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THE REORGANIZATION OF THE FEDERAL TRANSPORT PORTFOLIO

THE REORGANIZATION OF THE FEDERAL TRANSPORT PORTFOLIO:

THE APPLICATION OF A MINISTRY SYSTEM

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ABSTRACT

In 1970, the Federal Minister of Transport's portfolio (consisting of the Department of Transport, Canadian Transport Commission, Air Canada, Canadian National Railways, National Harbours Board, and the St. Lawrence Seaway Authority) was reorganized along the lines of a Ministry System. This dissertation consists of a detailed examination of the reorganization of the portfolio, the events precipitating it, and the transportation policy-making structure which emerged. The administrative reform process at the federal bureaucratic level is explored, including the operation of an investigative task force, the approval mechanisms to the Cabinet level, and the problems associated with implementation and communication of approved reforms. Also, the Ministry System model is analyzed in the context of Prime Minister Trudeau's "rational policy-making philosophy" and some conclusions are offered with respect to the ability of this model to provide for responsive, innovative and effective policy-making within a diversified portfolio containing a department and various satellite agencies.

RESUME

En 1970, le Ministère Fédéral des Transports (se composant du Département de Transport, Commission Canadienne de Transport, Air Canada, Canadien National, Conseil des Ports Nationaux, et l'Administration de la Voie Maritime du St-Laurent) a été réorganisé selon les critères des Systèmes Ministériels. Cette dissertation présente un examen minutieux de la réorganisation du ministère, les événements qui l'ont précipitée, et la restructuration législative du transport qui en a résulté. Le processus de réforme administrative au niveau bureaucratique fédéral est exploré, comprenant l'opération d'un "task force" chargé de l'enquête, les mécanismes d'approbation au niveau du Ministère, et les problèmes associés à l'implantation et transmission de réformes approuvées. Par ailleurs, le model du Système Ministériel est analysé dans le contexte de "philosophie de la prise de décision rationnel" du Premier Ministre Trudeau, et des conclusions sont respectueusement présentées au sujet de la capacité de ce model de fournir des politiques sensibles, innovatrices et effectives dans un ministère diversifié comprenant un département et diverses agences satellites.

PREFACE

The completion of this study of the reorganization of the federal Transport portfolio would not have been possible without the unfailing cooperation of officials of the Ministry of Transport and several other federal agencies throughout the two and one half years during which I was engaged in research and writing. In toto, I conducted approximately sixty open-ended interviews with officials in several departments and agencies including the Ministry of Transport, Treasury Board, Privy Council Office, Prime Minister's Office, Ministry of State for Urban Affairs, Department of Supply and Services, Department of the Secretary of State, and the Department of Indian Affairs and Northern Development. During the course of my research I was also given access to the files of the Task Force on the Objectives and Structures for the Portfolio of the Minister of Transport, the Intertrans Implementation Team and certain other materials pertaining to the organizational background of the Transport portfolio. While I was marginally handicapped by the fact that I was not allowed access to Cabinet documents related to the reorganization, most officials were prepared to discuss the effect of specific Cabinet decisions in terms of their impact on the ongoing approval and implementation processes related to the reorganization. Without access to this kind of data, my work would have been immensely more difficult and far less reliable with respect to the facts of complicated bureaucratic processes.

My debt of gratitude is not confined to the Ministry of Transport or to the officials of several other federal government departments and agencies who assisted me. Professor J. R. Mallory provided me with constructive comments at every stage of the enterprise, and was particularly helpful in putting the events which I was analyzing into the context of wider problems

of Canadian Government. Several people, including Professor Michael Stein, Professor Thomas Hockin, Dr. Konrad Studnicki-Gizbert, Mr. Donald Yeomans, and Mr. Warren Langford, have read all or part of the manuscript and offered valuable advice. Finally, various individuals associated with the Transportation Law Journal, the University of Toronto-York University Joint Program in Transportation, the Carleton University School of Administrative Studies and the Ministry of Transport Transportation Management Courses have given me the opportunity to present portions of my work publicly. These airings have inevitably led to improvements in argument and presentation.

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INTRODUCTION

The Setting

On March 7, 1969 the Deputy Minister of Transport established a Task Force to examine the objectives of the federal Department of Transport (D.O.T.). As the Task Force proceeded in its investigation, its area of inquiry widened considerably until, by December, 1969, when it was ready officially to report its findings to the Minister, the scope of its Report included not only new objectives in transportation for the Federal Government, but detailed suggestions for a radical reorganization - through the application of a Ministry System - of the Minister of Transport's entire portfolio.¹ Both sets of recommendations were submitted to the Federal Cabinet in early December and approved virtually in toto on 19 December, 1969. Early in 1970, the Minister took the first steps in putting the Task Force's organizational recommendations to work, establishing a group to draw up a detailed implementation plan and schedule. By its very nature, the implementation process has been a lengthy one; in fact, by the summer of 1973 there were still some significant aspects of the reorganization to be completed.

However, the implementation of the major features of the Task Force Report has been completed and it is clear that the Task Force's recommendations have led to important changes in the Federal Government's role in the Canadian transportation complex, the organization of the Minister of Transport's portfolio, and the planning and policy-making process within the portfolio.²

The Problem to be Examined

This study consists of a detailed examination of the reorganization of the federal Transport portfolio, the events precipitating it, and the transportation policy-making structure which emerged. The over-arching problem which the study confronts is that of the success or failure of the Ministry System in its first application at the federal level. Without attempting any comparisons of the "departmental" or "Ministry" systems in terms of allocative or regulatory policy output, some conclusions are tentatively offered with respect to the usefulness of the so-called Ministry System as an organizing model for a diversified portfolio containing a department and various kinds of satellite agencies. This study represents the only comprehensive analysis - to date - of the planning and policy-making process within the federal Transport portfolio, and one of a handful of attempts to examine the administrative reform and policy-making processes within the federal bureaucracy at the departmental level.

Contributions to the Study of Administrative Reform at the Federal Level

This examination of the reorganization process makes several contributions to the existing fund of knowledge concerning administrative reform at the federal level. First, by way of background, it is demonstrated that in the period following Prime Minister Trudeau's accession to power in 1968, the executive arena was preoccupied not only with the problems of its own reorganization but also with the issue of rationalizing the policy-making process at the departmental level. This study goes beyond a mere restatement of Trudeau's so-called "rational policy-making philosophy" in an effort to point out the organizational goals implicit in this view of good government and their applicability to federal departments and agencies. The goals

examined are responsiveness, innovation, and effectiveness. The study also outlines the interest being expressed during 1968-69 in variations on the Ministry System for organizing a diversified portfolio containing a department and various other types of agencies. The Ministry System is analyzed and its potential as an integrative organizational form which would encourage responsive, innovative and effective policy-making is probed.

Second, this study elaborates the process by which a departmental task force arrived at its organizational recommendations, and provides detailed information, for the first time, on the operating procedures and style of this relatively new form of temporary government organization. Third, the process by which a positional policy proposal is examined, criticized and approved within the executive arena is explored, the various participating components are identified, and attention is directed to the interplay between these components and the Minister of Transport and his officials. Finally, the detailed coverage of the reorganization process is completed with an analysis of the methods and institutions available to the Minister and his senior officials to implement the approved Ministry System throughout the portfolio, and communicate the nature and significance of the reorganization to Parliament, several thousand Transport officials, clientele groups and the media.

Contributions to the Study of the Policy-Making Process Within the Federal Bureaucracy

While the federal executive arena has been the subject of several significant studies in the wake of recent well-publicized reforms at this level, equally important structural and process changes at the departmental level have been largely ignored. In the following pages, the state of the Transport portfolio as a policy-making institution both before and after

its reorganization is examined. A detailed analysis is provided of the problems and contradictions besetting the transportation policy-making process following the passage of the National Transportation Act of 1967, and the view of the state of the portfolio from the perspective of the executive arena is explored.³ The policy-making structures and process which resulted from the application of the Ministry System are analyzed, and this analysis forms a basis for the critical discussion which draws the entire study together, i.e. to what extent has the application of the Ministry System to the Transport portfolio led to the development of a more responsive, innovative and effective policy-making body.

The Framework of Analysis and the Organizational Literature

The following framework, posed as a series of questions, indicates how the major issues outlined above are woven into a narrative that describes the reorganization of the Transport portfolio and the resulting policy-making structures and processes:

1. In the context of the Glassco Commission Report, the adoption of the P.P.B. System, the Trudeau policy-making philosophy, and the reorganization of the Cabinet Committee System and the Central Agencies, what organizational goals and models were seen within the executive arena to be relevant to the federal bureaucracy in the period 1968-1972? (Chapter One)
2. Why was the Department of Transport seen to be inadequate as a planning and policy-making institution? (Chapter Two)
3. How does a departmental task force operate? (Chapter Three)
4. How do a Minister and his senior officials gain approval for positional policy proposals, and which components of the executive

arena are involved in this approval process? (Chapter Four)

5. What structures and processes can be employed by a Minister and his senior officials to communicate and implement reorganization proposals and new policy-making processes which affect both the department and the portfolio of which it is a part? (Chapters Five and Six)

6. On the strength of the Transport experience, is the application of a Ministry System likely to lead to the development of a responsive, innovative and effective corporate policy-making structure for a diversified federal portfolio? (Chapters Six, Seven and Eight)

The above questions are significant in two senses. In the context of the available Canadian literature, they are the kinds of questions that must be answered with respect to several federal portfolios before a clear picture of the organizational variables and policy-making processes operating across the breadth of the federal bureaucracy can begin to emerge. Moreover, these questions reflect major concerns about the nature of the administrative reform process and its ability to rejuvenate the planning and policy-making processes of bureaucratic structures which have been explored in the literature on organization theory.

Most of this literature is American, and it is generally of three types.⁴ The vast majority is devoted to the widest horizons of organization theory and only peripherally deals with the specific issues of reform or reorganization.⁵ More useful hypotheses and questions have emerged from the "dynamic process" literature which specifically refers to the issues of administrative change and reform.⁶ Unfortunately, much of this literature, ignoring structural questions, focuses exclusively on behavioural problems involved in bureaucratic reorganization; or it assumes - without satisfactory

explanation - that hypotheses concerning organizational or change processes which have been derived from the observation of large business organizations are readily applicable to public bureaucracies.⁷ Probably the most fruitful form of administrative reform research has been the search for hypotheses through case studies of various attempts by public bureaucratic bodies to reform themselves.⁸ It is in this third type of literature that one finds models for the study of the administrative reform process which stress the importance of the framework of questions which I have posed in this study. The most comprehensive model is offered in F.C. Mosher (ed.), Governmental Reorganizations: Cases and Commentary.⁹ Insofar as Mosher's model is relevant to the bureaucratic environment within the Canadian federal public service, it is reflected in the specific questions which this dissertation sets out to answer. In the simplest terms, Mosher stresses the importance of the following aspects of the administrative reform process: the background of the reorganization; the ignition of the reorganization - often caused by a change in top leadership; the inception of studies and the study process; the approval and decision-making process; and the implementation and communications process.

It is noteworthy that almost all of the case studies of this type are based on American experience. There remains a need to concentrate attention on specifically Canadian attempts to improve the quality of governmental structures. Hopefully, this study begins to meet that need.

Notes to Introduction

¹See J. W. Langford, "The Canadian D.O.T. Reorganized: The Work of the Task Force on the Objectives and Structure for the Portfolio of the Minister of Transport," The Transportation Law Journal, Vol. 4, No. 1 (January, 1972), pp. 91-111.

²J. W. Langford, "The Ministry of Transport as a Policy-Making Institution," in Issues in Canadian National Transportation Policy, ed. by K. Studnicki-Gizbert, forthcoming (Toronto: 1974), reviews the 'after' reorganization situation.

³The National Transportation Act (R.S.C. 1970-71, c.N-17).

⁴See the analysis of the relationship between administrative or organizational theory and administrative reform in G.E. Caiden, Administrative Reform (Chicago: 1969), Ch. 2. Caiden confines the use of the term "administrative reform" to changes designed to facilitate the implementation of allocative or regulatory reforms. Administrative reform would thus include proposals to:

- (a) change collective purposes and goals; (b) alter the mix of resources; (c) transform attitudes and methods;
- (d) improve relationships and standards; (e) speed decisions;
- (f) rearrange patterns of authority and communication;
- (g) achieve a higher level of efficiency...

Ibid., p. 24-25.

⁵This is particularly true of the "classic" organization theory literature which has appeared since 1945, including, among others: H. Simon, Administrative Behaviour (New York: 1957); K.K. Merton (ed.), Readings in Bureaucracy (New York: 1953); P.M. Blau, The Dynamics of Bureaucracy (Chicago: 1963); J.G. March, and H. Simon, Organizations (New York: 1958).

⁶The "dynamic process" literature is oriented towards behavioural questions [see: D. Katz and R.L. Kahn, The Social Philosophy of Organizations (New York: 1966); R. Presthus, Behavioural Approaches to Public Administration (Edmonton: 1965); and The Organizational Society (New York: 1965); V.A. Thompson, Modern Organization (New York: 1961)] and the analysis of organizational and change processes [see: K.W. Deutsch, The Nervous of Government (New York: 1966); Y. Dror, Public Policy-Making Re-examined (San Francisco: 1968); A. Downs, Inside Bureaucracy (Boston: 1967); W. Bennis, Changing Organizations (New York: 1966); R.R. Blake and J. S. Mouton, The Induction of Change in Industrial Organizations (Austin: 1962); J.G. March, Handbook of Organizations (Chicago: 1965)].

⁷There are exceptions to the latter dilemma of relevancy. See B.M. Gross, The Managing of Organizations (New York: 1964), especially the annotated bibliography.

⁸See H. Stein, Public Administration and Policy Development (New York: 1952); F.C. Mosher, "Analytic Commentary," in Governmental Reorganizations: Cases and Commentary, ed. by F.C. Mosher (Indianapolis: 1967) W.J. Gore, Administrative Decision-Making (New York: 1964); P. Selznick,

TVA and the Grass Roots: A Study in the Sociology of Formal Organizations (Berkeley: 1949); D. Stanley, Changing Administrations (Washington: 1965).

⁹Mosher, op. cit., pp. 500-54. Cf: R.C. Martin, Public Administration and Democracy (Syracuse: 1965); W.H. Goodenough, Cooperation in Change (New York: 1963); A.F.C. Wallace, "Revitalized Movements," American Anthropologist, Vol. 58, No. 2 (1956), pp. 264-281. Caiden, op. cit., Chs: 5 and 6, provides a link between the ideas concerning the study of the administrative reform process which are found in the case study literature and those which are scattered throughout the general organization literature.

CHAPTER ONE

THE MINISTRY SYSTEM AND ADMINISTRATIVE REFORM

SINCE THE GLASSCO COMMISSION REPORT

Introduction

This chapter provides background for the detailed study of the re-organization of the structure and policy-making process of the federal Transport portfolio. The following section reviews the existing literature on planning and policy-making at the departmental level and offers the conclusion that very little is available. An attempt is then made to outline the highlights of federal administrative reform since the Glassco Commission Report (1962-63) and to clarify the nature of three critical organizational concepts - responsiveness, innovation and effectiveness - implicit in the hurly-burly of reorganization within the executive-bureaucratic arena in the period after Pierre Elliot Trudeau became Prime Minister in 1968. This is followed by a discussion of some models and ideas for administrative reform at the departmental level which dominated federal government thinking prior to the attempt to reorganize the Transport portfolio. One idea was that some portfolios might be better organized under a Ministry System. The chapter concludes with an analysis of the so-called Ministry System in the context of the critical organizational concepts mentioned above.

Planning and Policy-Making at the Departmental Level

In the United States, academic emphasis has turned from the structural and procedural features of public administration to the sociological and psychological aspects of the bureaucracy, whereas Canadian scholars have not yet adequately explored the first stage.

As Kenneth Kernaghan has recently pointed out, the absence of material on most aspects of Canadian public administration and public policy-making is the most startling feature of the academic landscape in these areas.² The search for adequate material becomes most desperate, perhaps, when one attempts to assemble readings about the structures and process of policy-making within federal departments and agencies below the executive arena.³ Here the pickings are very slim indeed. One of the primary problems is simply distinguishing between the various kinds of governmental units at this level. Willms notes:

There are a great number of types of units in the governmental administrative net with a wide range of functions, of organization and of procedures, and no classification that is useful for purposes of discussion and study has been devised. But it is possible to distinguish departments from the assortment of corporations, boards, commissions and others which are generally labelled agencies.

