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REPORT TO THE MINISTER OF COMMUNICATIONS

FOR THE YEAR 1974-75

La Société canadienne  
des Télécommunications  
transmarines

Canadian Overseas  
Telecommunication  
Corporation



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FOR THE YEAR 1974-75

February 7th, 1975

## INTRODUCTION

This report is submitted to the Minister in conjunction with the Corporation's Annual Budgets and in the form of a general progress report on the activities carried out in 1974 and with a general indication of the goals that the Corporation intends to pursue in the year 1975/76.

Results achieved so far in 1974/75 show that the volumes of traffic and the revenues will exceed the forecast by a considerable margin. The documentation accompanying the budget submission provides further details in this connection. It should be noted, however, that all three basic services are showing favourable increases in the outward direction as well as in the inward direction. This situation is expected to be maintained throughout the year, as well as in 1975/76 for which year the Corporation anticipates an increase of 24% in its revenues from telecommunication services and increases of 35%, 22% and 10% in telephone, telex and telegraph services respectively. Operating expenses are expected to exceed the budget slightly due to the additional number of circuits that had to be activated to handle the higher than expected volume of traffic; also, the Toronto Gateway was activated ahead of budgeted date of July 1st and consequently, the transponder leased by the Corporation from Telesat was taken up ahead of schedule. A large proportion of this unfavourable variance is therefore going to be offset by the additional revenues and, to some degree, by cost savings realized through a more efficient operation of the Commonwealth Network. The selling general and administrative expenses are expected to be less than the budgeted amount.

Therefore, the performance of the Corporation in the provision of services remains sound and healthy.

At the time we made our presentation last year, the emphasis was placed on the corporate reorganization and on the management system to be developed to support it. Although this was an ambitious program, management is in a position to report considerable progress in this area. In order to appreciate the progress achieved in this respect, in a comprehensive perspective, it is necessary to recall that the initial phase consisted in the setting-up of a new organizational structure based on the full development of individual departments.

A special emphasis was placed in the development of greater strength in key areas such as functional and operational planning, marketing, finance, management information, human resources, public relations and participation in external forums along with a re-definition and consolidation of the operational and technical functions. In line with these goals, it was essential to evolve towards the development of a corporate management system, the concept of which was the object of the presentation last year. In devising the system, management was particularly conscious of the need to maintain its operational capability to its highest level possible in order to satisfy the growing demand for services. At the same time, it was recognized that a sound management system need to rest on a solid foundation. Therefore, the Corporation concentrated its efforts, in the year under review, on the further refinement of the management system itself and in the further development of the administrative infrastructure. More specifically, management directed its attention primarily toward the recruitment of personnel, the development of administrative policies and procedures, management systems, accumulation of data and information and, in this respect, most of the essential programs are well under way as can be seen from the detailed reports that follow.

Turning our attention to the year 1975/76, it is expected that most of those programs will be completed. Thus, it is the intention of management to address itself in the year 1975/76 primarily to the pursuit of these programs and to the consolidation of the administrative infrastructure.

On the business side, top priority will be assigned to the development of new services, in concert with other administrations and the Canadian carriers, in response to the expected market requirements. It is intended also to pursue the examination of a number of corporate issues requiring policies and direction such as the resolution of the issues left outstanding under the Commonwealth Telecommunication Agreement, the agreements with the domestic carriers, the rate structure, the anticipated developments in the legislative and regulatory fields and other similar issues. To this end, it is anticipated that staff recruitment will continue to be at a comparatively high level throughout the year but the trend should stabilize more or less at its natural growth level in the subsequent years.

## MARKETING

One of the major features of the reorganization of the corporate structure was the emphasis placed on the marketing function. It was felt indeed that the ever growing complexity of the services required by the Canadian public necessitated that the marketing function be carried on in a more systematic and broader fashion. In the area of conventional services, a number of programs were developed so as to ensure the maintenance of constant relations with the customers. On the other hand, the Corporation has identified as an area of top priority that of new services development. On the whole, the activities of the Corporation insofar as the Marketing service is concerned, covered the following.

### - Marketing Department Organization

A major undertaking of the Marketing Department in this fiscal year has been a review of the key strengths and weaknesses of the marketing function in relation to the future direction of the Corporation and the needs of the Canadian marketplace for international telecommunications. This review resulted in the development of a new structure and the process of implementing it was commenced at the beginning of 1975.

The major benefits to be realized in the coming year from the new organizational structure will be an expanded sales effort and increased emphasis on new service development and marketing research activities.

