation - for Communication Development and Planning sub-activity was completed as well as Terms of References. Furthermore, a consulting firm to assist the evaluation division has been selected through a competitive process and the work will start early in 1992-93.

Following interviews with senior managers at DOC, the scope of the evaluation was reduced to include only the areas of International Research and Development and International Marketing - the international activities. The evaluation of other areas within Communications Development and Planning was not considered by senior managers to be timely given recent reorganization of the Branch. This evaluation should address three major issue areas as follows: Impact and Effects (What are the results being achieved from DOC's activities?); Needs and Alternatives (Is there a different role that DOC should fulfil that would better meet the international needs of the communications industry?); Effectiveness of Linkages with "Partners" (What role is being played by DOC vis-à-vis other Partners, that is, federal and provincial departments involved in international transactions and trade, and is that role the most cost-effective option?).

The Department's evaluators are also responsible for conducting evaluation of ERDAs. The evaluation group is in the process of completing two major Economic Regional Development Agreements (ERDAs) evaluations: the Canada-Quebec Agreement on Culture and the Canada-Ontario Agreement (phase II). Evaluation Frameworks for the Canada-Nova Scotia (Culture) and the Canada-Saskatchewan (on Communication Technologies and Culture) are currently being developed jointly with key stakeholders.

An evaluation framework on the participation of Communications and Culture Portfolio in the implementation of the National Strategy for the Integration of Persons with Disabilities (NSIPD) was also prepared. This framework will assist Communications and Culture portfolio managers in the course of their decision-making on the overall approach, methodology and information collection data that is now required in order to facilitate the recording and future use for evaluation purpose of all the activities that will take place during the implementation process of the NSIPD.

The Department regularly collects information on employees' attitudes. The all-employee survey is designed to gather information that will be used by managers at various levels to understand the workings of the Department as a whole and specific subgroups within the Department, in order to make both corporate and sector level interventions to improve the morale and performance of groups of employees. The second all-employee survey was carried out in December 1991 and January 1992. The survey measures five dimensions: employee morale, job characteristics, overall climate and culture, management practices, and specific initiatives. Data was recorded in February by a data processing firm. Complete data files were delivered to the Department in early March and data analysis is currently under way. Preliminary results are expected to be available in the beginning of April. Preliminary findings will be disseminated and discussed with employees from every sector and region over the course of the spring and summer. These meetings will also be used to probe employees' opinions on ways to improve service to clients and on their attitudes toward the performance appraisal process. A final report is expected in the fall.

A special study entitled "Preliminary Examination of Service to the Public at the Department of Communications" was also completed. This study provides a concise overview of the current federal perspective on service to the public and situates the unique features of DOC's "service problem" in this broader, system-wide service model. Besides, it provides a preliminary conceptual framework and research agenda for guiding future DOC initiatives on service to the

public. Copies of the study were distributed to all DOC managers and TBS/OCG officers. It is being used by an intradepartmental committee on service standards as a reference document.

5.2 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. These representatives can also choose to participate in evaluation steering and advisory committees. For instance, the OCG is represented in the advisory committee of the evaluation of Communication development currently underway. 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.

5.3 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. As pointed out in the OCG assessment of the DOC evaluation function, evaluation studies have led to significant reconsideration of program operations and delivery mechanism. In last year's Annual Management Report, we documented the role played by the evaluation of the Radio Frequency Spectrum which provided constructive input and substantive policy advice to improve client services and increase efficiency in spectrum allocation. We also reported that the evaluation of the Research Laboratories completed in 1990-91 supports many of the findings of those of the Lortie Committee evaluation of federal laboratories. In accordance with the spirit of the Lortie report, the Communications Research Centre became a Research Institute on April 1, 1992.

Another worthy example of value added through evaluation can be found in the Book Publishing Industry Development Program (BPIDP) evaluation reported in this year Annual Management Report. The evaluation provided crucial and credible information for a major government policy reformulation and revamping of the program. In addition to serving departmental planning, resourcing and program design need, results of the BPIDP evaluation were shared and discussed with central agencies officials and, thereby, contributed to the policy formulation process. The evaluation group is also involved in consultation with industry on future program design.

5.4 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 last year's AMR, we reported in detail six completed evaluations. In this year AMR, we are reporting in detail two completed evaluations: the Movable Cultural Property Program (MCP); and the Book Publishing Industry Development Program (BPIDP). In addition, we are reporting on a national survey on "Reading in Canada in 1991" conducted jointly with the Secretary of State and Multiculturalism and Citizenship Canada. Approximately 7,000 completed responses were collected and the analysis is providing a comprehensive overview of Canadian book buying and reading habits. This report is being circulated widely to parliamentarians, libraries, client associations and the media (approximately 5,000 copies) and is receiving good media coverage. Presentation of results are being made on multiple public platforms. We are also reporting in this year AMR the results of a review of the evaluation and audit functions.