Despite the fact that, as Willms contends, "the departments are a group that has some semblance of uniformity in its ranks", and would, one might therefore assume, be reasonably accessible to attempts to study their structure and policy-making processes, far more attention has been focused by Canadian academic observers on the nature and behaviour of the various agencies.⁵

Crown corporations, in particular, have had a significant slice of the limelight.⁶ In fact, this is one area in which the transportation-oriented agencies of the federal government have achieved some academic recognition.⁷ The same holds true for administrative tribunals in the transportation sector, where the quasi-judicial roles of the Canadian Transport Commission and its predecessors have received a limited amount of attention - primarily because of their enormous impact on national transportation policy rather than their handling of legal questions.⁸ Without

seriously breaking the mysterious 'pact of silence' concerning the role and structures of departments within the federal policy-making process, some authors have made significant cuts at the border of this territory. The role of the deputy minister as the contact point between administration and political power has been explored on a number of occasions.⁹ Unfortunately, few of these studies devote significant attention to the planning and policy-making relationships of the deputy minister in a downward direction. Still on the departmental periphery, there have been questions raised and some answers provided with respect to the roles of interdepartmental committees and the minister's office staff in the policy-making process.¹⁰

Obviously, it is not the case that there are no works available which - as Kernaghan puts it - "examine in a policy context the structures and operations of particular government departments".¹¹ Kernaghan draws particular attention to: Freda Hawkins, Canada and Immigration: Public Policy and Public Concern; J. E. Hodgetts et.al., The Biography of an Institution: The Civil Service Commission, 1908-1967; and G. Bruce Doern, Science and Politics in Canada.¹² R. Barry Farrell, The Making of Canadian Foreign Policy (Englewood Cliffs: 1969), while not particularly insightful, also belongs on this list. However, there is little else.

Doern refers to the issue of "the role that particular departments and agencies play" as one of "the important missing elements" in the literature on federal policy-making in Canada.¹³ It is not difficult to discover why this is the case. Porter noted that:

In electoral democracy it is functionally appropriate that politicians assume responsibility for the behaviour of governments, and that civil servants remain neutral and anonymous.¹⁴

This accepted ethic, combined with the abnormally high level of administra-

tive secrecy which characterizes the operations of the executive - bureaucratic arena in Ottawa, tends to dissuade academics from tackling the machinery of bureaucratic government at the departmental level with a view to exposing its structure, procedures and processes to the outside world.¹⁵ However, as this study will attempt to demonstrate, with even limited access to documentation and senior administrative personnel, it is possible to explore the nature of the planning and policy-making process and structures at the departmental level.

This study focuses, in part, on the processes and structures within the federal Department of Transport and its successor, the Ministry of Transport.¹⁶ The other focus of this dissertation is reorganization. This is to be a study, then, not only of allocative planning and policy-making at the departmental level, but also of the administrative reform process whereby the structures and policy-making forums of a federal portfolio were significantly altered.

Administrative Reform at the Departmental Level Since Glassco

The Glassco Commission Report, directly and indirectly, provided the stimulus for an extraordinary amount of administrative reform within the federal executive-bureaucratic area over the last decade.¹⁷ In an indirect sense, as I shall point out in the following section, the implementation of Glassco's basic financial management recommendations began a chain of structural changes within the Central Agencies which were to rebound with considerable force on to the departmental level after 1968.¹⁸ The most direct impact of Glassco, however, was on the "management of the public service".¹⁹ Laframboise sums it up this way:

It is fair to state...that it is from the Glassco

recommendations that the federal service has introduced: (a) 'modern' financial management; (b) 'modern' personnel management; (c) increased centralization of common services; and (d) increased decentralization to managers, of what were formerly specialist tasks.²⁰

On the whole, the general effect of the several "management" recommendations is given adequate coverage in the academic literature.²¹

However, students of public policy and administration have paid little attention to the significant number of departmental reorganizations and creations during the ensuing decade which have flowed both directly from the recommendations of the Glassco Commission with respect to the "organization of the Government of Canada" and also from a perceived demand (within the executive arena) for more concentrated federal involvement in specific policy areas.²² No attempt is made in this section to fill this void; the following brief review of the most important mileposts in administrative reform at departmental level since Glassco is intended merely to provide background to the study of the reorganization of the Transport portfolio, and to draw attention to the overall approach to departmental reorganization, and in particular, to the important role played by the three Government Organization Acts in this on-going administrative reform process.

At the departmental level, except for the establishment of the Department of Industry and the Department of Consumer and Corporate Affairs, and the reorganization within the Department of National Defence and the Transport portfolio, all administrative reform demanding legislative enactment has been handled through the instrument of a Government Organization Act.²³ The result of the government's continued reliance on this instrument has been three noticeable "lumps" of reorganization activity at the departmental level since 1963. The precedent was established in 1966 with the passage of the first Government Organization Act (S.C. 1966, c.25). As the

Canada Yearbook for 1967 aptly summarizes:

The Act..., proclaimed in effect as of October 1, 1966, authorizes the establishment of the Departments of the Solicitor General of Canada, the Registrar General of Canada, Indian Affairs and Northern Development, Manpower and Immigration, Energy, Mines and Resources, and Forestry and Rural Development, and of the office of the President of the Treasury Board; the establishment of the offices of the Ministers of these Departments and the designation of their respective powers, duties and functions; and the appointment of deputy heads of the new Departments and other officers, employees, etc.²⁴

In fact, the Act was used to confirm organizational changes which had been decided upon by the Cabinet shortly after the federal election in October, 1965, and for the most part, implemented in December through Orders-in-Council under the Public Service Rearrangement and Transfer of Duties Act, (R.S.C. 1969-70, c.227).²⁵ One member of the Privy Council Office staff referred to the transfers of duties from one Minister and Department to another by Orders-in-Council as the "coup d'etat method", which allowed the government to move quickly to make changes before vested bureaucratic or clientele pressures could be brought to bear.

During this initial employment of the combination of Orders-in-Council and the Government Organization Act, it was the responsibility of the Privy Council Office to insure that the underlying raison d'etre of the reorganization was kept in perspective during the establishment process.²⁶ The Treasury Board Secretariat was involved through the placement of senior Treasury Board officers on the departmental implementation groups which were formed to put the approved reorganization into place.²⁷ These reforms were initiated within the executive arena, and there was a continuing concern that their original purpose would not be perverted during the implementation period.

A similar pattern of reorganization was employed during 1968-69.

Orders-in-Council outlining major organizational changes were proclaimed on July 12, 1968, and the process was completed by the passage of the second Government Organization Act, (S.C. 1968-69, c.28). This reorganization involved the creation of four new departments, two of which reflected the government's increased involvement in new allocative policy areas:

The establishment of the Department of Regional Economic Expansion continued the attempts to bring under the direction of a single Minister the key programs required to reduce regional economic disparities. The trend began in 1966 with the establishment of the Department of Forestry and Rural Development from elements of the previous Department of Forestry and elements of the Department of Agriculture...²⁸

Equally noteworthy was the creation of the Department of Communications.

Its core was formed from a major portion of the Telecommunications Branch of the Department of Transport and from the Defence Research Telecommunications Establishment of the Defence Research Board. The Minister of Communications was also made Postmaster General, thereby extending the breadth of his responsibilities for most aspects of communications policy.²⁹

The other two major products of the Act were a Department of Fisheries and Forestry and a Department of Supply and Services. The former, as a prelude to the establishment of a Department of the Environment, brought "under a single Minister responsibility for the development of two of Canada's major renewable resources".³⁰ The latter brought to fruition a basic recommendation of the Glassco Commission that the major purchasing and services functions of the government be consolidated thereby allowing functional departments to concentrate on their primary responsibilities.³¹

The final "lump" of reorganization to be dealt with over the last decade was put forward by the government in 1970 and given legislative blessing under the Government Organization Act, (S.C. 1970-71, c.42).

Superficially, the pattern appeared to be somewhat similar to the two earlier uses of this legislative instrument. The Act provided for the creation of

a Department of the Environment on the basis of the existing Department of Fisheries and Forestry, with additional responsibilities for water and air pollution monitoring and control being transferred from the Ministry of Transport and the Departments of National Health and Welfare, and Energy, Mines and Resources.³² All of these duties and responsibilities had been transferred to the Minister of Fisheries and Forestry by Order-in-Council prior to the introducing of the legislation into the House of Commons.³³ However, whereas in the past the government had employed legislation of this type to set up new departments and alter the responsibilities and functions of specific ministers, the Government Organization Act went quite a bit further.

When it was presented to the House of Commons as Bill C-207 on December 9, 1970, it included not only provisions to create the Department of the Environment, but the introduction of the concepts of "Ministers and Ministries of State", guidelines with respect to increasing the number of Parliamentary Secretaries, a section to amend the Post Office Act, (R.S.C. 1970, c.212), to provide for the appointment of a Postmaster General to head up a Post Office Department separate from the Department of Communications, and amendments to the Public Service Superannuation Act, (S.C. 1966-67, c.44) and the Salaries Act, (S.C. 1966-67, c.84) with respect to the pension provisions for senior public servants and the salary levels of Ministers-of-State.³⁴ It is noteworthy, in view of the extraordinary variety of subjects dealt with in this Bill, that some considerations had been given within the Privy Council Office to tacking on still further items requiring legislative change prior to its introduction. In fact, discussions were held between Ministry of Transport officials and the Privy Council Office with respect to using the Bill to provide legislative support to de facto

organizational changes arising from the establishment of the Ministry of Transport.³⁵

The reaction of the opposition members in the House of Commons and the Press Gallery was not positive. For example, Mr. A.D. Hales (Wellington) referred to the Bill as a "sort of a grab bag...a catch-all bill".³⁶ Walter Stewart of Maclean's was more colourful: "The thing was a dog's breakfast".³⁷ However, the government was insistent that the Bill remain undivided, thereby forcing the House to accept it all or reject it all. The President of the Treasury Board argued that this form of organization legislation was absolutely necessary because "the Crown in Canada has accepted limitations on its power to organize itself for affairs of state which are not known in Great Britain".³⁸ The restrictions had led in the past to severe delays in the establishment of new departments due to the fact that governments "gave effect to their organizational proposals one by one as urgent demands upon the time of the House permitted".³⁹ Mr. Drury concluded his argument in favour of this form of multi-subject bill by stating that in the face of these delays,

...governments began some years ago to make greater and greater use of the Public Service Rearrangement and Transfer of Duties Act and in this connection, of ministers without portfolio. Duties, powers and functions have in the past been transferred in great numbers to and from ministers without portfolio and efforts have been made with more or less success to transfer to ministers without portfolio the control and supervision of portions, if not of the public service properly speaking at least of employees of the Crown corporation and agencies. We thus arrived at a situation where ministers without portfolio in fact had portfolios. A complicated situation became further complicated, and jurisdictional lines already confused became further confused...Partly to alleviate this situation, the previous prime minister introduced the technique of the government organization bill⁴⁰ and that has, to an extent, ameliorated the situation.

While the government would not give way on the principle of using this form of legislation for wide-ranging organizational issues, it did back down on two other particularly contentious questions. It was agreed to amend the procedure by which Ministries of State could be created, to allow the House to debate and vote on each new Ministry proposed by the government.⁴¹ In addition, after lengthy debate on the consequences of no longer having a department devoted explicitly to fisheries, the Bill was amended by the government, with the agreement of the House, to specifically read that the "Minister of the Environment is the Minister of Fisheries for Canada".⁴²

While this Act, in the context of the entire process for providing legislative backing to executive-inspired organizational reform, raises several critical questions for students of the Canadian political process, two issues are of primary importance to this particular study. The first is concerned with the relationship between the policy-making philosophy of the Trudeau government and the organizational concepts which the government attempted to foster throughout the federal bureaucracy. Whereas the first two Organization Acts seem designed to structure efficiently the uncoordinated burgeoning of government programs, the third Act appears to be motivated by an attitude towards policy-making which demanded that the cabinet have at its disposal new forms of policy-making machinery. The President of the Treasury Board, defending the various provisions of the Bill when it was before the House, spoke of the new challenge facing government:

This challenge is imposed upon us by the rapid changes taking place today, and our response in this regard must be positive. Both Parliament and the government must be flexible; both must adapt their procedures and structures; and in the final analysis, the test is whether they are continuing to respond effectively to the needs of the society and of the world with which they must deal.

The government is determined to meet the challenge of change by continually enhancing its capacity to deal effectively with all those matters that are vital to the welfare of Canadians. If enacted, the bill before us, will better equip the government to develop and implement new policies to serve Canadians in a variety of fields...

The following five sections of this chapter will explore the roots of this new policy-making philosophy, and attempt to analyze the relevance of the concepts of responsiveness, innovation and effectiveness to the study of administrative reform in the federal bureaucracy in the aftermath of Mr. Trudeau's accession to the leadership.

The concluding section of the chapter will explore the nature of the Ministry System which became the model for the reorganization of the Transport portfolio. In this context, the last Government Organization Act raises a second important issue. While a "Ministry of State", as outlined in the Act, and a portfolio organized under a "Ministry System" are dissimilar in several important respects, in terms of policy-making, and planning they offer many of the same advantages.⁴⁴ It is not surprising that both models proved attractive to the Prime Minister and his advisors in the light of the policy-making philosophy which they espoused and the organizational concepts which they attempted to implement.

The P.P.B. System and the Policy-Making Philosophy of Prime Minister Trudeau

In the Glassco Commission's conception of the Treasury Board as "the agency of central direction and resource allocation", and its recommendation that the Board be upgraded in the government structure "by the creation of a new Cabinet portfolio of President of the Treasury Board with no other departmental responsibilities, and the transfer of the secretariat

out of the Department of Finance", can be found one source of a set of beliefs about the departmental role in the planning and policy-making process which would ultimately result in a negative view of the D.O.T.'s capabilities in this respect and a demand for change.⁴⁵ While the implementation of the Glassco Commission's recommendations with respect to the Treasury Board was a necessary step, it was not sufficient, on its own, to create a felt need within the executive arena for more organizational reform. However, a further inducement was provided by the introduction of the Planning - Programming - Budgeting System (P.P.B.S.) in 1966-67.⁴⁶ P.P.B.S. was a natural progression from the financial management recommendations of the Glassco Commission, but the result of its introduction was a demand for qualitatively different kinds of organizational reform than those envisaged by the Commission.⁴⁷

The governmental tasks involved in the operation of the P.P.B. System were far more demanding than those involved in the incremental budgeting system. The Treasury Board defined the tasks as follows:

- (a) the setting of specific objectives;
- (b) systematic analysis to clarify objectives and to assess alternative ways of meeting them;
- (c) the framing of budgetary proposals in terms of programs directed toward the achievement of the objectives;
- (d) the projection of the costs of these programs a number of years in the future;
- (e) the formulation of plans of achievement year by year for each program; and
- (f) an information system for each program to supply data for the monitoring of achievement of program goals and to supply data for the reassessment of the program objectives and the appropriateness of the program itself.⁴⁸

Szablowski has noted that optimal policy-making - of which the P.P.B. System is an example - makes the following "behaviourally relevant demands" on senior managers and political leadership:

1. High level of human energy, intellectual power and comprehension.
2. Capacity for comprehensiveness (To identify and examine values and goals in relation to each other and not in isolation. To look at total resources in relation to total demands).
3. Analytic rationality.
4. Capacity for control and guidance.
5. Capacity to specialize and use technology.
6. Readiness to grant primacy to public 'good' and to assign to public policy-making a major role in the shaping of the future.
7. Readiness to accept larger change instead of incremental changes.⁴⁹

Doern argues that although the P.P.B. System pre-dated the leadership of Prime Minister Trudeau, it was only with his accession to power in early 1968 that the policy-making philosophy of the political leader meshed with the demands of the developing policy-making system.⁵⁰

The critical factor, from the point of view of this study, is that Trudeau and his advisors went one step further and insisted that the "behaviourally relevant demands" of the P.P.B. System would not be met merely by the importation of new personnel into government. There would have to be organizational change to provide a suitable environment in which the System could operate properly. As Doern notes:

The emphasis on goal setting and clarification has also been reflected in the changes in governmental and policy-making structures. Trudeau's philosophy has been reflected in his setting up of a Cabinet Committee on Priorities and Planning, and in the addition of formal "planning units" to both his own and the Privy Council Office.⁵¹

The nature and extent of the organizational changes within the executive arena have been widely reported and analysed.⁵² However, little academic effort has been made to isolate the organizational concepts related to this fixation with optimal policy-making and goal-setting. Instead, a one-step jump has been made from the "policy-making philosophy" of the Trudeau

government to its manifestation in the form of radical re-organization within the executive arena.⁵³ Furthermore, even less attention has been paid to the fact that the application of the policy-making philosophy and its derivative organizational concepts were not limited to the executive arena. The reorganization of the Transport portfolio is an archetypal example of the application of these concepts at the departmental level.

Responsiveness, Innovation and Effectiveness as Organizational Concepts

Despite the apparent and real complexities of the "decisional technology" underlying the new planning and policy-making system adopted after 1967, the organizational concepts which provided the guidelines for the construction of better goal-setting and policy-making structures were remarkably straightforward.⁵⁴ Essentially it was argued that good government would result from responsive, innovative and effective policy-making. Therefore, the policy-making structures had to be imbued with the qualities of responsiveness, innovation and effectiveness if suitable priorities were to be established and accepted goals reached through the design and implementation of appropriate policies and programs. The focus of attention on these three organizational concepts is, perhaps, an example of what Walter Stewart meant when he stated that under Prime Minister Trudeau, "over-simplification has become a technique of government".⁵⁵ While no one senior government official or Cabinet minister has ever stated the organizational demands of the modern planning and policy-making system in terms of an exact combination of these three concepts, their close linkage with the practical application of the new decisional technology at the federal level is easy to demonstrate.

Responsiveness

A significant rule of the Glassco management philosophy was the need for the machinery of government to be responsive.