### - New Services Development

Work has proceeded on a number of fronts during the year in the area of new services development.

International Digital Data Services have been examined in some detail under the direction of a joint COTC/British Post Office committee. This review has covered the design, operational and tariff aspects of such services and has progressed to the point where the first of a family of digital data services will be introduced in the coming year.



With respect to the Private Wire Message Switching Service, several design concepts for expanding and improving our present offering were considered. The preferred alternative is one which will make use of on-line computers presently dedicated to the public telex service but which will become available in late 1975. This option, which will keep capital investment to a minimum, is being developed further.

Work was also initiated during the year on studying new feature offerings in connection with the international telex service and investigating the feasibility of a public facsimile service.

In the area of International Digital Data Services, it is expected that a point-to-point service with Great Britain will be operational by October 1975, after sufficient pilot tests have been completed. We will also be examining the feasibility and desirability of expanding this service to other countries. At the same time development work and discussions will take place with a number of overseas administrations and the Canadian domestic carriers on the later introduction of switched digital data services.

The new expanded switching system for telex (COMTEX II) will become operational around December 1975, at which time the existing facility (COMTEX I) will become redundant. Development will proceed with a view to having COMTEX I equipment modified and ready for Private Wire Message Switching at that time. Such a system will have a capacity of hundreds of private circuits and thus meet the foreseeable market needs.

Work will continue, or be initiated, primarily in the areas of public facsimile, new feature offerings on telex and electronic mail service.

#### - Repatriation of Canadian International Terminal Traffic

Efforts during the past year have been concentrated on identifying traffic entering and leaving Canada via the U.S.A. Discussions were conducted with TCTS and detailed information on telephone traffic of this nature is now being received. Internal studies have been conducted and are now completed on volumes of telex and telegraph traffic being routed over U.S. facilities.

It is our intention to incorporate this activity into an expanded traffic and tariffs program, for transit as well as terminal traffic, with the intent of identifying all such revenue opportunities and associated rate anomalies, which should be exploited or corrected. A plan of action will be developed early in the year and progress charted regularly against identified problem areas, priorities and opportunities.

An effort will also be launched to identify traffic leaving/entering Canada on the facilities of pseudo-carriers. We have reason to believe that significant volumes of traffic are handled in this manner, to the detriment of the Corporation.

- Marketing Research

For telex and telegraph users, several thousand questionnaires have been completed in the course of field customer service visits. The information is now being used to prepare customer and industry profiles.

Work was also undertaken on a survey of possible users of specialized services, primarily multi-national firms operating in Canada. Such a survey, when completed, will enable our Sales Division to concentrate their efforts over the short-term where potential for increased revenue is greatest.

Our program for the coming year will encompass a number of general and specific research projects. Specific research studies will be conducted to form part of the overall feasibility studies for new or expanded special services such as private wire message switching, digital data services and facsimile.

In addition, we anticipate conducting research into the market demand for ISD telephone service. Provision will also be made to conduct general research on market conditions, price sensitivities and other related issues.

- Tariff Policies and Practices

Most of the efforts expended in this area during the year have concentrated on the analysis of existing COTC tariff structures, with particular attention being paid to collection rates and accounting arrangements with distant administrations (inside and outside the Commonwealth).

Another major activity related to a review of settlement arrangements with the Canadian domestic carriers, particularly the member companies of TCTS.

Some eighteen months ago we initiated an in-depth study with TCTS to review our settlement arrangement on the international telephone service. This review was an attempt to identify the respective financial positions deriving from the handling of such traffic, with a view to developing a settlement arrangement which would satisfy their desire for adequate compensation and one which could be defended on the basis of sound principles and rationale.

The study has been a complex one and indeed very time-consuming. We are just completing the evaluatory phase of the study, which includes the broad development of a possible new arrangement. We are about to undertake a detailed analysis of the results, following which the Corporate position and negotiating strategy will be developed.

Activities for the coming year within each of our major service classifications can be categorized as follows:

- Telegraph Service

We have recently received notice that the CN/CP terminal payments for the handling of overseas telegrams is to be increased by 2 cents per full rate word, effective March 1st, 1975.

Because of the financial status of the telegraph service, we will have no option but to increase our rates to the public to offset this additional payment to CN/CP of approximately one million dollars per annum. At the same time, we would wish to use this opportunity to introduce other amendments to the tariff to correct a number of anomalies presently existing. Some of the objectives we would be pursuing are:

- lowering of the excessively high rates at the top end of the tariff to more appropriate levels in an effort to produce a structure which has a better overall inter-relationship
- a simplification of the tariff structure by reducing the excessive number of different rates
- a standardization of rates to countries within the same geographic band.