6.0 Internal Audit Policy

6.1 Performance Indicators

- 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 Targets

- 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 audits conducted by the Department reflected the 1991-92 Internal Audit Schedule. However, the Human Resources Planning and Development audit, was cancelled as this aspect of Personnel was covered in an audit of the Department's Personnel function conducted by the Audit Branch of the Public Service Commission. The audit reports for the 1991-92 are presently either completed or are at the discussion stage with management. The major audits conducted during the year included an operational audit of the Central Region and the first EDP system audits in the Department of the Canadian Heritage Information Network (CHIN) and the Allotment Reporting and Control System (ARCS), the Department's financial information system.

The major audit findings and recommendations are outlined in the 1991-92 Summary Audit Report to the Deputy Minister which will be provided to the Treasury Board.

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

The results of the audit of the Official Language Division are reported in this Annual Management Report.

7.0 Financial Administration Policy

7.1 Performance Indicators

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

Findings

The guiding principle underlying financial administration functions at DOC is the proactive offer of services to managers. These services include managing an efficient financial information system, advising managers on how resources may best be used to meet priorities, and providing on-going support to senior management using the high-quality expertise developed by the Department's financial services. In addition to these services, there is the constant concern of meeting the financial reporting requirements of central agencies and Parliament.

In order to maintain its leadership in governmental financial management, DOC was able to set up all the elements of the Single Operating Budget (SOB) pilot project, so as to have the system operational for April 1, 1992. The financial system was extended to offer managers direct access to an up-to-date database providing salary control.

Part III:
Implementation of the IMAA
Memorandum of Understanding

DEPARTMENTAL AUTHORITIES

1.0 General Administration

TRAVEL

International Travel

On December 15, 1989, the Honourable Robert de Cotret announced an immediate 20 percent reduction in the number of international trips taken to meetings abroad by public servants during the 1990 and 1991 calendar years, using 1989 as the base year.

Pursuant to this decision, the Department set the maximum number of trips to the United States and elsewhere abroad at 817.

We were able to achieve our objective in 1990. The objective was met again in 1991 with only 662 trips being taken. The decrease was due to the following factors:

- the budget cuts introduced to meet Canada's commitments in the Persian Gulf region. Our contribution resulted among other things in a considerable reduction in official travel; and
- the 3-percent cut in operating budgets announced in the budget tabled on February 26, 1991.

Following the tabling of the budget on February 25, 1992, we were informed that the 20-percent reductions would remain in effect for 1992.

Comprehensive Travel Allowances

No comprehensive allowances have been approved in the last three fiscal years.

Business Executive Class

Previous to fiscal year 1989-90, information on business class was unavailable. In order to overcome this situation, a computerized travel system was developed as part of the departmental financial system. As a result, it was possible to determine that business executive class was used in 295 instances in 1990-91. In 1991-92, it was determined that this class of travel was used in 224 instances, a reduction of 71 (24 percent).

As a result of December 1988 Treasury Board's decision that authorizes departments to delegate the approval of this expense to the assistant deputy minister level or equivalent, future reports will not include this item.

CONFERENCES

The costs associated with conferences have fluctuated in the last three fiscal years, mainly because the Department is asked to participate or to sponsor in various important international conferences. In 1991-92 the following were held:

- Canada-Japan Communications Industry Technical Seminar;
- TELECOM 1991;
- 1992 World Administrative Radio Conference (WARC 92).

MEMBERSHIPS

There are presently 98 memberships in the Department compared to 69 in 1990-91 and 58 in 1989-90.

The increase in 1991-92 is due mainly to the greater need for increased visibility of the Department's Canadian Workplace Automation Research Centre (CWARC) located in Laval, Quebec on the Canadian and international scene, and the growing emphasis on research and development initiatives.

HOSPITALITY

In 1991-92, there were 4 single functions that required the Minister's approval, compared to 6 in 1990-91 and 13 in 1989-90. The Deputy Minister's approval was required for 37 functions in 1991-92, as opposed to 33 in 1990-91 and 43 in 1989-90.

The number of functions that were approved at the Assistant Deputy Minister and lower levels was 2,262 in 1991-92, 1,991 in 1990-91 and 2,017 in 1989-90.

In 1991-92, there were 881 functions where government employees exceeded guests, a reduction of 12 percent from last year. Information on this item is not available prior to 1990-91.