The importance to the public of efficiency and integrity in the machinery of government by which it is served is unquestionably great and grows with each new increase in the size and scope of government. But even greater is the importance of a service responsive to public wants and expectations...This is the test, not merely of the machinery of government, but also - and principally - of the political process by which goals are set.⁵⁶

Responsiveness was seen to be equally relevant to good government under a P.P.B. System. The primary purpose of the new budgetary process was to provide government with the tools to attain the objectives established by the political leadership in response to its view of the national environment.⁵⁷ With the advent of the Trudeau Government and the rhetoric of "top-down" policy-making and "participation", the concept of responsiveness came to a fork in the road. Only with the passage of time did the path of "top-down" policy-making prove to be the more prominently travelled. As Marc Lalonde, the Prime Minister's Principal Secretary put it;

When elected in 1968, the present prime minister continued the building process [of his political advisory staff], and his primary purpose in so doing was to achieve two principal objectives: to exercise a greater degree of planned collective control over a large and complex government apparatus; to respond more effectively to the increased demands upon parliament, government and himself by a more active and interested public.⁵⁸

It is unnecessary for the purpose of understanding the application of the concept to the question of governmental organization - especially at the departmental level - to explore the enthusiastic discussions of responsiveness and participatory democracy which were characteristic of the 1968 election campaign and the Prime Minister's first term of office.⁵⁹ Responsiveness, joined to the idea of participation, promised "the linkage of

government to a broad spectrum of felt needs and interests" through "government systems which are much more open than they are today."⁶⁰ In this context, responsiveness was seen as an antidote to what Harpers Magazine has poignantly described as the 'modern obsession with the monolithic institutions that govern so many aspects of so many people's lives'.⁶¹

On the other hand, the linkage established between responsiveness and centralized political control of the entire federal machinery of government is a key variable in the overall attempt by the Prime Minister and his advisors to rationalize and modernize the policy-making process. After 1968, the Trudeau government moved visibly away from the belief, espoused in the Glassco Report that government should be more business-like. The attitude of the Prime Minister and his advisors appeared to be that too much power had accrued to the bureaucratic structure at the expense of the Cabinet and the party in power. Universally adopting a "managerial" approach within the bureaucracy would do little more than encourage an increased lack of responsiveness on the part of the bureaucracy to the demands of the Cabinet.⁶² By strengthening the Cabinet and the Central Agencies responsible directly to the Cabinet (the Treasury Board Secretariat, the Privy Council Office and the Prime Minister's Office), and forcing the whole of the federal bureaucracy to adapt to the demands of the P.P.B. System of policy-making, it was hoped that policy initiatives lost to the departmental bureaucracies would be regained. The reforms of the Central Agencies and the Cabinet Committee system would restore a "top-down" policy-making system, forcing the departments and agencies to establish objectives and develop programs and budgetary proposals which were completely responsive to the priorities and policies decided upon by the Cabinet.⁶³ As Rowan describes the desired process:

The defining of over-all departmental objectives to achieve

national goals although part of the P.P.B. System, should be identified and agreed to by departmental officials and the central agency concerned with government strategy, the Privy Council Office, before departmental strategic, long-range planning (i.e. P.P.B.) begins.⁶⁴

Robertson throws further light on the role of the Privy Council Office as a catalyst and coordinator in the departmental attempts to respond.

The goals of the government, as perceived by the Cabinet, are stated as clearly as possible, but departments are left to act and to be guided by the principles laid down. This does not, however, mean that the roles are carried through in isolation. One of the benefits of the central planning process, with a longer look ahead and a broader look around, has been to help departments to anticipate new needs and new developments. This stimulates departments to respond and from the interaction emerges better integrated policy...⁶⁵

During the period 1968-70, one of the most accepted interpretations - within the various components of the executive arena - of the malaise of modern government was to be found in a recent book by the American organization theorist, Peter Drucker.⁶⁶ In the chapter entitled, "The Sickness of Government", Drucker contends that:

Government agencies are all becoming autonomous, ends in themselves, and directed by their own desire for power, their own rationale, their own narrow vision rather than by national policy and by their own boss, the national government.⁶⁷

The issue, at this point, is not to decide whether this blanket indictment of bureaucratic components was applicable to the Canadian federal bureaucracy in the late 1960's.⁶⁸ The fact is that the Trudeau government saw the departments to be lacking in responsiveness to Cabinet-established national priorities.⁶⁹ Responsiveness - in the context of Cabinet control - was to be restored by the establishment of strong coordinating, priority-setting, and planning structures within the executive arena, and the application of the P.P.B. System within the departments. As we shall see, in the case of

the Department of Transport, departmental reforms beyond the further application of the P.P.B. System were ultimately seen to be necessary.

Innovation

The premium placed on innovative planning and policy-making during this period was no less pronounced than that placed on responsiveness. A recent Economic Council of Canada Annual Review describes the demand for innovation in general terms:

The heightened pace of change - itself a source of unease - has coincided with growing awareness in recent years of the complexities of modern society and, together, these appear to be producing a wide array of discontents. This, perhaps more than any other single factor, has produced a focus for public concern about developing greater innovation in both government and private decision-making processes.

It is not enough, according to this line of argument, to have government or a department which merely responds. What is needed is organizational innovation, or "the generation, acceptance, and implementation of new ideas, processes, and products or services...the capacity to change and adapt."⁷¹

It is noteworthy, however, that many organizational theorists have come to the conclusion that governmental organizations are incapable of innovation.

Drucker makes the point most concisely:

Certain things are inherently difficult for government. Being by design a protective institution, it is not good at innovation. It cannot really abandon anything. The moment government undertakes anything, it becomes entrenched and permanent. Better administration will not alter this. Its inability to innovate is grounded in government's legitimate and necessary function as society's protective and conserving organ.

Prime Minister Trudeau and his advisors accepted the applicability of this sort of criticism to the federal government. However, there is evidence of considerable optimism that program monitoring, in the context

of the P.P.B. System, would give the bureaucracy the organizational tool to "abandon" unsuccessful programs, and that an increased emphasis on rational planning would provide the key to organizational innovation at all levels of government.⁷³ Thordarson refers to the Prime Minister's general views on innovative government in the following manner:

In a paper presented to the 1971 Commonwealth Prime Minister's Conference at Singapore, Mr. Trudeau discussed the role of the civil service in a modern government. He said that there was a need for new techniques of administration to do away with the sluggishness and resistance to change of entrenched bureaucracies. 'To overcome this inertia and to redirect the momentum requires all the energy a⁷⁴ government has, and frequently even this is not enough'.

The most important new "technique" of administration, in the eyes of the Prime Minister and his advisors, was essentially what Rowan - quoting Jantsch - refers to as "the rational creative approach":

Rational creative action has four main activities: forecasting, planning, decision-making, action. The interaction between these activities makes up the process of rational creative action, and it is this process which leads to 'the⁷⁵ purposeful design and implementation of policies'.

Creative - or innovative - government, then, is the direct opposite of incremental government, and is founded on three levels of planning - normative, policy or strategic planning; program planning; and operational planning.⁷⁶

To raise the "innovative potential" of the Privy Council Office and the Prime Minister's Office for the normative planning necessary to back up the priority and basic policy-setting function of the Cabinet, both agencies were significantly increased in size in 1968.⁷⁷ As Schindeler and Lanphier put it:

Obviously such an organization foretokens a more innovative approach than would be expected in the traditional hierarch-

ically structured departments which previously dominated decision-making at the federal level.⁷⁸

However, looking retrospectively at the movement towards innovative government since 1968, Gordon Robertson sounds a note of caution reminiscent of Drucker's negative outlook.

Considerable improvement has been made in the Privy Council Office in the last four years in methods of analysis, using general systems theory and to some extent general communications theory. Understanding the governmental system and the social system better, due to the insights of these theories is one thing, but successful application of the theories by the⁷⁹ central executive in a rational creative way is another.

Moreover, in reaching out for the goal of innovative government, the Prime Minister and his advisors in the P.C.O. and P.M.O. were not satisfied to limit their attention to the planning capacity within the executive arena alone. There would be little point in applying creativity to the establishment of goals and basic policy, if the policy, strategic and program planning facilities in the various departments were inadequate to follow through in an equally innovative manner. For the planning efforts of the government to be integrated, it was critical that the departments be capable of organizational innovation. Where this quality was seen to be lacking, the simplest solution was an increase in the size of departmental planning and research components. In the Department of Transport, where the problem was complicated by the provisions of the National Transportation Act, (R.S.C. 1970, c.N-17) more thorough administrative reform was required in the attempt to stimulate an innovative approach to national transportation policy.⁸⁰

Effectiveness

The word "effectiveness" has traditionally been used rather loosely

in reference to the activities of government, and this tradition remained to some extent undisturbed by the atmosphere of organizational reform which pervaded Ottawa in the late 1960's.⁸¹ However, there is also substantial evidence that under the influence of the Trudeau policy-making philosophy and the P.P.B. System, effectiveness has become a far more tightly defined organizational concept focusing specifically on the performance of a government relative to its established goals or priorities.

It should be easy to understand why efforts to determine the effectiveness of government programs in terms of the stated goals of the programs would be an integral part of the Trudeau policy-making philosophy. As I have already noted, Prime Minister Trudeau and his advisors were pre-occupied with the basic issue of establishing new priorities for the federal government and developing innovative programs to deal with these priorities.⁸² To develop new programs without massive increases in government expenditures it was seen to be necessary to abandon those existing programs which were not instrumental in attaining the newly-defined goals. Thordarson makes this point concisely:

It was clear that new programs could not be launched unless revenues were diverted from existing ones. The result was that, throughout the first three years of his [Trudeau] administration, the Cabinet frequently spoke about making 'new money' available for programs of top priority by reducing expenditures on programs of less importance. This belief in the need to establish priorities if financial resources were to be used effectively explains many of Mr. Trudeau's election comments.

It was this emphasis on priorities - and the need to free resources to meet them - which led the Prime Minister and his advisors to respond enthusiastically to the techniques for measuring effectiveness which were available under the rubric of the P.P.B. System.

Despite the fact that Treasury Board did not begin to concentrate openly on effectiveness measurement until 1970, it has been an important and integral part of the P.P.B. System in Canada from the outset. Effectiveness measurement is closely related to cost-benefit analysis. In its first published paper on the P.P.B. System in 1966, Treasury Board referred to the necessity of measuring both the effectiveness and efficiency of government programs, and distinguished between the two activities. Effectiveness was defined as "a yardstick to assess the real value (or output) of an activity in terms of its quantitative benefit resulting from the related expenditure".⁸⁴ The Board went on to indicate how effectiveness was related to the question of priorities and how its measurement differed from the measurement of "performance" or efficiency:

...to decide on such measures [of effectiveness] the department must first state its objectives with precision. In long-range planning these are usually expressed in terms of the economic or social development of the country. In this example [building a highway] the objective is not merely to build highways, but to build them for specific purposes such as: to decrease the travel time between urban centres, or to provide easy access to a tourist area, or to open up a mining area in a remote location. Each measure of effectiveness relates to how effective the highway will be in fulfilling the stated objective...one measure of effectiveness might be the use of a highway in terms of the number of people it will carry between localities, but the measure of performance might be the number of highways built.

Commenting on the state of the art of effectiveness measurement in 1970, Strick noted that little progress had been made in implementing the concept at the departmental level.

The extent to which measures of effectiveness can be provided given the variety of government activities still remains a question, although the Board is hopeful that activities can be structured in a manner which facilitates the application of measures.⁸⁶

The basic problem in the period between 1966 and 1969 was that

departments were generally found to be incapable of applying cost-benefit analysis to the development of programs. Doern states bluntly that "most departments to date have encountered considerable difficulty and frustration in simply stating their objectives, let alone in compiling alternatives and measuring the costs and benefits of alternatives".⁸⁷ Without statements of cost and benefits, it was impossible to judge the extent to which an on-going program was achieving its goals in the context of the costs of continuing the program. In general, federal departments and agencies either continued to monitor expenditures for efficiency only - using traditional methods developed largely as a result of the Glassco Report, or they tended to develop simpler forms of effectiveness measurement which often bore little or no relationship to the orientation of the P.P.B. System to politically established priorities.⁸⁸

As I shall point out, no organized effectiveness measurement whatsoever was conducted by the Department of Transport prior to its reorganization. However, the problem of applying the concept of effectiveness with respect to Transport programs was given a good deal of attention by the Task Force and recommendations were made to Cabinet on the subject. As part of the reorganization, there was an attempt made to introduce an idiosyncratic form of effectiveness measurement in terms of criteria related to financial self-sufficiency and cost-recovery.⁸⁹

In early 1970, this whole question of program monitoring for effectiveness took on crisis proportions both at the Treasury Board Secretariat and Cabinet levels. The Prime Minister and his advisors were concerned at the failure of the effectiveness concept to catch hold in an organizational sense. Therefore, it was decided to provide Treasury Board with wide-ranging power to conduct four program monitoring (or evaluation) studies at the

departmental level in cooperation with the departments involved. It was hoped that this invasion of departmental territory by Treasury Board would jolt the departments into action and begin to provide Cabinet and the Central Agencies with the kind of information on program effectiveness which would allow unsuccessful programs to be cut off, priorities re-examined, and resources shifted into alternative programs.⁹⁰ It is to this end that effectiveness has been a preoccupation of the executive arena since 1968.

The Ministry System of Portfolio Organization

In the preceding sections I have argued that responsiveness, innovation and effectiveness were the three organizational concepts which served as rallying points for administrative reform throughout the federal bureaucracy between 1968 and 1972.⁹¹ These concepts will be seen to dominate the attempt (inspired by the executive arena) to reorganize and redirect the federal Transport portfolio.⁹² In addition, these concepts, and the policy-making philosophy from which they developed, appear to have been critical variables in less sweeping administrative reforms in other federal departments such as Public Works, External Affairs, and Indian Affairs and Northern Development.⁹³ Before going on to the discussion of the Transport reorganization, I should like to examine the status, at the time of this particular reorganization, of a model for portfolio organization which was deemed to have the potential to revitalize government planning, policy-making and operations at the departmental level.

A comment by W.D.K. Kernaghan in a recent article suggests that in the wake of the administrative reforms provoked by the Glassco Commission and the policy-making demands on the executive arena, there was an increasing recognition of the need for new models for structuring government activity

at the departmental level. Kernaghan noted that "despite the achievement of extensive reorganization based on the Commissioner's Report, serious structural and procedural problems still remain and concerned public servants have proposed additional major reforms".⁹⁴ Of the three "reform literature" references provided by Kernaghan, the articles by Yeomans and Laframboise are primarily concerned with recommending new means of organizing federal ministerial portfolios which contain a regular department plus a large collection of agencies reporting directly to the Minister or through him to Parliament.⁹⁵ Both Yeomans and Laframboise advocate systems (Yeomans calls his a "Satellite System"; Laframboise uses the label "Ministry System") which would integrate the activities of these diversified portfolios through the redefinition or rejection of the concept of a "department", an enlargement of the policy advisory and monitoring roles of the Deputy Minister and his supporting staff, and the decentralization of the operational and regulatory functions of the portfolio. Both Yeoman's and Laframboise's articles were available to the Task Force which investigated the objectives and structure of the Transport portfolio, but, as Chapter Three will clarify, Laframboise's Ministry System was by far the more persuasive model.⁹⁶

This model was not new in 1969. The Ministry System had been discussed during the Glassco Commission study but it did not survive to be included in the final Report. The next visible advocate of the Ministry System was a researcher in the Organization Analysis Division of the Bureau of Management Consulting Services, who prepared a report on the structure of the Department of the Secretary of State during 1964-65.⁹⁷ The preparation of this report was prompted both by the problems being encountered within the Department in implementing Glassco Commission recommendations and by the growing complexity of the policy task facing the Secretary of State

due to the size and diversity of his portfolio.⁹⁸ The report reviewed the situation in the Secretary of State's portfolio in the context of the disturbing increase in the number of departments and agencies at the federal level since Confederation and concluded that the traditional monolithic "departmental system" was no longer suited to this particular portfolio.⁹⁹ It was noted that,

When a Minister has only one or two deputy heads, the monolithic system can be very effective, whether the department is a uni-purpose one, such as the Post Office or a multi-purpose one such as Mines and Technical Surveys.

However, when a Minister's portfolio includes a multitude of departments and agencies, such as is the case with the portfolios of the Minister of Transport, Trade and Commerce and the Secretary of State, a different form of organization is required.¹⁰⁰

Searching for a new model of organization for what Laframboise describes as a "congeries" portfolio, the original investigation settled on the Swedish Ministry System and provided the following summary of its operation in the report for the Secretary of State.¹⁰¹

In Sweden, a different ministerial system is in effect. The control function is carried out by the group of 12 auditors appointed by the Riksdag from among its members to scrutinize Government's accounts. The Riksdag also elects, every four years, two officials with legal qualifications to act as legal watchdogs over civil and military administrations and the court system (Ombudsmen). Any citizen may lodge a complaint with these officials, who have access to all records and the power to prosecute.

The Swedish Cabinet has 16 members, of whom 11 are heads of ministries. A unique aspect of Swedish government and administration is the multitude of so-called central administrative boards which are responsible for the administration and execution of laws. These agencies, numbering about 70, exercise an unusual degree of independence in relation to the ministries around which they are clustered. Individual ministers have, at least formally, very little authority to issue regulations or orders covering the work of these boards. In principle, only the King-in-Council has such authority.