We will be attempting to achieve the above results without any adverse impact on the revenues derived by COTC from this service. It will be necessary therefore to increase some rates by more than the amount required to meet the CN/CP increase but this will be



done bearing in mind the delicate price sensitivity of the overseas telegraph service.

- Telex Service

Major amendments to our telex tariff are unlikely within the coming year. However, any pressure from CN/CP for higher telex terminal payments could necessitate a general rate adjustment depending on the financial impact on the Corporation. It is also possible that some standardization of rates, on the basis of geographic bands, could be introduced but this would not represent a major restructuring of the tariff.

- Telephone Service

It is anticipated that our negotiations with TCTS will be concluded during the coming year. It would be our intention to review the tariff structure for telephone service in light of the settlement arrangement which will be agreed finally with TCTS.

It is our plan to continue during the year with the expansion of station calling and reduced rate calling to a number of areas not enjoying these lower cost services at present.

- Leased Circuits

The introduction of the point-to-point digital data service, initially to Britain, will result in lower tariffs for customers taking advantage of this new offering. As the service is introduced to other countries, similar reductions will be introduced.

In addition, our general leased circuit tariff will be reviewed in detail during the coming year to ensure that we maintain competitive rates related to the value of the service to the customer.

## OPERATIONS

In the operational area, the Corporation's first priority has obviously been to maintain the highest quality possible of services on an ongoing basis and to satisfy the growth in traffic. There is no need to emphasise the fact that the provision of services is of greater importance to the Corporation and calls for constant attention in order to ensure that the quality of services to which the public has been accustomed, is maintained.

Considering, however, the high rate of growth in the volumes of traffic to be handled, the increasing operating costs and the technological developments, the need was recognized for constant and detailed monitoring of performance; thus, appropriate programs were designed for the purpose of devising systems aimed at ensuring that the optimum level of quality of service and cost efficiency is at all times maintained. A goal of that nature calls initially for a detailed analysis of the current situation, the accumulation of data and the review of operating standards. Therefore, programs were initiated to assemble the necessary infrastructure leading to a comprehensive review of existing standards and performance achievements and to the development of new standards, practices and procedures where necessary.

The specific programs were:

- Definition of Cost Effective Factors

To review and define cost and profit efficient standards relating to the operation of all services.

- Continuity of Service Factors

To review and define those factors relating to continuity of service and their application to the planning of COTC's systems and facilities.

- Circuit, Facility and Network File

To provide a real-time access listing of all circuit orders with the facility or retrieval in groupings by route, stream facilities and networks.

- Utilization and Quality of Service File

To develop the necessary traffic monitoring and analysis techniques including data processing to improve the efficiency of exploitation and quality of service of the Corporation's services.

- Circuit, Routing, Facility & Equipment Availability & Performance File

To provide for assessment of the continuity of service, the quality of service and the efficiency of maintenance procedures by production of monthly reports including an analysis of results achieved.

- Allocation of Equipment

To develop procedures and standards leading to the effective provision of additional equipment and facilities in a timely fashion in order to maintain the desired service standards.

- Equipment Maintenance

To review, develop and implement procedures relating to the equipment maintenance programs to meet the revised service standards.

## ENGINEERING

The greater proportion of activities relating to the Engineering function are covered in a detailed fashion in the Corporate Budget Submission. However, in addition to the activities related to the Capital Projects, the Engineering Department was involved in corporate programs aimed at developing a Capital Project Planning System, as well as at reviewing, on an ongoing basis, the technological developments in the area of telecommunications equipment.

### - Planning/Programming/Control Systems

In 1974 a Corporate Program was introduced providing for the development of a Planning/Programming/and Control System for Capital Projects. The objective of this program was to define a comprehensive system for the definition of the Corporation's short, medium and long-term capital facilities requirements, a system for programming of all task effort required during the implementation stages, and a system of budgetary, progress and technical review and control. During the current year the systems as described above were defined for the purposes of the short and medium-term requirements, i.e. one year and five year capital projections. During the fiscal year 1975/76, the sytem definitions will be expanded to cater for the long-term period, i.e. 10-15 year planning periods.