FEE SCHEDULES

Order in Council 90-0117-01 amended the General Radio Regulations, Part I, C.R.C. ch. 1371, to authorize a new scale of radio licence fees and improve licensing compliance.

Based on this authorization, Spectrum Management made a projection of increased revenue in the 1991-92 MYOP compared to the 1990-91 reference level as follows:

1991-92:	\$26.3 million
1992-93:	\$28.3 million
1993-94:	\$30.5 million

As a follow-up to the February 25, 1992 budget, the Department is continuing to develop its revenue plan to determine the fees that may be imposed or revised.

EX-GRATIA PAYMENTS

There were 2 payments totalling \$925 in 1989-90 and 7 payments totalling \$764.80 in 1990-91. In 1991-92, 5 payments totalling \$3,600 were processed.

On August 13, 1991, Treasury Board approved a new more easily understood policy on ex-gratia payments developed by an interdepartmental working group.

INFORMATION TECHNOLOGY AND SYSTEMS PLAN

The scheduled update to the Strategic Information Management Plan, which was sent to Treasury Board in 1990, was postponed due to lack of resources. It is scheduled to take place in 1993-94 in accordance with Treasury Board Guidelines on Informatics Management.

INFORMATION TECHNOLOGY PROJECTS

All informatics management goods and services contracts in excess of \$50,000 and non-consulting professional services contracts in excess of \$30,000 were approved by the Contract Review Board (CRB) in accordance with the review procedures established within the Department. A summary of approved contracts costing \$100,000 and more follows:

(\$000s)

CP-6 Software licence and support	215
Maintenance contract with Control Data-CHIN - 2 years	189
Maintenance contract for Develcon Develnet Communications Equipment	124
Professional services for a feasibility study concerning the Radio Interference Advisor	100

CONTRACTING

No contracts were issued by the Department this year for Task Forces.

A total of 12 contracts were issued by the Department for Centres of Excellence totalling \$312,942. None of these contracts exceeded the \$100,000 authority granted to us through IMAA.

FACILITIES MANAGEMENT

Public Works Canada and the Department 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.

2.0 Human Resources Management

CLASSIFICATION AUTHORITY

As in previous years, the Department did not exercise this special delegation during 1991-92. However, the Deputy Minister has delegated authority to classify all Executive Group positions up to the EX-03 level. Thirty positions have been evaluated, most by ADM level committee, and the decisions were issued under the Deputy's Minister's delegated authority.

FLEXIBILITY COMPLEMENT

The Department did not have to exercise this delegation in the course of this agreement.

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. The monitoring of the authority has been delegated to the Director General of Administrative and Technical Services (DGAT) who administers all contracts.

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 thereby reinforcing the importance of results in these two critical areas.

3.0 Financial Management

RESOURCING ISSUE UNDERSTANDING

Issues affecting reference levels

TB decisions 815465, 814372, 813823, 814537 and 814321 of December 20, 1990, approved DOC's reference levels for 1991-92, that is, \$352,066,000 and 2,177 PYs. The latter does not include PYs allocated to the Government Telecommunications Agency, which has been a Special Operating Agency (SOA) since November 22, 1990.

Again in 1991-92, no increase to offset higher prices was provided in the goods and services budget or for grants and contributions.

However, DOC did not have access to all the resources approved in the 1991-92 MYOP. The Salary Adjustment Reserve Allotment was made into a special frozen allotment, and separate allotments in the order of \$10.3 million were created to reflect the 3 percent budget cut, the reduction in grants and contributions, and the postponement or cancellation of certain projects as a result of the February 26, 1991 Budget. These allotments included the funding for the Non-Theatrical Production Fund, which was cut by \$1.5 million.

Allocations from Central Reserves

There were various adjustments made to the 1991-92 reference levels following Cabinet decisions.

Cabinet approved the use of funds from the Priorities Reserve for part of the Publications Distribution Assistance Program, for cultural infrastructure, and allocated the resources required to give DOC power of policy direction over the CRTC.

Cabinet also approved additional resources for the following initiatives, to be taken from the Special Communications and Culture Reserve: the Interactive Communications Complex in Brantford, Ontario, the Canada-Prince Edward Island Co-operation Agreement (cost-shared equally with the ACOA), the Cultural Industries Development Fund, TV5, the Canada-France agreement in the area of museums, maintenance of the Main Street Program, and financial assistance for the National Ballet School and the National Theatre School. Many of these projects, however, were funded from the savings realized as a result of the spending freeze.

The Agreement Fund/Reserve identified in the fiscal framework provided resources for the Canada-Alberta and Canada-Saskatchewan agreements on communications technology.