Ministers are principally concerned with preparing business to be decided by the King-in-Council and with executing decisions of the Cabinet. They prepare bills, draw up Orders-in-Council and deal with higher administrative appointments.

With administrative matters handled almost exclusively by Administrative Boards, a typical ministry is relatively small having a staff of perhaps 50 or less. The Minister's principal assistants are the Under Secretary and the Permanent Secretary. The Under Secretary is frequently a career politician but may be selected from the Civil Service. At the present time, approximately half of the Under Secretaries are former civil servants. The Under Secretary deals with the political aspects of ministerial activities, preparing legislation and budget estimates, and handling appointments of particular interest to the Minister. The Permanent Secretary, a civil servant, is in charge of the business to be decided by the King-in-Council, appointments, petitions for appeals, preparation of instructions and Orders-in-Council to the Boards. At the present time, there is a Royal Commission studying the organization pertaining to the relationship of the Under Secretary and Permanent Secretary and it would appear that a recommendation may be forthcoming to have the Permanent Secretary report to the Under Secretary rather than directly to the Minister but retaining the privilege of speaking to the latter on certain matters.

The Administrative Boards vary considerably in size and type of organization. The head of a board is a civil servant called a Director-General, and he, together with his heads of departments constitute a board. Control over their activities, which are for the most part entirely administrative, is exercised through the allocation of funds (Under Secretary's department) and through detailed regulations issued by the King-in-Council (Permanent Secretary's department). Another type of board is that concerned with management, either wholly or in part, of national enterprises. This latter group is similar to Canadian proprietary corporations such as Air Canada, Canadian National Railways, and Polymer Corporation Limited.

The ministry systems of several European countries are similar to that in Sweden but the latter possibly grants more autonomy to its administrative boards and agencies. The number of administrative boards and agencies that report through one minister range from a very few to as many as twenty.

What is relevant to the Canadian System and its problems is the use in Sweden of a small ministry staff to assist and

advise the Minister on major issues arising among the independent agencies in his portfolio.¹⁰²

As Laframboise points out, despite the fact that there are important differences between the Swedish and Canadian forms of government, "the Swedish system has certain elements which might profitably be transposed into the Canadian federal setting and it is from these that the portfolio structure... has been constructed."¹⁰³

As a result of this initial investigation, the report to the Secretary of State in 1965 recommended that a form of Ministry System be applied to his portfolio. Specifically, the report outlined a portfolio in which related activities would be grouped into self-contained regulatory, cultural and service units, each with departmental autonomy. These three new units along with the remaining original self-contained agencies of the portfolio (such as the Civil Service Commission, the Canada Council, the Canadian Broadcasting Corporation, etc...) would become the Canadian equivalents of the Swedish Central Administrative Boards. The Department of the Secretary of State would relinquish its line functions, and take on staff functions, following the model of a Swedish Ministry. These functions would include legislative policy, financial advice and personnel advice. The report also outlined roles for various Advisory Councils and an Advisory Committee which would help to integrate the whole "ministry", including its independent and administrative agencies.¹⁰⁴

Despite Laframboise's claim that the press has picked up the idea of referring to the portfolio of the Secretary of State as the "Ministry of Cultural Affairs", in actual fact the recommendations made in 1965 to restructure the portfolio were rejected, and the use of such a title was never encouraged - even informally - by the Government.¹⁰⁵ This was probably partly due to the difficulty of selling such a radical organizational depar-

ture to so many agencies and an established departmental bureaucracy. However, it was also due to the fact that, prior to 1968, not as much premium was being placed on the concepts of responsive, innovative and effective policy-making. In the context of the Trudeau policy-making philosophy and the organizational concepts which flowed from it, the advantages which would supposedly flow from the adoption of a Ministry System for appropriate portfolios became more highly valued. Moreover, it is worth noting that the Ministry System further strengthened its "image" of being adaptable from the Swedish experience by appearing in 1969 as the central organizing model of the Devlin Report on the reorganization of the entire Irish public administration.¹⁰⁶

One of the advantages of the Ministry or Satellite System, stressed by both Yeomans and Laframboise, was that it allowed the diverse collection of programs within one portfolio to be integrated "into a model which best meets the needs and capacities consistent with the role of a Minister of the Crown".¹⁰⁷ After 1968, the locus of policy-making was supposedly shifting back to the Cabinet. Increasing emphasis was being placed on the Minister's responsibility to see that his department and his entire portfolio was responsive to the demands of Cabinet-established national priorities. Both Systems are geared to policy leadership from the executive arena, and specifically the Cabinet. Yeomans argues that such policy responsiveness is impossible for Ministers "encumbered with problems of operational management ... Particularly in those departments where operational activities are under the direction of the deputy minister, the attention given to the formulation and development of policy declines as the preoccupation with management problems increased".¹⁰⁸ The answer, according to Yeomans, is to distinguish carefully "between those things that a government must do for

itself, such as the determination of policy and the control of public expenditure, and those that it may choose to do for itself, although it could direct or contract with others to do them on its behalf".¹⁰⁹ This would mean that departments would be defined as "units that do those things that the government must do for itself and act as control agencies for those related operational activities which the government chooses either to do for itself or to farm out to others to do on its behalf".¹¹⁰ While the department in Yeomans model would drop its operational roles and become "the focus for a number of satellite agencies....concerning itself only with policy and control", in Laframboise's Ministry System it would totally disappear as an organizational structure to be replaced by "a Ministry Staff, under an appointed Deputy Minister, and responsible for advice, coordination and monitoring for the total portfolio, including Crown corporations".¹¹¹

The key to the success of this responsive "department" or "Ministry Staff" would be the Deputy Minister. Yeomans argues that

where a deputy minister is directly responsible for the management of operational activities, pre-occupation with the details of operational management tends to deflect him from his primary duty of advising his minister on the implications of departmental policy.¹¹²

However, even if this hurdle was overcome through the decentralization of operational authority, there would still be difficulties inherent in the idea of the Deputy Minister and his senior advisors forming "a small, closely integrated group of staff officers to a minister, advising him on departmental policy and effecting control on his behalf over executive operations for which he is responsible".¹¹³ Both authors expressed concern about the status of the Deputy Minister with respect to the whole portfolio. As Laframboise points out, the substantive authority of the Deputy Minister, "in practice,

is severely limited in respect of portfolio agencies other than the department proper".¹¹⁴ While this is the accepted practice, Laframboise maintains that the law does not support this limitation of authority:

...the law clearly gives him [the Deputy Minister] the power to deputize over the whole portfolio. The Interpretation Act, (R.S.C., 1952, c.158) reads as follows: "words directing or empowering a minister of the Crown to do any act or thing or otherwise applying to him by his name or office include...his or their lawful deputy".¹¹⁵

However, Yeomans is more cautious when he refers to the limitations on the Deputy Minister's power in a diverse portfolio:

Even where a deputy minister is designated as deputy head of a department, many statutes provide for the establishment of officers whose powers, as defined by statute, are to be exercised independently of the deputy minister of the department to which they are attached...It is open to question whether the deputy minister is in fact the lawful deputy of the minister to whom each of these statutory executives is responsible.¹¹⁶

To sum up, the application of a Ministry System to a diversified portfolio would only result in increased responsiveness to Cabinet leadership if it strengthened the Minister's control over the policies and programs of the entire portfolio through the integrative mechanism of a policy-oriented Ministry Staff (or Yeomans-style department). To guarantee the necessary concentration on Cabinet-inspired priorities and policies, the Ministry Staff would have to hand over its operational roles to self-contained units of administration.¹¹⁷ In addition, either through law, personal influence or continuing cooperation (or combinations of the three), the Deputy Minister would have to be in a position to deputize for the Minister throughout the entire portfolio.

Organizational innovation would be achieved through the application of most of the energies of the Ministry Staff to policy and program planning. It is generally recommended that a Ministry Staff group be small in number.

The study of the Secretary of State's portfolio recommended a Staff numbering approximately 20, "with at least half of this number being well-qualified public administration generalists, knowledgeable about the particular activities of the departments and agencies included in the Minister's portfolio".¹¹⁸ In addition, organizational innovation would be engendered at the operational planning level by encouraging what Laframboise refers to as an "entrepreneurial spirit".¹¹⁹ This spirit would push the various operational agency heads "to pursue objectives in a variety of ways, including innovation introduced and peculiar to any particular agency".¹²⁰

As I noted earlier, effectiveness was considered to be a critical organizational variable after 1968, but before 1970 very little progress had been made in measuring effective policy-making or indicating what sort of organizational structures would be likely to achieve it.¹²¹ The Ministry System emphasized central control of the portfolio programs in relation both to the need for responsive policy-making and the need for monitoring policy outcomes. As Yeomans noted, a "major duty of the department (Ministry Staff) is to monitor the work of the agencies reporting to its Minister".¹²² With his dimmer view of the limitation on the authority of the Deputy Minister in the proposed system, he emphasized that control of identifiable operational activity would probably have to be based on the willing cooperation of the operating administrations with the department (Ministry Staff).¹²³ Laframboise saw the Ministry Staff acting as a "comprehensive central control agency" for the Minister, which meant, in relation to effectiveness measurement, that the Ministry Staff would act as a mini-Treasury Board monitoring the activities of the administrative agencies. However, here again, no definition of program effectiveness in terms of objectives is provided and no structures for program monitoring are discussed. With Laframboise's talk

of "entrepreneurial spirit", one could be excused for assuming that the best measure of program effectiveness would be a measure drawn from the world of commerce rather than one related to objectives through cost-benefit analysis.

Conclusion

Laframboise's model is the one that will feature prominently in the reorganization efforts within the Transport portfolio. To tie this discussion of the Ministry System together - before going on to examine the status of the Department of Transport in 1968 - one can do no better than to present Laframboise's own summary of the essence of the System:

A Ministry System, in its essence, consists of: a "general staff" headed by an appointed Deputy Minister and responsible to the Minister for advisory, coordinative and monitoring responsibilities over all of the agencies in the Minister's portfolio, whether these be regular departments or Crown corporations; a staff responsible to the Minister for Party and constituency matters; and, a number of agencies, each self-contained in respect of operating and administrative resources and each headed by an administrator responsible directly to the Minister.¹²⁴

In the views of both Laframboise and Yeomans, a Ministry System of this type might be expected to provide for policy-making at the departmental level which would be capable of meeting the pressures for change which had been building up since the Glassco Commission Report. It was this feature of the Ministry System which attracted the members of the Transport Task Force when they set about redesigning the structure of the portfolio in the name of responsive, innovative and effective policy-making. Their adoption of the Ministry System and its subsequent implementation within the Transport portfolio provides an excellent opportunity to examine the problems associated with the application of the System and its viability as an organizing framework for improved policy-making in a diversified portfolio.

Notes for Chapter One

¹W. D. Kenneth Kernaghan, "Public Administration in Canada," in Public Administration in Canada: Selected Readings, ed. by W. D. K. Kernaghan and A. M. Willms (2nd ed.; Toronto: 1971), pp. 83.

²See the bibliographies contained in the following: The Institute of Public Administration of Canada, Canadian Public Administration Bibliography (Toronto: 1972); Selected Lists of Current Materials on Canadian Public Administration, 1954-1965, Carleton University Library (Ottawa: 1965); W. D. K. Kernaghan, Bureaucracy in Canadian Government (2nd ed.; Toronto: 1973); G. B. Doern and Peter Aucoin, eds., The Structures of Policy-Making in Canada (Toronto: 1971); W. D. K. Kernaghan and A. M. Willms, eds., Public Administration in Canada: Selected Readings (2nd ed., Toronto: 1971); R. Van Loon and M. Whittington, The Canadian Political System: Environment, Structure and Process (Toronto: 1971).

³Enlargements and reforms of the various Central Agencies since 1968 have inspired several important publications by practitioners and academic observers. The following are particularly noteworthy: M. Lalonde, "The Changing Role of the Prime Minister's Office," Canadian Public Administration, Vol. 14, No. 4 (Winter, 1971), pp. 509-37; G. Robertson, "The Changing Role of the Privy Council Office," Canadian Public Administration, Vol. 14, No. 4, (Winter, 1971) pp. 487-508; several selections in G. B. Doern and P. Aucoin, op. cit.; several selections in Thomas A. Hockin, ed., The Apex of Power (Scarborough: 1971); W. L. White and J. C. Strick, Policy, Politics and the Treasury Board in Canadian Government (Don Mills: 1970); Denis Smith, "President and Parliament: The Transformation of Parliamentary Government in Canada," in O. Kruhlak, et. al., The Canadian Political Process (Toronto: 1970), pp. 367-382; and A. W. Johnson, "The Treasury Board of Canada and the Machinery of Government of the 1970's," Canadian Journal of Political Science, Vol. 4, No. 3 (September, 1971), pp. 346-66.

⁴A. M. Willms, "Crown Agencies," in Public Administration in Canada: Selected Readings, ed. by W. D. K. Kernaghan and A. M. Willms (2nd ed.; Toronto: 1971), p. 29. See also Peter Silcox, "The Proliferation of Boards and Commissions," in Agenda 1970: Proposals for a Creative Politics, ed. by T. Lloyd and J. McLeod (Toronto: 1968), pp. 115-34.

⁵A. M. Willms, op. cit., p. 30.

⁶See particularly: W. Friedman, ed., The Public Corporation: A Comparative Symposium (Toronto: 1954); C. A. Ashley and R. G. H. Smails, Canadian Crown Corporations (Toronto: 1965); L. D. Musolf, Public Ownership and Accountability: The Canadian Experience (Cambridge: 1959); and Royal Commission on Government Organization Report, Vol. 5 (Ottawa: 1963), pp. 58-75.

⁷The major emphasis here has been on the national air carrier. See C. A. Ashley, The First Twenty-Five Years: A Study of Trans-Canada Air Lines (Toronto: 1963); and D. Corbett, Politics and the Airlines (Toronto: 1965). See also M. Archer, "The Operations of the National Harbours Board," Canadian Public Administration, Vol. 5, No. 1 (March, 1962), pp. 38-42;

and Canada, Department of Transport, Study of Harbour Administration in Canada (Ottawa: 1971).

⁸J. R. Mallory, The Structure of Canadian Government (Toronto: 1971), p. 148, makes the distinction between questions of law and policy. Works on the structure and process of transportation regulation in the post-war period include: A. W. Currie, Canadian Transportation Economics (Toronto: 1967); A. R. Wright, "An Examination of the Role of the Board of Transport Commissioners for Canada as a Regulatory Tribunal," Canadian Public Administration, Vol. 6, No. 4 (December, 1963), pp. 349-385; F. P. Gosse, "The Air Transport Board and the Regulation of Commercial Air Services" (M.A. Thesis, University of Ottawa, 1959); A. W. Currie, "The Board of Transport Commissioners as an Administrative Body," The Canadian Journal of Economics and Political Science, Vol. 11, No. 3. (August, 1945), pp. 342-358; R. Kerr, "The Board of Transport Commissioners for Canada," Canadian Bar Journal, Vol. 1, No. 1 (February, 1958), pp. 46-61; G. H. Nerbas, "Canadian Transportation Policy, Regulation, and Major Problems," Journal of Air Law and Commerce, Vol. 33, No. 2 (Spring, 1967), pp. 242-268; Pierre Taschereau, Q. C., "Canada's National Transportation Act and the Canadian Transport Commission," a paper presented to the Ninth Annual Meeting of the Transportation Research Forum, 1968; J. W. Pickersgill, "Canada's National Transportation Policy," Transportation Law Journal, Vol. 1, No. 1 (February, 1969), pp. 79-86; J. R. Baldwin, "Transportation Policy in Canada: The National Transportation Act of 1967," Transportation Journal, Vol. 7, No. 1 (Fall, 1967), pp. 5-14; K. Studnicki-Gizbert, "Government by Special Purpose Agencies: Canadian Transport Commission - Regulatory Agency and an Instrument of Transport Policy," (unpublished paper, 1972); C. C. Halton, "Transportation Regulation: A Canadian Perspective" (paper delivered before the American Economics Association, Annual Meeting, Toronto, December, 1972); H. W. Silverman, "Government Regulation in Canadian Civil Aviation," Transportation Law Journal, Vol. 5, No. 1 (January, 1973), pp. 89-125.

⁹See J. H. Bieler, "The Role of the Deputy Minister," Canadian Public Administration, Vol. 4, No. 4 (December, 1961), pp. 352-356; R. M. Burns "The Role of the Deputy Minister," Canadian Public Administration, Vol. IV, No. 4 (December, 1961), pp. 357-362; A. W. Johnson, "The Role of the Deputy Minister," Canadian Public Administration, Vol. IV, No. 4 (December, 1961), pp. 363-373; The Honourable W. D. McKeough, "The Relations of Ministers and Civil Servants," Canadian Public Administration, Vol. 12, No. 1 (Spring, 1968), pp. 1-8; Lord Bridges, The Relationship Between Ministers and the Permanent Departmental Head, The W. Clifford Clark Memorial Lectures, 1964.