### - System for the Review of Technological Developments

In order to ensure that the Corporation realizes maximum benefit from new technological developments, a program was introduced in 1974 aimed at the definition of a system which would allow for a programming of effort, information analysis, overview reporting and coupling of conclusions to the Corporation's long-term planning process.

The system which should be completed by the beginning of the new fiscal year will ensure that the Corporation's assessment of planning alternatives is carried out in light of all pertinent implications of the rapidly developing technology.

- Support to Canadian Industry

During the past year a substantial effort has been put forth towards a policy of encouragement to the Canadian Supplier Industry. In full co-operation with representatives of the Industrial Resources Development Division of DOC, DITC and DSS a program of industrial briefings was formulated and five presentations were provided by COTC covering the prime areas of our procurement requirements. The briefings were designed to emphasize not only areas of direct COTC requirement but in addition, to provide an assessment of export potential. Further to these briefing sessions, COTC has forcefully explored the possibility of linking a number of its immediate requirements with new Canadian supplier capabilities developed or being developed as a result of current Governmental R&D funding assistance programs. An outstanding success has been evidenced in the recent awarding of a contract to a Canadian firm for the provision of a telex switching facility employing the new mini-computer technology. During the new fiscal year it is planned to continue a vigorous effort in this direction with a view to optimizing the Canadian content of our Capital Budget implementation and to assist where possible in encouragement to Canadian suppliers in the development of capability in areas of high potential for export.

In this regard, it is noted that COTC has aligned itself fully with the objectives as defined in the recent Working Paper issued by DOC and in support of these objectives we have forwarded to the Department constructive proposals aimed at defining appropriate means for improvement to the existing situation.

## PARTICIPATION IN EXTERNAL FORUMS

In view of the nature of its business, the Corporation finds it essential to participate actively in a number of external forums, most of which are of an international nature. These forums allow for the systematic and comprehensive discussion of issues of common interest to the telecommunicators and for the application of several international agreements. These organisations are INTELSAT, the Commonwealth Telecommunications Organization (CTO), the International Telecommunications Union (ITU) and, on the domestic scene, the Canadian Telecommunications Carriers Association.

Due to the ever growing complexity of issues debated by these forums and the increasing number of specialized organs within these forums, it has become necessary for the Corporation to recognize the activities of these organizations as requiring continued and structured attention. Furthermore, most of the issues coming up for discussion before such forums, while requiring technical expertise in a variety of fields, nevertheless include policy considerations and, consequently, call for an active and constant monitoring by management.

In recognition of this situation, the Corporation has devoted much of its attention to the development of an efficient internal process aimed at insuring effective and timely policy decisions and coordination. It is obvious, however, that a number of those issues are the object of the preoccupation of several forums simultaneously and of the Corporation proper, thus reinforcing the need for a concerted approach and for a well documented data base. While this system is well in the course of development, the Corporation has nevertheless been active in several external forums, as follows:

### INTELSAT

During the year, the Corporation provided the Chairman of the Board of Governors, the Chairman of the Advisory Committee on Finance and the Vice-Chairman of the Advisory Committee on Planning.



In addition, through its participation in the work of the Board of Governors, and of a variety of its committees, the Corporation has made contribution in the following areas:

- Follow-on system for the next generation of Satellites,
- Research and Development activities
- New technologies
- New Services including possible Maritime
- Intersystem coordination
- Representation at international conferences e.g. ITU, INMARSAT, etc...
- Procurement Procedures
- Permanent Management Arrangements to apply after the Director General is appointed.
- Studies on 11/14 GHz earth stations and satellite design concept

It is worth mentioning that the Corporation has cooperated with the Department of Communications, the Department of Industry, Trade and Commerce and the industry in general in an effort to foster contributions from the Canadian manufacturing industry to the development of Time Division Multiple Access equipment (TDMA) and in the carrying out of the required Field Trials.

#### COMMONWEALTH TELECOMMUNICATIONS ORGANIZATION

During the year, the Corporation provided the chairman of the Commonwealth Telecommunications Council (CTC) and of the Standing Committee of Council (SCC), as well as that of the Commonwealth Cable Management Committee (CCMC). In addition, it accepted the chairmanship of one of four Specialist Groups, that is the one on Marketing and Tariffs; it also provided the Rapporteur on Maintenance for the Specialist Group on Network Operations and the Chairman of the ad hoc group set up to study the application of TASI techniques on the Commonwealth Cable System. The Corporation has also provided the services of an expert to the Bureau to participate in a review of the computer requirements in relation to the administration of the financial agreements.