Financing was provided under the Canada-Quebec Subsidiary Agreement on Economic Development (Montreal component) for the Centre d'archéologie et d'histoire de Montréal and for the Electronic Data Interchange (EDI) project. With Treasury Board approval, savings from the spending freeze were used to fund the OSI testing, research and development centre.

No projects were funded from the Treasury Board Program Reserve in 1991-92.

With regard to Cultural Infrastructure Projects, it should be noted that, as a result of the Budget Speech of February 26, 1991, the Edmonton Concert Hall project was delayed and the Montreal Symphony Orchestra project was cancelled.

Supplementary Estimates

Supplementary Estimates "B" were approved for DOC with the addition of \$25.7 million to the Main Estimates levels of 1991-92 for initiatives such as the cooperation agreements, cultural infrastructure projects and the Publications Distribution Assistance Program. In addition, a non-budgetary appropriation of \$7 million was authorized for loans to cultural industries, to encourage growth of the Canadian publishing, film and video, and sound recording industries.

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 1991-92, Treasury Board approved an amount of \$4 million to be reprofiled from the budgets of 1991-92 to future years' budgets in connection with the construction work at the Communications Research Centre, which had been considerably delayed, and the BI-CAPITOL project in New Brunswick, which was also behind schedule.

PARLIAMENTARY APPROPRIATIONS AND ALLOTMENT CONTROL

Since Treasury Board approved the extension of the Memorandum of Understanding under the same terms and conditions, the structure of the departmental appropriations will remain unchanged until the Public Accounts Committee decides to increase the Estimates Vote thresholds for capital and for grants and contributions from \$5 million to \$25 million. This would have the effect of eliminating the need for a DOC Capital Vote.

Frozen allotments were created following the approval of the February 26 budget: in Vote 1 for the Salary Adjustment Reserve Allotment and the 3-percent reduction in operating expenditures; in Vote 5 for the 3-percent reduction in capital expenditures; and in Vote 10 to comply with the government's decision to postpone the Edmonton Concert Hall project and to cancel the Montreal Symphony Orchestra project, and in line with its decision to reduce grants and contributions. Special purpose allotments for the contribution to the International Telecommunications Union (ITU) and feasibility studies for a science and technology museum in Montreal are also in place.

USE OF REVENUE

DOC's External User Fee Revenue Plan was approved as part of the 1991-92 MYOP. It established the following revenue targets:

	1990-91	1991-92	1992-93	1993-94
Revenues Credited to CRF	\$ 78.9M	\$ 81.1M	\$ 82.7M	\$ 84.9M
Revenues Credited to the Vote	\$ 0.8M	\$ 1.1M	\$ 1.4M	\$ 1.7M

In addition, Treasury Board approved revenues credited to the Vote from other government departments for R & D services at the Shirley's Bay site, ship radio inspection fees, and museum and heritage services, as well as for the GTA Revolving Fund. The following revenue targets were established:

	1990-91	1991-92	1992-93	1993-94
Revenues Credited to Vote:	\$ 6.3M	\$ 8.2M	\$ 8.6M	\$ 8.8M
GTA	\$ 211.5M	\$ 212.6M	\$ 204.6M	\$ 202.7M

Order in Council 90-0117-01 approved the new radio licence fee structure and improvements in licence compliance. Given the corresponding increases in DOC's external user fee revenues (see fee schedule), Treasury Board approved increases to DOC's A-Base for activities aimed at increased licence compliance and for reinvestment in research into radio spectrum technology and automated systems with a view to strengthening spectrum control. The amounts approved for DOC are as follows: \$6.43M in 1991-92, \$6.01M in 1992-93, \$6.43M in 1993-94 and \$5.32M in 1994-95. A permanent person-year increase of 18 was also approved.

The remaining revenue increases resulting from the revised licence fee structure and improved licence compliance are allocated to the Special Communications and Culture Reserve (SCCR), established by a decision of the Priorities and Planning Committee on December 9, 1989. Specific initiatives funded from this SCCR in 1991-92 are listed above in the section "Resourcing Issue Understanding: Allocations from Central Reserves".

CONTRIBUTIONS

In 1991-92, the Minister approved the terms and conditions of 71 new IMAA contributions totalling approximately \$6.9 million. The steady increase in new IMAA contributions can be attributed to an increased awareness and utilization of the IMAA contribution authority. This mechanism has made it much easier for the Department to fulfil its mandate.

PERSON-YEAR CONTROL

The fundamental authority of exemption from PY control was approved for the Government Telecommunications Agency on November 22, 1990, when Treasury Board approved its status as a Special Operating Agency (SOA).