¹⁰See G. B. Doern, "The Role of Interdepartmental Committees in the Policy Process" (unpublished M.A. Thesis, Carleton University, 1966); J. R. Mallory, "The Minister's Office Staff: an Unreformed Part of the Public Service," Canadian Public Administration, Vol. 10, No. 1 (March, 1967), pp. 25-34; and P. M. Tellier, Pour Une Reforme des Cabinets de Ministres Federaux, Canadian Public Administration, Vol. 11, No. 4 (Winter, 1968), pp. 414-427.

¹¹W. D. K. Kernaghan, "Identity, Pedagogy and Public Administration: The Canadian Experience," in Public Administration in Canada: Selected Readings, ed. by W. D. K. Kernaghan and A. M. Willms (2nd ed.; Toronto: 1971), p. 15.

¹² Ibid., p. 15-16. The Hawkins and Hodgetts volumes are part of a Canadian Public Administration Series sponsored by the Institute of Public Administration of Canada.

¹³ G. B. Doern and P. Aucoin, op. cit., Preface. Others echo the views of Doern, Aucoin and Kernaghan. See, for instance, Thomas Hockin's review of Doern and Aucoin, eds., The Structures of Policy-Making in Canada, in Canadian Public Administration, Vol. 15, No. 2 (Summer, 1972), pp. 401-403.

¹⁴ John Porter, The Vertical Mosaic (Toronto: 1965), p. 421.

¹⁵ For a brief review of the administrative secrecy issue and further bibliographical references, see Paul Thomas, "The Issue of Administrative Secrecy in Canada," in Public Administration in Canada: Selected Readings, ed. by W. D. K. Kerhaghan and A. M. Willms (2nd ed.; Toronto: 1971), pp. 160-164.

¹⁶ See particularly Chapters Two, Seven and Eight.

¹⁷ Royal Commission on Government Organization Report, Vols. 1-5 (Ottawa: 1962-63).

¹⁸ See pp. 19-22.

¹⁹ The title of the first volume of the Glassco Commission Report.

²⁰ H. L. Laframboise, "Administrative Reform in the Federal Public Service: Signs of a Saturation Psychosis," Canadian Public Administration, Vol. 14, No. 3 (Fall, 1971), p. 309.

²¹ See J. Carson, "What's Happened to Glassco," Public Personnel Review, Vol. 26, No. 1 (April, 1965), pp. 70-72; "Glassco Commission Report: A Panel Discussion," Canadian Public Administration, Vol. 5, No. 4 (December, 1962), pp. 385-401; T. H. McLeod, "Glassco Commission Report," Canadian Public Administration, Vol. 6, No. 4 (December, 1963), pp. 386-405; D. C. Rowat, "Canada's Royal Commission on Government Organization," Public Administration, Vol. 41, No. 2 (Summer, 1963), pp. 193-205; A. A. Sterns, "Implementing the Glassco Report," Cost and Management, Vol. XLII, No. 1 (January, 1968), pp. 25-30; G. V. Tunnoch, "The Bureau of Government Organization: Improvement by Order-in-Council, Committee and Anomaly," Canadian Public Administration, Vol. 13, No. 4 (December, 1965), pp. 558-568. Certain aspects of the direct impact of Glassco on the Department of Transport are examined in Chapter Two.

²² Volume 5 of the Glassco Report is entitled "The Organization of the Government of Canada."

²³ The Department of Industry received its legal status through the Department of Industry Act (S.C. 1963, c.3); See J. M. Des Roches, "The Creation of New Administrative Structures: The Federal Department of Industry," Canadian Public Administration, Vol. 8, No. 3 (September, 1965), pp. 285-291; the Department of Consumer and Corporate Affairs was created through the passage of the Consumer and Corporate Affairs Act in 1967 (R.S.C. 1970, c.C-27). The unification of the armed forces was achieved through the Canadian Forces

Reorganization Act (S.C. 1966-67, c.96); see R. B. Byers, "Canadian Civil-Military Relations and Reorganization of the Armed Forces: Whither Civilian Control?" (a paper presented to the Canadian Political Science Association Annual Meeting, Winnipeg, 1970). The question of the legislative needs of the reorganization of the Transport portfolio is discussed in detail in Chapter Five.

²⁴ Government of Canada, Canada Year Book: 1967 (Ottawa: 1967), pp. 83-84. See G. P. A. Macdonald, "Labour, Manpower and Government Reorganization," Canadian Public Administration, Vol. 10, No. 4 (December, 1967), pp. 471-498.

²⁵ Government of Canada, Canada Year Book: 1967 (Ottawa: 1967), p. 83. Cf. Canada Gazette, January 12, 1966; and a statement by Prime Minister Lester B. Pearson, Press Release, December 17, 1965.

²⁶ According to Privy Council Office officials the broad role of the Office in these organizational questions is a function of the responsibilities of the Prime Minister to choose senior administrative personnel, to draw up the boundary lines of the functional tasks given to each Minister, and to watch over the functioning of the government's policy machinery generally. For a review of some of the factors to be taken into consideration in carrying out these responsibilities see, Canada, Civil Service Commission, The Analysis of Organization in the Government of Canada (Ottawa: 1968), pp. 13-18.

²⁷ Chapter Four attempts to provide a detailed picture of the responsibilities and functions of all the components of the executive arena in the reorganization of the Transport portfolio. Even the Prime Minister's Office, under Prime Minister Trudeau's leadership, plays a part in the reorganization process at the departmental level. See Chapter Two.

²⁸ Government of Canada, Canada Year Book: 1970-71 (Ottawa: 1971), p. 137. See A. M. Willms, "The Executive and the Departmental Structure," in Public Administration in Canada: Selected Readings, ed. by W. D. K. Kernaghan and A. M. Willms (2nd ed.; Toronto: 1971), p. 25, for a comment on the tendency to create a new department "to emphasize or point out a new government policy."

²⁹ Government of Canada, op. cit., p. 137.

³⁰ Ibid.

³¹ Royal Commission on Government Organization Report, Vol. 5 (Ottawa: 1963), p. 108. The new Department was built on the foundations of the Department of Defence Production, and included components of Treasury Board and the Public Service Commission. Its establishment also entailed changes in the Financial Administration Act (R.S.C. 1952, c.116).

³² The reorganization of the Transport portfolio had been given final approval by Cabinet in April, 1970. See Chapter Four.

³³ See House of Commons, Debates, January 26, 1971, p. 2769. The Act also provided for revisions in the functions and responsibilities of the Minister of Energy, Mines and Resources in order to make them compatible with

the authority accorded to the Minister of the Environment.

³⁴House of Commons, Bill C-207, "An Act respecting the organization of the Government of Canada and matters related or incidental thereto," December 9, 1970.

³⁵See p. 264.

³⁶House of Commons, Debates, January 28, 1971, pp. 2849-50.

³⁷W. Stewart, Shrug: Trudeau in Power (Toronto: 1972), p. 156.

³⁸House of Commons, Debates, January 26, 1971, p. 2771.

³⁹Ibid.

⁴⁰Ibid.

⁴¹Ibid., May 25, 1971, p. 6079. Since the passage of the Act, the Government has created two Ministries of State through Orders-in-Council which were discussed and voted upon in the House. The Ministry of State for Urban Affairs was created in August, 1971, and the Ministry of State for Science and Technology in March, 1972.

⁴²House of Commons, Debates, May 25, 1971, p. 6096.

⁴³Ibid., p. 2769. My italics added.

⁴⁴See G. B. Doern, Political Policy-Making: A Commentary on the Economic Council's Eighth Annual Review and the Ritchie Report (Montreal: 1972), pp. 13-16; and G. B. Doern, "The Senate Report on Science Policy: A Political Assessment," Journal of Canadian Studies, Vol. 6, No. 2 (May, 1970), especially pp. 48-50.

⁴⁵J. C. Strick, "Recent Developments in Canadian Financial Administration," Public Administration, Vol. 48, No. 1 (Spring, 1970), p. 73.

⁴⁶See G. B. Doern, "Recent Changes in the Philosophy of Policy-Making in Canada," Canadian Journal of Political Science, Vol. 4, No. 2 (June, 1971), especially pp. 253-257; and G. Szablowski, "The Optimal Policy-Making System: Implications for the Canadian Political Process," in Apex of Power, ed. by T. Hockin (Scarborough: 1971), pp. 135-145.

⁴⁷Strick, op. cit., p. 73, notes that program budgeting is considered the major recommendation of the Commission and has received the greatest attention in the implementation of change; but Glassco did not recommend program budgeting as a system - just various aspects of it. See also D. R. Yeomans, "Programming, Planning and Budgeting in the Federal Government of Canada" (address to 26th Annual Spring Conference, The Personnel Association of Toronto, Inc., April 5, 1968), pp. 1-9.

⁴⁸Government of Canada, Treasury Board, P.P.B. Guide, rev. ed. (Ottawa: 1969), p. 8.

⁴⁹ Szablowski, op. cit., pp. 138-39.

⁵⁰ "...Prime Minister Trudeau has brought to his office a personal ideology and an advisory staff which also seem to be imbued with rationalistic aspirations."

⁴ Doern, op. cit., p. 245.

⁵¹ Ibid., p. 247.

⁵² See the series of bibliographical references in footnote no. 3. One organizational alteration which fits into the executive arena pattern and is rarely noted, is the elimination of the Management Improvement Branch and the creation of a Planning Branch within Treasury Board in 1969. See Economic Council of Canada, Design for Decision-Making, Eighth Annual Review (Ottawa: September, 1971), p. 44.

⁵³ Some interest has also been expressed in the implications of these developments within the executive arena for the future of the Canadian political system. See J. J. Deutsch, "Governments and Their Advisors," Canadian Public Administration, Vol. 16, No. 1 (Spring, 1973), pp. 25-34; and W. Stewart, op. cit., especially Chapters 6, 9, and 11.

⁵⁴ Szablowski uses the phrase "decisional technology." Szablowski, op. cit., p. 139.

⁵⁵ W. Stewart, op. cit., p. 177.

⁵⁶ Royal Commission on Government Organization Report, Vol. 1, pp. 62-3. See the comments on the significance of responsiveness in the Glassco Report in Walter Baker, "Management by Objectives: A Philosophy and Style of Management for the Public Sector," Canadian Public Administration, Vol. 12, No. 3 (Fall, 1969), especially pp. 440-443.

⁵⁷ See the P.P.B. Guide, p. 8; and G. B. Doern, "The Budgetary Process and the Policy Role of the Federal Bureaucracy," in The Structures of Policy-Making in Canada, ed. by G. B. Doern and P. Aucoin (Toronto: 1971), p. 91.

⁵⁸ Lalonde, op. cit., p. 521.

⁵⁹ See F. Schindeler and C. M. Lamphier, "Social Science Research and Participatory Democracy in Canada," Canadian Public Administration, Vol. 12, No. 4 (Winter, 1969), pp. 481-498; W. Stewart, op. cit., Chapter 6; T. Hockin, "Pierre Trudeau on the Prime Minister and the Participant Party," in Apex of Power, ed. by T. Hockin (Scarborough: 1971), pp. 96-102.

⁶⁰ M. Brownstone, "The Canadian System of Government in the Face of Modern Demands," Canadian Public Administration, Vol. 12, No. 4 (Winter, 1968), pp. 431-32.

⁶¹ Harper's Magazine, June, 1972, p. 4.

⁶² See A. W. Johnson, "Management Theory and Cabinet Government," Canadian Public Administration, Vol. 14, No. 1 (Spring, 1971), pp. 73-81.

⁶³ See Bruce Thordarson, Trudeau and Foreign Policy: A Study in Decision-Making (Toronto: 1972), pp. 80-82; G. B. Doern, op. cit., pp. 99-106. For a discussion of the essentially political process by which priorities are established within the Cabinet Committee on Priorities and Planning, see G. Robertson, op. cit., p. 495.

⁶⁴ Malcolm Rowan, "A Conceptual Framework for Government Policy-Making," Canadian Public Administration, Vol. 13, No. 3 (Fall, 1970), p. 290.

⁶⁵ G. Robertson, op. cit., p. 505. See also Government of Canada, Office of Prime Minister, Press Release, February 3, 1969, where the implications for the departments of the reorganization of the planning process within the executive arena are noted.

⁶⁶ Peter F. Drucker, The Age of Discontinuity (New York: 1968). Drucker's ideas also made a significant impact on the Task Force examining the Department of Transport. See Chapter Three, pp. 15-16.

⁶⁷ Ibid., p. 220.

⁶⁸ Doern suggests that the policy-making and priority-setting power attributed to the departmental level bureaucracy in the 1960's was, to some extent, unwarranted. G. B. Doern, op. cit., pp. 100-101.

⁶⁹ Arguing the need for more central coordination, Robertson notes that "programs that were logical and reasonable in relation to one aspect of government - health, transport, agriculture... - often involved principles that were at conflict with those that had to be applied or developed for other areas or for general application." Robertson, op. cit., p. 496.

⁷⁰ Economic Council of Canada, Eighth Annual Review, Design for Decision-Making: An Application to Human Resources Policies (Ottawa: 1971), pp. 1-2.

⁷¹ V. A. Thompson, Bureaucracy and Innovation (Edmonton: 1969), p. 5.

⁷² Drucker, op. cit., p. 226. See also Thompson, op. cit., especially Chapter Two.

⁷³ The issue of program monitoring is discussed in the Effectiveness section, pp. 28-32.

⁷⁴ Thordarson, op. cit., p. 90.

⁷⁵ Rowan, op. cit., p. 286. Rowan draws heavily on the works of Erich Jantsch; particularly, E. Jantsch, Structuring the Rationality of Creative Political Action (N.P.: 1969).

⁷⁶ Rowan, op. cit., p. 286. See also Economics Council of Canada, op. cit., p. 64-66.

⁷⁷ See F. C. Schindeler and M. Lanphier, op. cit., p. 494-95.

⁷⁸Ibid., p. 494.

⁷⁹Robertson, op. cit., p. 503.

⁸⁰See Chapter Two.

⁸¹Lalonde, for instance, makes heavy use of the term in his article on the P.M.O. In reference to changes in parliamentary facilities and rules between 1968 and 1970 he insists that the reforms "have unquestionably increased the effectiveness of parliament" (p. 512). He also notes that the mushrooming P.M.O. will allow the Prime Minister to "respond more effectively to the increased demands" (p. 521). The basic governmental dilemma is "how to cope effectively with the sharply increasing burden of executive responsibilities," (p. 530). M. Lalonde, op. cit.

⁸²See pp. 26-28.

⁸³Thordarson, op. cit., p. 80. Doern makes precisely the same point about the implications of the emphasis on new priorities. G. B. Doern, "The Development of Policy Organizations in the Executive Arena," in The Structures of Policy-Making in Canada, ed. by G. B. Doern and P. Aucoin (Toronto: 1971), p. 63. See also the Prime Minister's comments, during the Throne Speech Debate in September, 1968, on the need to choose between programs on the basis of priorities:

"The balance between demands and resources can never be finally established, but in the present circumstances of competing demands and rapidly rising costs we must exercise the utmost restraint in introducing new programs which have been replaced by more productive ones, and we must defer any which are not immediately essential."

House of Commons, Debates, September 16, 1968, p. 65.

⁸⁴Canada, Treasury Board, Financial Management in Departments and Agencies of the Government of Canada (Ottawa: 1966), p. 11.

⁸⁵Ibid., Cf. also Canada, Treasury Board, P.P.B. Guide, Chapter Four.

⁸⁶J. Strick, op. cit., p. 82.

⁸⁷G. B. Doern, "The Budgetary Process and the Policy Role of the Federal Bureaucracy," op. cit., p. 99.

⁸⁸See D. G. Forrest, "Performance Appraisal in Government Services," Canadian Public Administration, Vol. 12, No. 3 (Fall, 1969), pp. 444-453; D. D. Harris, "Performance Measurement in Government," Optimum, Vol. 1, No. 3 (1970), pp. 52-61; H. R. Balls, "Improving Performance of Public Enterprise Through Financial Management and Control," Canadian Public Administration, Vol. 12, No. 1 (Spring, 1970), pp. 100-123; J. Cutt, "Efficiency and Effectiveness in Public Sector Spending: the Programming Budgetary Approach," Canadian Public Administration, Vol. 12, No. 4 (Winter, 1970), pp. 396-426.

⁸⁹ See Chapters Two, Three and Four. It is interesting to note that the Transport Task Force tended to link operational effectiveness to decentralization in much the same way that Drucker did. Therefore, while the Task Force was responding to the emphasis placed on effectiveness by the executive arena, it appeared to view Transport programs as being more amenable to business-oriented effectiveness measurements such as cost-recovery and profitability. See Drucker, op. cit., pp. 233-242.

⁹⁰ While these studies were supposed to be completed by 1971, they have proved to be more difficult than anticipated and little information on them has been released by Treasury Board. However, two theoretical papers on the subject of effectiveness measurement have been made public. They are: D. G. Hartle, "Evaluation of the Effectiveness of Government Programs," Canadian Tax Journal, Vol. 19, No. 6 (November-December, 1972), pp. 538-44; and D. G. Hartle, "A Proposed System of Program and Policy Evaluation" (a paper delivered to the Annual Conference of the Institute of Public Administration of Canada, Fredericton, New Brunswick, September, 1972).