With respect to the long term development of the Organization, as a result of certain recommendations made by the Corporation in the light of previous consultations with partners, Council agreed, at its 12th Meeting (November 1974) to assign to a review group (composed of the Chairman, the two Vice-chairmen and the General Secretary), the task of undertaking comprehensive review of the Partnership with a view to assessing the appropriateness and effectiveness of its present aims and activities and to defining the functional and operational objectives to be pursued in future, as well as the adjustments to be effected, if necessary, in the organizational and administrative machinery presently in existence.

Another area of continued intense activity within the CTO was that of the financial arrangements which came into effect on April 1st, 1973. In this respect, Council has taken action on two fronts. On the one hand, Council agreed with a proposal fostered by the Corporation to adopt a program of seminars aimed at providing the various national bodies and their staff with proper training in this most complex accounting field; it should result in increased efficiency in the application of these agreements that are so vitally important to the partners individually. On the other hand, Council has set up a Steering Group (chaired by the Corporation Vice President, Marketing) with the explicit responsibility of making comprehensive recommendations to council for the resolution of those issues left outstanding at the time of the 1972 Ottawa conference. These and other related issues cover such matters as the question of accounting for the automatic and manual exchanges, the consultative procedures amongst partners, the accounting for foreign transit traffic, the apportionment of cost for the carriage of intra Commonwealth traffic in certain relations, the impact of currency variations, the accounting rates on intra Commonwealth traffic and, finally, the adjustments that may be required to assist partners not connected to the Broad Band system or for utilization of long cable routes.

Internally, the Corporation has taken appropriate steps to examine these issues systematically so as to be in a position to participate actively in their discussion within the CTO.

## INTERNATIONAL TELECOMMUNICATIONS UNION

COTC has membership as a Recognised Private Operating Agency in both of the main components of the ITU - the CCIR and CCITT. In addition COTC has participated fully in the establishment and work of the Canadian National Organisations established by DOC to deal with Canadian Participation in these forums:

### CCITT - CNO/CCITT

COTC provides:

- The National Study Committee Chairman for the Committee dealing with Maintenance and Protection.
- The National Study Group Chairman for Study Group IX (Telegraph Transmission).
- The National Study Group Chairman for Study Group X (Telegraph Switching).
- The National Study Group chairman for Study Group XI (Telephone Switching).

In addition, COTC is represented in all of the other 16 National Study Groups. In addition, by virtue of the participation in the CTCA additional contributions were made.

The Corporation staff participated in eleven international meetings and 40 national meetings, originated eight contributions, took part in the drafting of six other contributions and provided responses to ten CCITT questionnaires on Technical Matters.

### CCIR

Most of the activity for the last Plenary Period of CCIR which concluded in July 1974 was completed prior to the initiation of the Corporate Programs. The Corporation participated in all meetings of the CNO/CCIR called to establish the work program for the present period.

## WORLD ADMINISTRATIVE RADIO CONFERENCES 1977 and 1979

The Corporation participated in the inaugural meetings of the Canadian Interdepartmental Committee for participation in the 1977 and 1979 World Administrative Radio Conferences which will be held by the ITU in 1977 and 1979 and expects to contribute in a meaningful manner to the derivation of a Canadian position to be adopted for these meetings.

## DOMESTIC

The main domestic forum in which the Corporation participates is the Canadian Telecommunication Carriers Association.

The Committees of the Association in which the Corporation is active are:

- Director's Committee
- Policy Committee
- Technical Committee
- The working group to interface with the Federal government working group on Computer/Communication
- Metric Conversion Sub-Committee
- Radio Sub-Committee
- Telephone, telegraph and data Sub-Committee
- Public Relations Sub-Committee
- Legal Sub-Committee

Many of the issues discussed and related to ITU matters and the Committees provide a useful sounding board for the achievement of a uniform Canadian response. On the other hand, there are others which are better resolved by bilateral discussions between the Corporation and the Department of Communications.

## MEETINGS NOT CONVENED WITHIN THE STRUCTURAL APPROACH

Apart from the number of meetings described above, there have been a number of meetings called in the area of

regional planning of non-satellite communications in which COTC has participated. Three main regional areas have been dealt with as follows.

#### NORTH ATLANTIC PLANNING

As it is necessary to commence planning of cable systems some five years in advance of their being put on service, preliminary meetings have been called in order to determine European and North American interests in an additional transatlantic telephone cable presently envisaged as being required in the 1980 to 1982 time frame. The U.K. and the U.S. carriers have been the prime movers in the convening of these meetings and the plans developed so far envisage a cable landing in England and in the U.S.; however, for technical reasons, landing in Newfoundland may be required and the Corporation is monitoring these developments closely. Various expert groups are examining the many facets of this planning.