Following the February 1991 Budget Speech, the creation of two new SOAs was announced for DOC. Work continued throughout 1991-92 on setting up both the Canadian Heritage Information Network (CHIN) and the Canadian Conservation Institute (CCI) as SOAs. Framework documents, business plans and TB submissions were prepared, and intensive negotiations were held with Treasury Board.

Preparations for establishing a Single Operating Budget (SOB) pilot project for the entire Department continued during the year, and as of April 1, 1992, DOC's person-years are no longer being controlled by Treasury Board. Discussions are still being held with Treasury Board to determine how the number of employees will be reported.

CONTRIBUTIONS TO ITU

Because of the spending freeze ordered by the government in 1991-92, a shortfall of \$727,000 in the contribution to the ITU was made up from DOC's A-base.

ADDENDA TO THE MYOP

The Science Addendum previously submitted with the MYOP document was prepared and submitted under separate cover to Statistics Canada and Treasury Board.

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

ACCOUNTABILITY REGIME

1.0 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.

The Communications and Culture Program effectiveness is assessed as per a planned cyclical evaluation of the Department's 32 program evaluation components and all economic agreements. The Program Evaluation Workplan is derived from both the Operational Plan Framework (OPF) and from special needs which may arise from changes in the organization. Following the proposed schedule, it is not the sole criteria used in determining if an evaluation should happen, in fact only when the need is proven will an evaluation occur.

The OPF is in the process of being re-examined to better reflect the restructuring of the organization. Furthermore, it is DOC's intention to redefine the audit and evaluation universe and the structure of the components to be studied in line with the new OPF. Based on the results of this exercise, audit and evaluation plans for the next IMAA MOU period will be developed in consultation with the OCG and TBS.

It should be noted that in response to the February 1991 budget, the audit and evaluation functions have been amalgamated into one Branch "Corporate Review" and is headed by one senior manager. An independent review of both functions was completed in September 1991.

The review confirmed the recent OCG assessment of the performance of the DPE function; briefly it found that the DOC evaluation function is well established. Past formal evaluations, and special studies, were found to be relevant and executed with a high level of professionalism. The study concluded that the "right" programs had been evaluated, the most important issues had been addressed, and that the methodologies and conclusions were sound. The review further indicated there was a need to more narrowly define evaluations and to balance strategic management priorities with line management needs.

The review provided mixed views related to the past performance of Internal Audit. The importance of audit and the professionalism of auditors was not challenged. However, all interviewees who had been subjected to an audit indicated that the observations reported were "trivial". Furthermore, they indicated that the recommendations did not recognize the reality of their activity area's operating environment and were often not useful. Many believed that the audit process was excessively rigid and that turnaround time on reports was too slow. Because of these factors, concerns were expressed that reports are being ignored, time is being wasted at the organizational level, and there is a risk that some action plans submitted to senior management for approval are simply paper exercises.

The Departmental Strategic Committee agreed to a train of measures developed by the head of the audit and evaluation functions based on the recommendations of the review. Those will likely nurture a coordinated approach to the delivery of the evaluation and audit processes. DOC intends to explore and experiment with alternative models toward an integrated review function which would enable combining and mixing evaluation, audit, research and management consulting expertise to strategically address policy, programmatic and management issues.

2.0 Systems Improvements

CLASSIFICATION MONITORING PROGRAM

During the past year, the Department pursued its efforts to ensure that the Classification Monitoring Program remains transparent, viable and credible.

Since we were in the second year of our five-year plan, we had to conduct the triennial review for the entire Department. The final results show that, in the review of the classification decisions sample (100 positions), we achieved a performance of 92 percent in terms of the quality of the Department's decisions. This result clearly indicates that we meet the Treasury Board requirements for performance indicators.

We submitted the appropriate reports and took the corrective measures required to settle disputed cases. At this time, follow-ups have been done and there are only six cases remaining to be finalized to close this file.

We also worked hand in hand with the Treasury Board to update our computerized classification system. A pilot project on classification activities is now underway in the regions. This system will be used Department-wide as soon as the pilot project is completed. These initiatives will enable the Department to ensure that we have a reliable and accessible system in place that meets our needs.

Training was provided to the Management Category and to employees in various groups and at various levels throughout the Department. We now have a total of 22 senior managers and 47 other employees who can sit on the committees. In addition, six Personnel officers attended mandatory Treasury Board training and a number of other employees received training through the departmental Middle Manager's Orientation course.

LONG RANGE INFORMATION PLAN

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

TELECOMMUNICATIONS PROCUREMENT PRACTICES

GTA and DSS operate under the terms of their MOU which was designed to streamline and clarify the procurement function for information technology and services.

It 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.

3.0 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.