⁹¹ There are strong indications that in the period after the 1972 election, the Trudeau administration will devote far less attention to administrative reform. Martin O'Connell, Principal Secretary in the P.M.O., makes the point that in his second term the Prime Minister will give more time to allocative policy and "ideas" than to efforts to "redesign the government process." O'Connell implied that the redesigning process was more or less completed. Globe and Mail, January 13, 1973.

⁹² See pp. 82-88.

⁹³ On the changes within External Affairs and their relationship to the newly-established foreign policy objectives, see the brief comment in Bruce Thordarson, op. cit., p. 178-79; Canada, Department of External Affairs, Annual Report, 1970, pp. 1-2; and Canada, Department of External Affairs, "Department of External Affairs," Reference Paper, No. 69, August, 1970. On the Department of Public Works, see, Walter Baker, "Reorganizing the Federal Department of Public Works," Optimum, Vol. 2, No. 4 (1971), pp. 34-45. The relevance of these organizational concepts to the major administrative reforms covered by the last Government Organization Act (1970-71) has already been noted. See pp. 18-19.

⁹⁴ W. D. K. Kernaghan, "Public Administration in Canada," in Public Administration in Canada: Selected Readings, ed. by W. D. K. Kernaghan and A. M. Willms (2nd ed.; Toronto: 1971), p. 81. Kernaghan refers to: D. R. Yeomans, "Decentralization of Authority," Canadian Public Administration, Vol. 12, No. 1 (Spring, 1969), pp. 9-25; M. Poncelet, "Pour une Restructuration Gouvernementale," Optimum, Vol. 1, No. 1 (Winter, 1970), pp. 14-28; and H. L. Laframboise, "Portfolio Structure and a Ministry System: A Model for the Canadian Federal Service," Optimum, Vol. 1, No. 1 (Winter, 1970), pp. 29-46.

⁹⁵ M. Poncelet, op. cit., is more directly concerned with the problem of restructuring the functions of the federal government as a whole than with the problem of how to organize the components within a particular portfolio.

Yeomans notes, however, that the rational division of responsibilities between portfolios is almost a prerequisite for a successful restructuring within the portfolio. See Yeomans, op. cit., p. 18.

⁹⁶ There is no evidence that the Task Force members ever read Yeomans' article despite the fact that recent public administration literature was circulated among the members when it was thought to be relevant to Transport's organizational problems. While Laframboise's article was not published until after the Task Force had reported, it was read by the Task Force members in draft form in late August or early September, 1969. See Chapter Three, especially pp. 110-11.

⁹⁷ While the Bureau of Management Consulting Services is now part of the Department of Supply and Services, at the time that the study in question was conducted it was attached to the Civil Service Commission. The following discussion draws on this report which, although quoted in Laframboise's study, remains unpublished: Canada, Civil Service Commission, "Secretary of State and Registrar General: An Organization Study of Departments and Agencies," unpublished report, Ottawa, May, 1965. (Mimeographed). The report was written by D. E. Lavalley. See Laframboise, op. cit., p. 30.

⁹⁸ From 1963 to 1965 the portfolio increased from 5 to 18 agencies, including the Department of the Secretary of State, the National Library, the Public Archives, the National Film Board, The Board of Broadcast Governors, the National Gallery of Canada, the Canadian Broadcasting Corporation, the Department of Public Printing and Stationery, the National Museum, the Canada Council, the Centennial Commission, the Representation Commission, the Economic Council, the Centre for the Performing Arts, the Deputy Registrar General, the Civil Service Commission, the Office of the Chief Electoral Officer and the Translation Bureau.

⁹⁹ For an account of the increase in departments and agencies see J. M. DesRoches, "The Evolution of the Organization of the Federal Government in Canada," Canadian Public Administration, Vol. 5, No. 4 (December, 1962), pp. 408-427.

¹⁰⁰ Civil Service Commission, op. cit., p. 7.

¹⁰¹ Laframboise, op. cit., p. 29. Laframboise, following Webster's New World Dictionary, defines congeries as "a collection of things or parts massed together; a heap; a pile."

¹⁰² Civil Service Commission, op. cit., pp. 7-9. This section of the report is reproduced in Laframboise, op. cit., pp. 31-32. The original account was based on interviews with officials of two Swedish ministries and a member of the staff of the Swedish Royal Commission on ministry organization, (1965). Cf., S. V. Thorelli and E. Westbrook, Machinery of Government in Sweden, British O and M Bulletin No. 2, 1956, Vol. 2; Nils Andren, Modern Swedish Government, revised edition (Stockholm: 1968), especially Chapter Seven; and D. V. Verney, Public Enterprise in Sweden (Liverpool: 1959), especially chs. 4 and 5.

¹⁰³ Laframboise, op. cit., p. 32. Yeomans also refers to the Swedish ministry system as a model. Among the differences between the Canadian and Swedish governmental systems mentioned by both authors are the unitary as opposed to the federal system and the nature of the responsibility of ministers to the Crown and to Parliament. See Yeomans, op. cit., p. 16.

¹⁰⁴ Civil Service Commission, op. cit., pp. 11-15. The Ministry of Transport also includes advisory boards as integrative devices and policy advisory forums. See pp. 124-25 and Chapter Seven.

¹⁰⁵ Laframboise, op. cit., p. 37.

¹⁰⁶ The Devlin Report was presented to its sponsoring Minister, the Minister of Finance, in August, 1969. R. J. Lawrence summarizes the problem and Mr. Devlin's solution:

...it would seem that the top levels of Departments are clogged with detail, not merely because of the doctrine of Ministerial responsibility, but because of the way that doctrine operates within the context of the political system. Ministers, Secretaries and Assistant Secretaries are burdened with questions that are urgent rather than important; they have insufficient time to plan, organize and manage; and the long-term interests of the State are sacrificed to the short-term interests of individual citizens.

The remedy propounded by the Group entails the reorganization of Departments on principles similar but not identical to those that operate in Sweden. At the same time, they take the opportunity to try to tidy up the whole administrative system. In their scheme, each Department would comprise of two components: (a) the Aireacht, consisting of the Minister and his closest advisors, who would be concerned with policy formulation and overall direction and control; and (b) Executive Units to put policy into effect. These Units would be of two sorts: (i) Executive Offices, controlled by Directors, to carry out executive functions of Departments; and (ii) Executive Agencies, mainly non-commercial state-sponsored bodies controlled by Boards.

R. J. Lawrence, "Reflections on the Devlin Report - 1," Administration, Vol. 17, No. 4 (Winter, 1969), p. 415. There are several articles in this volume on the Report.

¹⁰⁷ Laframboise, op. cit., p. 34.

¹⁰⁸ Yeomans, op. cit., p. 14. Yeomans added that the problem of operational management overriding policy development was "perhaps exemplified to the extreme by the Department of Transport," p. 14.

¹⁰⁹ Ibid., The argument is much like Peter Drucker's "reprivatization" theory by which government would confine its attention to policy-level matters and assign the delivery of programs and services to private commercial

enterprises. See Drucker, op. cit., pp. 233-242.

¹¹⁰Yeomans, op. cit., p. 16. In the 1965 proposal to the Secretary of State, the Department, reduced to a staff of approximately 20, was to be charged with the following important policy responsibilities and authorities:

- (1) to assist the Minister by preparing draft legislation and policy papers
- (2) to analyse the proposed plans, programs and estimates of the portfolio to ensure that they are compatible with Government plans and policies
- (3) to prepare draft instructions to deputy heads of departments and agencies within the portfolio for the implementation of their programs in accordance with approved legislation and policy.

Civil Service Commission, op. cit., pp. 20-21.

¹¹¹Yeomans, op. cit., Cf. Laframboise, op. cit., p. 38.

¹¹²Yeomans, op. cit., p. 16.

¹¹³Ibid.

¹¹⁴Laframboise, op. cit., p. 33; Yeomans, op. cit., p. 13.

¹¹⁵Laframboise, op. cit., p. 33.

¹¹⁶Yeomans, op. cit., p. 52.

¹¹⁷Laframboise also warns against allowing the Ministry Staff to provide any centralized administrative services for the self-contained operating units, arguing that such services must be close to the programs they serve. Laframboise, op. cit., p. 43.

¹¹⁸Civil Service Commission, op. cit., p. 20.

¹¹⁹Laframboise, op. cit., p. 36.

¹²⁰Laframboise, op. cit., p. 36.

¹²¹See pp. 31-32.

¹²²Yeomans, op. cit., pp. 24-25.

¹²³Ibid., p. 17.

¹²⁴Laframboise, op. cit., p. 37.

CHAPTER TWO

ORGANIZATION, PLANNING AND POLICY-MAKING WITHIN THE D.O.T. - 1968

Introduction

Before going on to examine how the felt need within the Central Agencies for administrative reform was to lead to a massive reorganization and new policy objectives for the Transport portfolio, it is essential to have some understanding of the role of the D.O.T. within the portfolio in 1968.¹

Except for the Canadian Transport Commission, components of the portfolio other than the Department receive little attention in this chapter. It was the priorities, policy role, and planning capabilities of the Department (or lack of them) which captured the attention of the Central Agencies and began a reorganization process culminating in the application of a Ministry System to the entire portfolio. Prior to the reorganization there were few formal organizational links between the D.O.T. and the other agencies within the portfolio; in fact, the idea of viewing the portfolio as an integrated organization for the development and implementation of a national transportation policy was never seriously discussed until the time of the Task Force investigation.

After briefly outlining the origins of the D.O.T. and the nature of the portfolio in 1968, some attention will be directed to the impact of the Glassco Commission and The National Transportation Act of 1967 on the planning and policy-making role of the Department.² The chapter concludes with an analysis of the events and views at the Central Agency level which led to the appointment of a new Deputy Minister with a reform mandate.

The Transport Portfolio - Some Background

The Department of Transport was formed in 1936 by the amalgamation of the Department of Marine, the Department of Railways and Canals, and the Civil Aviation Branch of the Department of National Defence.³ At the time of Confederation, the Department of Public Works had been entrusted with the federal responsibilities in the transportation field. A year later, in 1868, the Department of Marine Fisheries took over the regulation of marine affairs and the protection of fisheries from Public Works.⁴ Between 1868 and 1922 the Department of Marine Fisheries expanded its responsibilities, and in 1930 was renamed the Department of Marine.⁵ In 1936 when it was subsumed within the newly formed Department of Transport, the Department of Marine had consolidated the services which it provided for the maritime industry and sloughed off those duties associated specifically with fisheries.

On the completion of the Intercolonial Railways in 1879, the Department of Railways and Canals took over the duties connected with railways and canals from the Department of Public Works. Its responsibilities, until its amalgamation into the Department of Transport, included the location, construction, maintenance and oversight of operations on all government railways and canals. During the years 1919-28, the Highways Branch of the Department of Railways and Canals acted as superintendent of the construction of highways which were built in the provinces under federal grant, and also collected statistics on motor vehicle registration, the tourist trade and the annual development of highways.⁶ The incipient civil aviation industry was until 1936 under the wing of the Civil Aviation Branch of the Department of National Defence.

With the amalgamation of all of the federal government's administrative responsibilities with respect to the national transportation framework

in 1936, the Department of Transport became one of the largest federal bureaucratic units. Due to the declining role of the federal government in the location and construction of railways, the Department of Transport's efforts were largely focused during the following years on the provision of services in the air and marine modes. In 1968, Air Services comprised several branches and authorities responsible for the licensing of aircraft and personnel, safety regulations, investigations of air accidents, construction maintenance and operation of air terminals and fields throughout Canada, the operation of telecommunications facilities in support of civil aviation and meteorological observation and forecasting. Marine Services, the other major operating component within the Department, was divided by 1968 into four major functional components. Marine Works was responsible for harbours and properties, aids to navigation and secondary canals; Marine Operations included operation of the Coast Guard Fleet, and Arctic re-supply, ice breaking and oil pollution control; Marine Hydraulics controlled the St. Lawrence Ship Channel, marine traffic and engineering problems related to the provision of navigable channels; and Marine Regulations was responsible for machinery and hull inspections, nautical and pilotage activities, ships registration and safety of life at sea conventions. Both Services were regionalized with varying degrees of centralized management, but most of the planning function was divided between the regions and Headquarters. The Headquarters Administration Service was the other major component of the department. This component, through various staff branches, provided support functions for Air and Marine Services in the areas of Transportation Policy and Research, Finance, Personnel, Operations Review, Real Estate Management and Legal Services.

The portfolio has also included over the years an interesting mix

of Boards, Commissions and Crown corporations which have reported to Parliament through the Minister of Transport. As Figure I indicates, in 1968, these included Air Canada, the National Harbours Board, Canadian National Railways, the St. Lawrence Seaway Authority, and the Canadian Transport Commission.⁸ Despite the vastly increased responsibilities and occasional changes in the names and numbers of agencies reporting to the Minister since 1936, the basic structure of the portfolio - and in particular the Department - remained largely unchanged in 1968.⁹

However, in the course of the 1960's there occurred fundamental alterations in the federal government's view of the organization and methods of the federal bureaucracy and the nature of the national transportation framework, which in the long-run set the stage for a massive overhaul of the government's transportation objectives and the organizational machinery for implementing them. To be more specific, the waves of change set off by the Glassco Royal Commission on Government Organization and the McPherson Royal Commission on Transportation resulted by 1968 in a widespread dissatisfaction with the role of the Department of Transport and the operation of the entire Transport portfolio.¹⁰

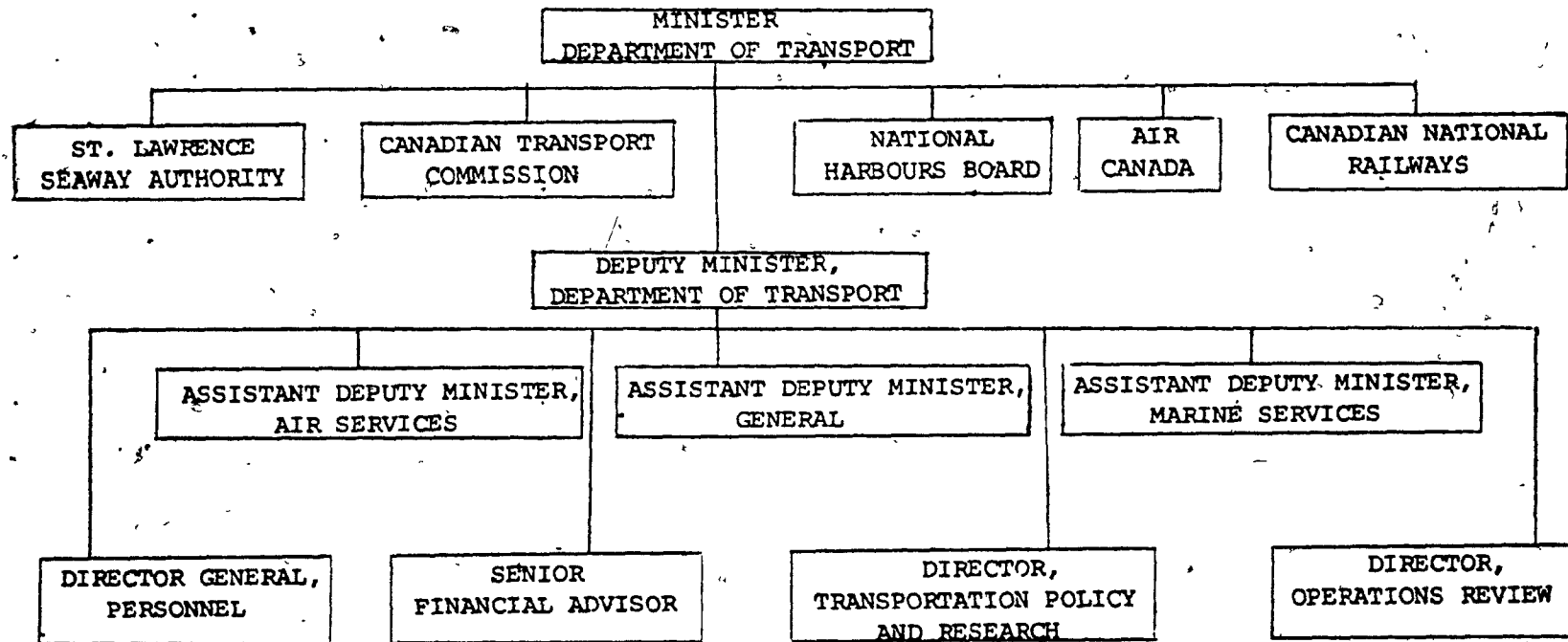
The Impact of Glassco

If certain recommendations of the Glassco Commission on Government Organization had been acted upon, there probably would not be a Ministry of Transport today. The Glassco Report argued that the burden of responsibility carried by the Minister and Deputy Minister of Transport, for both policy and administration appeared 'to press hard against the upper limit of manageability.'¹¹ The Report suggested two ways to lighten this burden. Both recommendations involved organizational change. The first was that a Department of