Another aspect of the operation of cables in the North Atlantic that is presently being addressed is that of cable repair operations so as to insure a rapid restoration of any interrupted cables. COTC participates in these meetings as it is a major cable owner in the area and also operates the cables ship CCGS John Cabot in one of the areas under consideration.

#### PACIFIC PLANNING

In a similar fashion, the various administrations in the Pacific area, the U.S. Carriers and COTC have been concerned with the need to provide adequate diversity to the satellite system by the provision and installation of an expanded Pacific cable network. Australia, U.S.A. and Japan are presently installing a new cable system from the U.S. mainland to Okinawa via Hawaii and Guam. The Commonwealth, through OTC(A), and the Corporation is acquiring indefeasible right of users in a portion of the capacity of the system; and, in addition, after negotiations with AT&T and OTC(A), are replacing the TASI A equipment in Vancouver and Sydney with an improved version which is known as the TASI B. Present planning calls for 160 TASI derived circuits to be obtained from 71 bearer circuits.

SOUTH EAST ASIA WITH INDIA

Arising from the 1972 Conference, the Indian administration called a meeting to discuss the extension of the Commonwealth cable SEACOM to India. This led to a wider area being considered in South East Asia and has subsequently been referred to the Commonwealth Telecommunication Organization and its various committees for further study.



## FINANCIAL MANAGEMENT

Having identified the development of the administrative infrastructure as a priority area, it was essential to devote attention primarily to the financial management system to ensure that the financial resources of the Corporation are planned, managed and controlled efficiently and in a manner conducive to the realization of an appropriate return on its investment. Therefore, the efforts of the Corporation were deployed mainly on three fronts that is: Financial Planning, Financial Information and Financial Controls.

In the area of Financial Planning and Budgeting, a comprehensive system is in the process of being developed which gives due recognition to the legal and contractual requirements to which the Corporation is subject, in the context of its Incorporating Act, the Financial Administration Act, the Commonwealth Telecommunications Financial Agreement and other international arrangements. It is expected that this system will be substantially completed by the end of the financial year 1975/76.

In the field of Financial Information, design and development of an integrated Financial Accounting and Information System has been commenced. As a first step, a new payroll system was put into operation in December 1974, which will be followed, early in the 1975/76 financial year, by a new General Ledger System, the hub of the Financial Information System. The system will provide supplementary management financial and information reports and will be supported by computerized control systems in order to maintain the financial data base in the proper manner; the necessary mechanisms to provide an analytical capability in the areas of traffic and revenue patterns and financial expenditures pertaining to special corporate activities are a planned system component.

All fundamental accounting requirements will be incorporated in the overall Financial Information System, including Accounts Payable, Accounts Receivable, Fixed Assets, Payroll, Traffic and Revenue, Operating and Capital Budgets, Credit and Collection, etc.

Programs have also been defined for the purpose of designing and implementing taxation policies and procedures, depreciation and amortization, etc.

In the area of financial controls, operations and accounting practices have been thoroughly examined and an internal audit program has been devised. Several specific areas have been thoroughly audited, including the initial year under the new C.T.F.A., that ended March 31st, 1974. The internal audit programs will be continued on an ongoing basis and appropriate internal control structures will be incorporated into the new financial information system.

## MANAGEMENT INFORMATION SYSTEMS

The essence of Management Information Systems being to provide management with comprehensive information so as to ensure that the desired level of corporate operating and administrative efficiency is maintained, most of the work generated in this area was related to the development of the corporate infrastructure, one of the prime objectives of the Corporation at this stage of its reorganization. A number of sub-systems have been initiated in critical areas of the Corporation, more particularly Marketing, Operations and Finance in support of the functional programs developed in these areas.

In the Marketing area, the work consisted mainly in the development of a traffic and revenue forecasting system for major streams of traffic with a view to providing comprehensive forecasts of the utilization of all services and of the resulting revenues to satisfy the corporate planning and control requirements.