MINISTER OF TRANSPORT'S PORTFOLIO

1969

FIGURE I



MINISTER OF TRANSPORT'S PORTFOLIO - RELATED LEGISLATION - 1968

FIGURE II

STATUTES

Department of Transport Act
Financial Administration Act
National Transportation Act
Canadian National Railways Act
Canadian National Railways Financing and Guarantee
Act 1967
Air Canada Act
St. Lawrence Seaway Act
National Harbours Board Act
Aeronautics Act
Canada Shipping Act
Transport Act
Government Railways Act
Motor Vehicle Transport Act
Motor Vehicle Safety Act
Carriage by Air Act
Water Carriage of Goods Act
Government Harbours and Piers Act
Navigable Waters Protection Act
Harbour Commissions Act
Belleville Harbour Commissioners Act
Hamilton Harbour Commissioners Act
North Fraser Harbour Commissioners' Act
Port Alberni Commissioners Act
Winnipeg and St. Boniface Harbour Commissioners Act
Ontario Harbours Agreement
Toronto Harbour Commissioners Act
Trenton Harbour Act
Government Property Traffic Act
Livestock Shipping Act
Teleferry Act
Territorial Sea and Fishing Zone Authority Act
Marine and Aviation War Risks Act
United States Wreckers Act
Crows Nest Pass Agreement
Maritime Freight Rates Act

Aviation be created to take responsibility for civil aviation, space and telecommunications. However, in view of the fact that the Report of the McPherson Royal Commission on Transportation had recently emphasized "the need for developing, on a unified basis, a national transportation policy that embraces all modes of transport and relates transportation needs to the other elements of economic growth", the Glassco Report noted that the Government would have to decide whether the public interest would be better served by the creation of a separate ministry to give more single-minded attention to the problems of civil aviation, or by maintaining the present organization as a more suitable context within which to attack the broader problems of transportation policy.¹²

The second recommendation proceeded from the premise that the Department of Transport (D.O.T.) was overburdened on the operational as well as the policy side. The Report maintained that if the Minister and the D.O.T. were to cope satisfactorily with the policy problems created by the expansion of the air transport industry, the increases in coastal shipping, and the more general issues raised by the recent Royal Commission on Transportation, "all practical measures must be taken to reduce their involvement in the ever-increasing operating tasks".¹³ While the Glassco Report, ironically enough, made recommendations which would have increased the scope of the D.O.T.'s operations, it also proposed the decentralization of the management of these tasks to allow "greater autonomy of management by departmental components".¹⁴ The success of operational decentralization would depend primarily on the Department's ability to clearly prescribe policies for the operating units to carry out, and on the ability of the Deputy Minister and his headquarters staff to effectively check on the performance of the operating units.¹⁵

As Corbett notes, "in December, 1963, the new Liberal Minister of Transport, Mr. McIlraith, announced that the Government had decided against a separate Department of Aviation because it wanted to preserve the Department of Transport's overall approach to transportation policy".¹⁶ The problem was that the D.O.T. did not have an overall approach to transportation policy. However, the importance of this fact was not at issue in the immediate wake of the Glassco Report when the Department began to discuss the implementation of those recommendations which did not involve legislation or specific government direction.¹⁷ The main effect of Glassco on the Department between 1963 and 1968 was fourfold; there was a revision of the financial management system, the first motions towards a P.P.B. System, some decentralization, and experimentation with "management by objectives" in several branches. In the course of these reforms, the need for more fundamental changes became clearer even inside the Department; but only in the Central Agencies was there any real sense of urgency about radically altering the status quo.

It was particularly the attention paid by the Department to the financial management question which led to a consciousness of wider organizational and role problems. After Cabinet approved the first set of the Glassco recommendations in November, 1963, the Treasury Board initiated pilot studies of financial management techniques in four departments including Transport. The Transport study was conducted by Urwick Currie Limited (Management Consultants) and was presented to the Department in June, 1964. During this early post-Glassco period the Deputy Minister of Transport appeared to show some enthusiasm for the idea of centralizing financial management within the Department.¹⁸ This initial interest in the establishment of a strong Headquarters financial group which would play a significant role in

program planning and program evaluation during the implementation period was not shared by the senior officials in Air and Marine - the operating units. This attempt to rationalize the planning process was seen to run counter to the Glassco principle of decentralization, and the operating units did not want to lose their responsibility for preparing and making program submissions to Treasury Board. Moreover, there seems to have been a genuine fear within the operating units of any growth in Headquarters staff which might lead to interference by Headquarters in the content of the programs being recommended to Treasury Board. No particular value was attached to the possibility that the centralization of certain forms of financial control might lead to significant gains in coordination of the Department's programs. In the view of the operating units, centralized departmental control would merely duplicate the difficulties represented by the growing control activities of Treasury Board. The operating units felt strongly that Treasury Board control over their activities should be limited to the allocations of resources to the Department during the Estimates process. Not only should Treasury Board relax its controls with respect to the cost and technical features of programs, but there was a strong feeling that Treasury Board authority in the areas of job classification and hiring should be returned to the Department - and preferably to the operating units. Clearly, there was little sympathy for the concept of centralized programming or control (at the departmental or Treasury Board level) within the Marine and Air Services of the D.O.T.

The recommendations of the Urwick Currie report, supported by extensive interviews throughout the Department, were founded on the premise that the Department was to operate on a decentralized basis and that financial authority and responsibility must correspond and be delegated if managers were to be held accountable. The Report did not recommend a strong

centralized control by either Treasury Board or the Department Headquarters, clearly adhering to the pre-dispositions of the operating units and the Glassco Commission. In conformity with the basic concept of decentralization, the Report proposed a general transfer of financial duties from the departmental to the program level.¹⁹

The major exception to this decentralization rule was in the area of general long-range planning where it was recommended that the Department provide a unifying framework for planning by developing a statement of departmental objectives or long-run goals for each program, and by making available an inventory of existing departmental plans and resources and statements of the basic planning premises of the Department. The implication was that Headquarters would play a major role in the development of an effective strategic or program planning organization by establishing plans review committees at the departmental and program levels and providing the necessary staff for these committees. However, the study did not recommend that Headquarters should have a monopoly on strategic or program planning; the operating units were clearly intended to play a major role in both levels of planning, and they were to have absolute control over operational planning.²⁰

While the combination of the Glassco and Urwick Currie Reports had a significant effect on the financial organizations and roles within the Department, there were no perceptible organizational or role changes with respect to the general planning and policy-making function. However, the Urwick Currie recommendations did stimulate further discussion of the Department's approach to planning and objective-setting between 1965 and 1968. An examination of the Department's attempts to study the interrelated issues of planning and objectives during this period brings the malaise of

the portfolio in 1968 into sharper focus.

Planning and Policy-Making in the D.O.T.

The interest generated within D.O.T. Headquarters by Glassco and Urwick Currie in the question of rationalizing the departmental planning process was given a significant boost by the Treasury Board Minute of February, 1966, which indicated the Government's intention to press for the establishment of a Program Planning and Budgeting System throughout the federal bureaucracy.²¹ In the course of the Treasury Board - sponsored seminars and lectures run during 1966-67 it became clear to the senior management of the D.O.T. that the kind of program planning and analysis being encouraged by Treasury Board involved a much broader set of concepts than mere financial management. While it was perceived that a process somewhat similar to program planning was used occasionally on an ad hoc basis within the Department, the question was raised as to whether the Department ought to consider a more formal organization of the program planning and analysis function.

There seemed to be an acceptance of the fact (at least by most D.O.T. senior managers) that the Department, as presently constituted, had no formal capacity with which to operate a P.P.B. System. The planning capacity that the Department did have was for the most part contained within Air Services and the Headquarters Administration Services. It included the following units:

HEADQUARTERS ADMINISTRATION SERVICE

- Transportation Policy and Research Branch
- Budget and Financial Analysis Division

AIR SERVICES

- Budget and Financial Analyst

- Civil Aviation Branch - Research and Planning Division
- Airports and Field Operations Branch - Airports Planning and Research Division
- Telecommunications and Electronics Branch - Technical and Policy Coordination Division

Marine Services had no formal planning capacity whatsoever. The only identifiable mechanism integrating these planning units (and all the other activities of the Department) was the Management Council which was chaired by the Deputy Minister and included as members the Assistant Deputy Minister, Air; Assistant Deputy Minister, Marine; the Assistant Deputy Minister, General; Senior Financial Advisor; Director-General, Personnel; Director, Transportation Policy and Research; and the Deputy Minister's Executive Assistant. The Council met on an irregular basis (usually about once each month) and did business in an informal manner with no agenda or formal minutes being recorded. More to the point, the Council played a negligible role in the planning and policy-making process. In fact, it rarely even dealt with operational problems within the Department. Held over luncheon - often at the Bel Air Restaurant on Queen Street - the Council meetings amounted to little more than an opportunity for contact between senior staff members and for exchanges of views on broad service problems of interest to every Branch.²² It was the prevailing opinion among senior officials in the Department at that time that policy planning was not an activity which should concern departmental officials. Having accepted the traditional split between administration and policy-making, there was no felt need on the part of the members of Management Council for some open forum in which their planning activities could be brought into contact with the political objectives of the Minister and his Cabinet colleagues.

However, in the face of Treasury Board demands, there was some concern, at least on the part of the Deputy Minister, about the need to im-

prove the program planning function within the Department. By August, 1967, the Department had already produced its first 5 year program forecast for the governmental review of estimates for 1968-69. This initial effort demonstrated that forecasting was extremely weak within the Department - particularly within the two operating services. In addition, there was a general tendency in both operating services to include program items which could not possibly be accomplished in 1968-69, and the regions tended to throw everything that they considered important into the first 5 year period. In view of the increasing need for careful planning and analysis of both present and future programs and the further development of program budgeting, the Deputy Minister insisted in August, 1967, that the members of the Management Council take a fresh look at the organization and coordination of planning throughout the department. In particular, he appointed the Senior Financial Advisor (in consultation with all Branch Directors) to prepare a report on the planning programming and forecasting organization of the Department - in comparison with the planning mechanisms employed in industry and Crown corporations - which could then be discussed in Management Council. In the course of his investigation, which lasted about three months, the Senior Financial Advisor made some significant recommendations about the planning capabilities of the Department and raised some questions about the proper role of Management Council.

The most notable aspect of the report was the clearly stated assumption that the type of corporate planning model commonly employed throughout the business world was most suitable to the government environment and the D.O.T. in particular.²³ This corporate planning model favoured the decentralization of the planning function throughout the various levels of the organization, but it did insist that the head of the organization and

his planning staff must retain control over all planning vital to the welfare of the enterprise as a whole. All aspects (manpower planning, financial planning, etc.) of this corporate planning must be integrated at the top by the head of the organization, by an executive or a committee appointed by the head, or by his planning staff depending on the particular circumstances of the organization in question.

In espousing this form of corporate planning model, the Senior Financial Advisor followed the lead suggested by the Urwick Currie study with respect to departmental planning.²⁴ However, in contrast to this study the Senior Financial Advisor was clearly not enthusiastic about the role of the regions in the planning process. It was his impression that with the decentralization of the management organization after Glassco there was a marked tendency to disperse the planning function on a regional basis on the assumption that the organization for planning should follow the operational organization into a decentralized pattern. The danger in this trend was that the Department was losing sight of the critical distinction between regional and Headquarters planning functions. His report contended that Headquarters should do all conceptual planning (what is to be done) which affects more than one region. Under this broad umbrella, the regions were to be left to do operational planning (how to do it).

In addition to pointing out the need to increase the coordination between Headquarters and the regions, the report emphasized that operational planning was being too narrowly defined to respond to the needs of the P.P.B. System which demanded that a program plan contain all the information necessary to its implementation, including financial and manpower data. While the financial planning procedures in the D.O.T. had improved as a result of the implementation of some of the Urwick Currie recommendations, so-called

"operational" planning was still being done in isolation from the new financial planning framework, with the result that program plans prepared for Treasury Board often did not agree in financial terms with estimates submissions. The report recommended the development of an organization framework to coordinate operational planning, in its widest sense, at both the Headquarters and regional levels.

In a further attempt to coordinate and integrate the planning mechanisms within the portfolio, the report called attention to the need of both Services (Air and Marine) to begin working on their own integrated overall plans on the basis of which the Headquarters Administrations Service could engage in sounder planning. This integration of Service and Headquarters planning efforts was to be guaranteed by the establishment of a coordinating mechanism in the form of a series of planning coordination units - in each region, in each service, and in departmental Headquarters - tied together as a functional organization. These units would be responsible for coordinating and monitoring conceptual, operational (including financial) plans, submission of program reviews and annual estimates, and review and analysis of the results of implementation. It was felt that the provision of such a coordinating network would satisfy the demand stated in the Urwick Currie study and that responsibility for developing objectives, broad organizational goals and planning of the overall activity must be centralized. Even coordination throughout the rest of the portfolio outside of the Department was considered. It was recommended that, in addition to specific liaison representatives with outside agencies at appropriate points in the departmental structure, the head of the program coordinating unit in each service should have points of contact in other agencies (such as N.H.B., Air Canada, etc.) within the portfolio.

It is important to note that although the report talked a good deal about corporate planning at the top, the effect of its recommendations would have been to significantly strengthen the Headquarters planning capacity of both Services, and not to give a relatively more powerful planning role to the Headquarters Administration Service. However, in absolute terms, departmental level participation in the planning process would have increased. Following an earlier suggestion by the Deputy Minister, it was proposed that a departmental Plans Review Committee be established for reviewing departmental targets, with the Deputy Minister as Chairman and the Senior Financial Advisor as Vice-Chairman. However, the primary purpose of this Committee would be to defend the Department's interests in negotiations with Treasury Board, not to do corporate planning for the Department as a whole. The Minister and the Deputy Minister were to be responsible for the development of the basic departmental philosophy and general objectives; the Transportation Policy and Research Branch was to do basic economic research and demand forecasting;²⁵ but the development of corporate plans as such were to be left to the two Services.

The level of departmental control over the planning process would not have been significantly increased either by the adoption of the Senior Financial Advisor's ideas concerning the proper role for Management Council which were discussed by Council members in late 1967. At that time, Council was being primarily asked to consider questions which affected all, or a majority of, the organizational units represented on Council. These most often were issues related to personnel. The Advisor's most important recommendation was that Management Council should also consider questions important to the Department as a whole even though only one area of organizational responsibility (i.e.: one branch) might be involved. It was felt.

that this would result in the members of Management Council being better informed (and thus potentially more mobile) and would provide the Deputy Minister with fresh viewpoints on problems which would normally only elicit traditional forms of advice from traditional sources. While the adoption of this procedure might mean that Council would have to meet more often and that every member would surrender some degree of sovereignty over the affairs of his service or branch, it did not mean that Council should act as a Board of Directors with final decision-making power.²⁶ It was thought to be sufficient that Management Council members act as members of a senior group having advisory responsibilities towards the operating effectiveness of the entire organization and therefore of its component parts. The only aspect of this suggestion which related it to the question of modernizing the planning and policy-making process within the Department was the implicit premise that members of Management Council should take an interest in activities outside of the transportation mode or staff function in which they were primarily involved.

These then were the terms in which the departmental planning and policy-making process was being discussed just over one year before a major Task Force began an intensive investigation of the objectives and structures of the entire portfolio.²⁷ The reaction of the members of Management Council was mixed. There was general agreement on the need to improve the planning process at the service and regional levels, and reforms and re-organization along the general lines suggested by the report were already being considered and implemented by the beginning of 1968. However, while Marine Services were working on improvements in their planning capabilities and process at the Headquarters level, they reacted negatively to the idea of creating a planning structure similar to the centralized system being considered in Air.

It was Marine's intention to focus planning activities around the Directors of the various functional Branches of the Service, with perhaps one Planning Director to coordinate the overall efforts. While the form of the planning process in each service is not particularly germane to my subject of the overall planning and policy-making process within the Department, it is worth noting that the general trend within Marine was towards the development of a planning mechanism which would not easily mesh with the more centralized efforts within the Air Service and would not be compatible with the Financial Advisor's felt need to increase coordination at the departmental level. The more dispersed that the planning function was in Marine, the less likely it became that centralized control or coordination would ever be effective.

In any case, despite the interest of a couple of members of Council in the possibility of expanding the planning and coordinating role of the Transportation Policy and Research Branch at the departmental level, the report's insistence on the need for Department-wide integrated planning was largely ignored by Council. Most of the members, including the Deputy Minister, felt that while there was need for further modal planning to meet the demands of Treasury Board, there was no demand for overall integration and centralized control with respect to transportation planning and policy-making as a whole.²⁸ Therefore the suggested Plans Review Committee was rejected and later suggestions that Management Council might take on a planning role were not pursued. In fact, the Deputy Minister, in the long-run, did not even look favourably on the ideas of formalizing Management Council or increasing its operational role. By the end of 1968, the planning and policy-making process at the departmental level remained an extremely informal and intimate process involving, for the most part, only the Deputy Minister and the Minister.

No further attempts were made to consider the planning and policy-making question at the departmental level in relation to the changing demands of the Central Agencies and the Cabinet. It would appear that the Service orientation of the senior management of the Department was so strong, that the senior Directors and the Assistant Deputy Ministers attached little importance to the issue of integrated transportation policy planning throughout the Department. Not even the Deputy Minister appeared to oppose the traditional position within the D.O.T. that the two Services were planning empires unto themselves, and that neither an integrated policy-making process nor intermodal planning were critical to the continuing effectiveness of the federal government's involvement in the national transportation framework. This is curious in view of the increasing pressures from the Central Agencies for coordinated program planning and the emphasis being placed within the transport industry on intermodal planning. As I shall point out in a later section, the Central Agencies were not prepared to tolerate the continuation of this fragmented approach to national transportation policy. Moreover, in the wake of the reorganization of the portfolio during 1970, only one of the 1968 members of Management Council remained in a senior position within the Ministry.