In support of the programs initiated in the Operations area for the purpose of reviewing standards of quality of service and of cost-efficiency, a data acquisition system was developed and implemented. This system is intended to accumulate data from on-line telephone exchange tapes and provide analysis of the exchanges' performance, both on a regular and on-demand basis. This system was developed as a forerunner to future programs, the first phase of which is to collect route performance, occupancy profiles, etc., and is due to be completed early in 1975. This first program will provide the tools to allow COTC to handle efficiently the rapidly growing circuit quantities and also to evaluate the network facility and circuit performances, such that COTC can operate in an efficient, cost-effective manner in conjunction with maintaining an acceptable quality of service to the customer.

In the Financial Management area, a computerized traffic and revenue information system is being devised for the purpose of producing monthly statements as well as variances, exceptions and forecasting reports for all levels of management. The computer programming work is more than half complete and the system is planned to be gradually phased-in from April to November 1975.

Considerable efforts were expended in the development of financial information systems. The first phase of which is due for implementation by April 1, 1975; this phase consists of implementing a financial data base in the form of the Corporation's General Ledger and will be followed by the production of monthly expense reports, operating and capital budget reports, as well as accounts receivable and payable statements.

## HUMAN RESOURCES MANAGEMENT

This area is one that has received sustained attention from Management throughout the year. In recognition of the fact that the success of the reorganization was highly dependent upon the efficiency of the personnel management and recruitment policies and processes, considerable efforts were expended on the development of all required personnel management functions and appropriate procedures and systems were put in place so as to ensure that the heavy recruitment requirements were satisfied. In the period under review, more than 200 permanent employees were recruited, plus a large number of auxiliary or temporary staff. The personnel requirements of the Corporation are expected to remain at a high level in 1975/76, mainly in the administrative sector, in order to staff the new functions identified as a result of the reorganizations.

In addition, a systematic review of the personnel administrative policies and procedures was undertaken together with a detailed assessment of the working conditions. This led initially to the development of a corporation-wide performance evaluation system based on generally recognized personnel management principles. Adjustments and refinements were made to the original system in time to be implemented for the performance evaluation and salary review conducted in November and December 1974. This second application was preceded by formal training given by the Personnel Department to the supervisory personnel of the Corporation in order to ensure the fair and consistent application of the system throughout the Corporation.

Working conditions in general are also closely monitored in order to ensure compatibility with conditions prevailing in similar sectors of activities outside the Corporation. The information so obtained is used for the purpose of substantiating adjustments to salary scales, collective bargaining and for the development of personnel policies and procedures, as required.

In order to satisfy the long term requirements of the Corporation, a comprehensive study on the subject of manpower planning was undertaken with a view to evolving training and career development programs taking into account the requirements of the Corporation in every field of its activities. This is obviously a complex subject which nevertheless is absolutely essential in the light of the rapid expansion of the Corporation. It is expected that considerable progress will be achieved in 1975/76.

In the area of collective bargaining, the Corporation negotiated and concluded three agreements, namely with the operating staff, the clerical staff and the Hawaii staff. Later in the year, Management was approached by the Unions with a view to obtaining monetary compensation for the increase in the cost of living. This matter was studied for all categories of staff for the purpose of assessing the discrepancy as accurately as possible. As a result of these studies, compensation was effectively awarded to the Corporation staff in proportion with the impact of the cost-of-living increase.

The area of training was substantially developed and it is expected that, in conjunction with the manpower planning process, it will be possible to launch systematic programs very shortly.

With respect to bilingualism and language training, the existing programs were continued with the result that more than 150 employees are currently following second language courses. Our goal in the immediate future in this respect is to complement the existing language training with appropriate supporting programs aimed at providing the Corporation staff with opportunities to perfect and expand their knowledge of the second language.



## SECRETARIAT AND LEGAL SERVICES

In the area of corporate secretariat, the need was identified to review all official documents and Board Minutes for the purpose of ensuring appropriate recording and classification. A complete inventory of these documents is in process and appropriate steps are being taken to ensure adequate safekeeping of archives.

In addition to providing legal services and assistance as required, the Legal Department has undertaken basic studies in a number of areas, more particularly in the area of regulations, wherein basic reference material is being compiled and analysed in conjunction with the other activities of the Corporation carried out in this respect.

The procurement function having been assigned to the Secretariat and Legal Department, action was taken towards the setting up of a Procurement Division designed to administer the purchasing function on a centralized and integrated basis. The division has assumed this responsibility gradually, over the last few months, and has been engaged in the development of a master plan, together with such appropriate policies, procedures and systems as may be required to ensure the optimum degree of efficiency in the management of this area.

In the area of Security, a survey of all Corporation installations, including the head office building, was conducted with the assistance of the security experts of the DOC. Their recommendations were most useful and have been implemented. It is now planned to have a Security Division within the Corporation for the purpose of monitoring this function on an ongoing basis. It is expected that this division will be set up shortly.

A comprehensive review of the insurance coverage carried by the Corporation and an assessment of the insurable risks were carried out and, as a result of the recommendations made, the insurance policies of the Corporation were adjusted to provide more adequate coverage. Appropriate steps are being taken to define appropriate procedures to provide for the efficient and systematic management of this function.

## PUBLIC RELATIONS

COTC's Public Relations activities are directed towards developing and maintaining a positive presence, recognition and acceptance of the Corporation among its significant publics as well as anticipating and interpreting public attitudes towards the Corporation. Having established the necessary infrastructure to fulfill our Public Relations objectives, we may now report briefly on recent activities and future plans under the following three headings.

### - External Publics

Public Relations endeavors to provide for timely dissemination of information about the activities of COTC in order to create greater awareness of the nature and role of the Corporation. Press releases on a variety of topics have been issued and are achieving greater acceptance among the print and broadcast media. An important element of our information program has been the design and introduction of a new corporate symbol which is being widely used at present and is gaining ready and positive acceptance as the distinctive mark of the Corporation.

COTC has also revised the graphic presentation of its annual report, which received special mention in the international magazine Graphis, and has distributed several thousand copies in Canada and abroad.

In 1974, two major activities that reached an external public were the inauguration of CANTAT 2 and the Beaver Harbour station, and the opening of the new Toronto Gateway. These ceremonies involved the participation of other carriers, local people, suppliers, clients and, especially in the case of CANTAT 2, received national press and media coverage.

### - Internal Publics

The employees of the Corporation are considered to be its most important public, and we have endeavored to

create in SPARGO a staff magazine that would be relevant to staff interests while at the same time providing a communications link between management and personnel. SPARGO has featured articles on COTC in general but has also devoted space to activities that are particularly interesting for the average employee. This month, a special edition of SPARGO illustrating the history of COTC in photos and texts will be published and distributed to all employees. Public Relations has also established contacts with staff associations, assisting the OSEACOM credit union in publishing its annual reports and publicizing the meetings of the Micro Club and the Quarter Century Club. For two years in a row, COTC employees and their children have participated in a contest to design a corporate Christmas card.

- Future activities

For its 25th Anniversary, COTC has a varied program of activities:

- scholarships offered to the children of employees and to post-graduate students
- a competition designed to select a work of art that will be donated to INTELSAT
- two special editions of SPARGO illustrating the history of the Corporation
- Open Houses for staff and the public to be held in Montréal and at certain stations
- a special edition of the Annual Report which will be given an even wider distribution
- a reception for all the employees and pensioners of the Corporation
- an audio-visual presentation illustrating the history of COTC.

In addition, in conjunction with its 25th Anniversary, COTC will host the Third Meeting of INTELSAT Signatories and the Annual General Meeting of CTFA.

The City of Montréal has offered the Corporation one of the theme pavilions at Man and His World and we are currently studying the possibility of creating there an Exhibition on International Telecommunications. This pavilion, which would be established for three seasons, would contribute greatly to making COTC better known in Montréal. It would also allow for an integrated exhibition involving the participation of Communications Canada and the Public Archives.

In 1975, the Corporation will undertake a program designed to bring COTC closer to the public in the communities where its stations are located. Special attention will also be paid to Toronto where the presence of the Corporation in terms of Marketing and Operations is growing rapidly.

In general, the Corporation's Public Relations activities will aim at creating greater awareness of COTC among significant publics (staff, clients, businessmen, communities where our stations are located) by taking advantage of opportunities that arise naturally and which do not involve disproportionately large expenses.

## ADMINISTRATIVE SUPPORT SERVICES

The wide ranging implications of the reorganization and the need to strengthen its infrastructure naturally brought Management to initiate a number of programs aimed at developing those support services necessary for the efficient operation and administration of the Corporation. To this end, a division was set up for the purpose of formulating and codifying administrative procedures. Approximately 65 areas requiring such procedures were identified and, so far, a large number have been formally completed or undertaken. In addition, the corporate records were surveyed in their totality and a program was defined for the purpose of implementing a Corporation-wide records management system, to control the creation, maintenance, preservation, disposition and retrieval of all corporate records; it is expected that the system will be implemented in mid 1975. The area of office services was also the object of an in-depth review which led to the implementation of a number of improvements aimed at increasing efficiency, as much as possible.