Management Council and Objectives for the D.O.T.

For the D.O.T.'s Management Council to have taken a more expansive view of the Department's organizational needs for improved planning, it probably would have been necessary for the Council members to have had a different attitude towards the question of establishing objectives for the Department. The Senior Financial Advisor proceeded to draw up his report on the planning process on the premise that the question of setting priorities

for the Department could be dealt with after the structures of planning had been agreed upon.²⁹ This, in fact, turned out to be the order of events.

In early 1968, after the discussions about planning organizations were largely completed, the Management Council turned its attention to the question of departmental objectives. It seems clear that during the next several months, the search for statements of objectives became a very inward-looking exercise. No serious consideration was given to the basic question of relating the objectives to those of other federal agencies. At the beginning of the investigation it wasn't even certain that overall departmental objectives, as such, would be drawn up.

The Department was so tightly oriented towards the activities of the two Services that it was argued at the outset by some members of Management Council that once objectives for Air and Marine had been determined there need be nothing further said on the question of objectives. The Urwick Currie report had never mentioned corporate objectives for the Department, implying that there was no need to go beyond the development of a statement of objectives for each program. In the view of most Management Council members this was all that was being demanded by Treasury Board, as well, to guarantee the successful implementation of the P.P.B. System. All Treasury Board wanted, in this view, was that the program for each activity of the operating Services be preceded by a statement of the particular objectives of that activity. These statements would then become the basis upon which the planning process would consider and choose among alternative means of achieving the objectives. These program plans would be costed and developed into a forward (five-year) plan, the first year of which would dictate the estimates and the implementation and monitoring of the program for that year.

However, the objection was raised within Management Council that

the Department's activities included more than the programs of Air and Marine. Areas like the Highway Safety Program and the administration of grants and subsidies were seen to be identifiable activities of the Department. In addition, the problem of whether or not to attempt to develop objectives to cover the activities of the Headquarters Administration Service was discussed. Finally, in the context of establishing the need for distinguishing between various types of objectives, one member of Management Council suggested that the Department should also develop objectives related to "inter-departmental service and general government policy".³⁰ With the exception of a single recommendation during the protracted debate that one of the Department's continuing objectives was "to be a prime contributor to the continuing growth of Canadian commerce and industry by providing or arranging for air and marine services appropriate to the country's needs and by supporting other government departments engaged in related endeavours", there was no further attempt to relate the Department's objectives to the national policy being pursued by the Government as a whole.

In the long run, the discussion of the nature of objectives did lead to the acceptance by Management Council of the need to set down overall departmental objectives. Even when this need was accepted and departmental objectives drawn up, there still seemed to be a good deal of confusion within Management Council with respect to their status. One member seemed concerned about the possibility that the departmental objectives would be seen to be the particular objectives of the Deputy Minister and the Headquarters Administration Service. The implication was that the objectives were more or less irrelevant to the real nature of the Department which was to be found in the operational activities of the Air and Marine Services. The sense of divorce between the departmental objectives and the service objectives was

further heightened by the decision not to alter the wording of the service objectives to reflect the language used in drawing up the departmental objectives. As a result of all this uncertainty it is difficult to know in what sense the final version of the departmental objectives can be seen as corporate objectives for the Department as a whole - an umbrella for the specific objectives of the individual components of the Department, particularly Air and Marine Services.

There is no doubt, however, that the final version of the D.O.T. objectives, which was accepted by the Management Council during the Summer of 1968, reflected the 'service' philosophy and operations orientation of the Department's senior officials. The D.O.T. was to

- (1) support and assist orderly growth in transportation.
- (2) assist in achieving convenience and technical and economic efficiency in transportation.
- (3) facilitate movement both in relation to transportation systems and units therein.
- (4) promote and support safety.
- (5) assist Canadian economic and social activities in those matters

where information on weather and climate is essential or helpful.

There was clearly little conviction on the part of Management Council members that the Department should have a strong policy role. The same philosophy which had steered the Department away from the establishment of a more effective centralized planning and policy-making process was a critical factor in the Department's acceptance of narrow ambiguous corporate objectives. To fully explain the view of the members of Management Council on this issue it is necessary to understand the impact on the Department of the National Transportation Act of 1967.³¹

The National Transportation Act and the Role of the C.T.C.

This narrow view of the Department's role was in large part a product of the attitude of the senior officials of the Department towards the policy functions of the Canadian Transport Commission as set out in The National Transportation Act, of 1967, the legislation on which the Commission was founded 'as a new agency with a new mandate'.³²

Prior to 1967, the regulatory role of the C.T.C. had been divided between the Board of Transport Commissioners for Canada, the Air Transport Board and the Canadian Maritime Commission.³³ While the work of the Air Transport Board and the Canadian Maritime Commission had become increasingly important and visible during the post-war period, the transportation regulatory scene in Canada was still dominated effectively by the rulings of the Board of Transport Commissioners with respect to railway freight rates.³⁴ This anachronistic tendency was reversed by the findings of the McPherson Royal Commission on Transportation and the implementation of the major recommendation of the McPherson Report in the form of the National Transportation Act of 1967.³⁵ The Report and the subsequent legislation purported to discard the myopic emphasis on rail transportation which had been the foundation of national transportation policy since 1867 and enlist instead the concept of intermodal competition as the key to a healthy national transportation system. As Purdy notes:

If there were any doubts that a transportation policy must be considered in terms of intermodal concepts these were completely dispelled by the National Transportation Act of 1967. In this legislation all modes of commercial transportation, except one, were brought under the aegis of one regulatory authority - the Canadian Transport Commission.³⁶

A brief review of the authority settled on the C.T.C. by the National Transportation Act is necessary to gain a first approximation of the impact of

the emergence of this new agency on the planning and policy-making role of the D.O.T. during 1967-68.

The Commission was established in February, 1967, to coordinate and harmonize the operation of all carriers engaged in transport "in order to develop and insure optimum service at optimum cost in the transportation of passengers and goods"³⁷ Halton concisely outlines the nature of its authority:

The C.T.C. has jurisdiction under the Railway Act, the Aeronautics Act, the Transport Act, the National Transportation Act, and many other Acts, over the economic regulation of interprovincial and international railways, solids pipelines and road vehicles and all commercial air services, inland waterways, and also over telephone and telegraph communications. Complete and final authority over questions of fact within its jurisdiction rests with the C.T.C., but on questions of law or of jurisdiction there is appeal to the Supreme Court of Canada or the Governor-in-Council, and in an application for an operating licence under the Aeronautics Act there is appeal to the Minister of Transport.³⁸

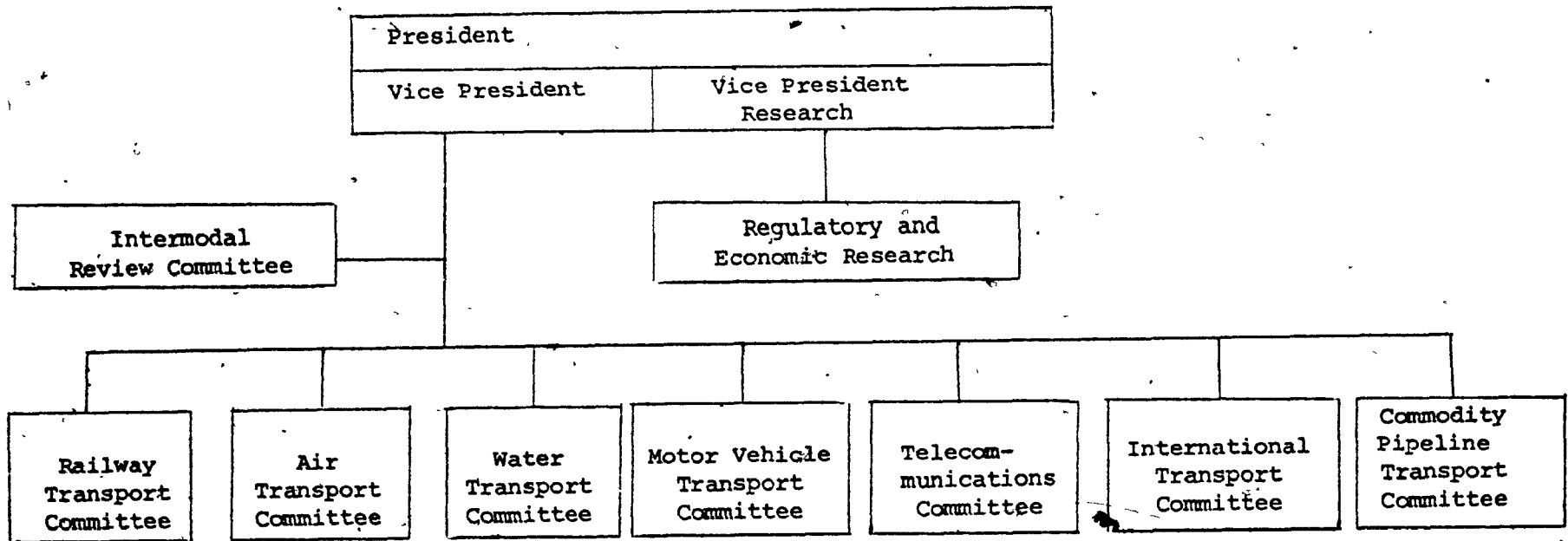
To carry out these responsibilities, the Commission has a President, two Vice-Presidents, and fourteen Commissioners, who exercise regulatory authority through eight Committees.³⁹ Studnicki-Gizbert notes that:

In addition to the Committees and their staffs, certain functions and staffs are centralized. These are the legal staff, research staff, and certain administrative supporting functions. Traditionally, legal and general administrative functions are the responsibility of the Vice-President, and the central research staff and rate analysis and subsidy programs administration are allocated to the Vice-President, (Research).⁴⁰

It was this "study and research" role given by the National Transportation Act to the Vice-President (Research) in relation to the statements of national policy objectives and the Commission's overall duties contained within the Act which provide the most startling reflection of and support for the attitude of the Management Council of the D.O.T. towards the policy-making authority of the D.O.T. within the Minister of Transport's portfolio.⁴¹

CANADIAN TRANSPORT COMMISSION

FIGURE III



The National Transportation Act follows a practice not commonly used in Canada of providing within the body of the legislation itself a statement of the fundamental principles of a national transportation policy.⁴² This policy statement, contained in Section 3 of the Act reads, in part:

NATIONAL TRANSPORTATION POLICY

3. It is hereby declared that an economic, efficient and adequate transportation system making the best use of all available modes of transportation at the lowest total cost is essential to protect the interests of the users of transportation and to maintain the economic well-being and growth of Canada, and that these objectives are most likely to be achieved when all modes of transport are able to compete under conditions ensuring that having due regard to national policy and to legal and constitutional requirements

(a) regulation of all modes of transport will not be of such a nature as to restrict the ability of any mode of transport to compete freely with any other modes of transport;

(b) each mode of transport, so far as practicable, bears a fair proportion of the real costs of the resources, facilities and services provided that mode of transport at public expense;

(c) each mode of transport, so far as practicable, receives compensation for the resources, facilities and services that it is required to provide as an imposed public duty;⁴³

Moreover, in Section 22 of the Act, the Commission is directed to take on rather wide-ranging policy advisory powers unrelated to its regulatory functions. Specifically the C.T.C. is asked to:

Inquire into and report to the Minister upon measures to assist in a sound economic development of the various modes of transport over which Parliament has jurisdiction...
...establish general economic standards and criteria to be used in the determination of federal investment in equipment and facilities as between various modes of transport and within individual modes...

...inquire into...the overall balance between expenditure programs of government departments or agencies for the provision of transport facilities...

...and participate in the work of intergovernmental, national or international organizations dealing with any form of transport under the jurisdiction of Parliament.⁴⁴

Within the constraints of an analysis of the D.O.T.'s planning and

policy-making environment in 1968, it is not my intention to pursue at this point the question of the contradictions inherent in combining policy advisory and regulatory roles with the confines of a single quasi-judicial agency.⁴⁵ What is central to this discussion is some understanding of the impact of the establishment of the C.T.C. on the view of Management Council members of the proper role of the Department as a policy advisor to the Minister of Transport.

The first point to be made is that C.T.C.'s dual role is a reflection of the views of senior D.O.T. officials and the Minister of Transport inasmuch as they were involved in drafting the legislation prior to its passage into law in 1967. Both J.W. Pickersgill as Minister of Transport during the drafting period and J.R. Baldwin as Deputy Minister played major roles in the development of the legislation and strongly favoured the policy role of the C.T.C.⁴⁶ Pickersgill, in fact, became the first President of the Commission in 1967, and in that capacity spoke and wrote strongly supporting the research and advisory functions which he appeared to view as being equal in importance to the regulatory function:

The responsibilities of the Canadian Transport Commission are regulation and research.... The research responsibility is to uncover better solutions to national transportation problems and to keep the development of transportation policy abreast of constant⁴⁷ technological change in all branches of the industry.

Later in the same article he noted that the C.T.C.,

in addition to being a regulatory body, is a research body as well. It has broad powers for investigating transportation development and policy and rendering its reports on these matters to the Minister of Transport. Its term of reference is that the Commission "shall" do these things. The role of a permanent inquiry into all facets of Canadian transport development and policy is so far ranging under the Act that a large expert research staff is required and is now being organized under a Commissioner charged with the research responsibility and acting "under the general directions of the Commission".⁴⁸

The views of Baldwin, who remained as Deputy Minister through 1968, were just as favourable to the C.T.C.'s new advisory role. He saw The National Transportation Act as a 'legal provision for a single integrated approach to all modes of transport' which would allow the Minister of Transport to transcend the disintegrative situation in existence since 1937 whereby "separate agencies" with "separate autonomous status in law" reported to the Minister of Transport.⁴⁹ His perception of the proper research and advisory role of the C.T.C. has been clearly stated:

A single new agency has been established, the Canadian Transport Commission, to assume responsibility for economic planning, licensing and regulation of all transportation... It is in the definition of these duties that the extensive advisory functions of the Commission in support of government transportation policy become apparent, as well as its responsibilities for research and planning.⁵⁰

Going on in this article to review the provisions of Section 22, Baldwin stressed that "the Commission is not just authorized but is required to undertake" the research tasks outlined in the section.⁵¹

It seems clear that both Pickersgill and Baldwin, in their enthusiasm for the policy advisory role of the C.T.C., shared the general view of Management Council that the D.C.T., as one agency within the Transport portfolio, should have primarily an operational or service role. There is no evidence that any members of Management Council took exception to the idea of the C.T.C. assuming the major advisory role to the Minister with respect to national transportation policy.⁵² In fact, the division of research responsibilities between the Department and the C.T.C. which was agreed upon through an exchange of memoranda towards the end of 1967, indicates that the Management Council had accepted a very limited policy advisory role for the Department. It was to be responsible for research - including the evaluation of new technology - directly related to its own operational

responsibilities and to problems involving the structure, operational proposals and role of the Crown corporations under the Minister of Transport. The Department was also to do the general research necessary to advise the Minister concerning appeals from the C.T.C. or other policy questions, only where it may not be appropriate for the C.T.C. to be involved due to its quasi-judicial role. The C.T.C., on the other hand, was to have an enormous research role beyond that required to support the regulatory work of its committees. It was to be responsible for all transportation forecasting, cost-benefit analysis, and the research necessary for the establishment of a comprehensive intermodal system of forecasting and analysis. In addition, the Commission was to do all the research relating to the economic and commercial aspects of policy development and transportation operations, and the appropriate roles to be played by various modes in satisfying national objectives. Finally, it was given authority over all technological research where the Department was not involved for operational reasons or where the Department had little or no capability.

By the summer of 1968, at the end of the long period of investigation into the subjects of policy planning and objectives initiated by the Glassco Commission, there appeared to be no visible discontent on the part of Management Council members about the role, objectives, or the organization of the Department. One Council member truly caught the spirit of the moment when, during a discussion of departmental objectives, he remarked, in effect, that if any agency of government has responsibility for expanding any mode of transportation, it would be the C.T.C. rather than the Department.

Dissatisfaction Within the Executive Arena and the New Deputy Minister

This sanguine view of the state of the portfolio and the respective

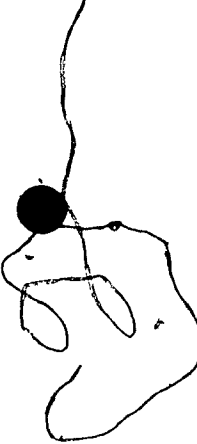
roles of the C.T.C. and the D.O.T. was not shared by senior officials in the various components of the executive arena. In the aftermath of the Liberal election victory in June, 1968, the D.O.T. as a planning and policy-making institution began to come under fire. The views held within the executive arena on the role of the D.O.T. were very much governed by the organizational concepts implicit in the rational policy-making philosophy of the new Prime Minister and his advisors.

In general, their major concern was that every Minister's portfolio respond to the national priorities established by the Cabinet in an innovative and effective manner.⁵³ On the basic issue of responding to national priorities, it was particularly the view within the Privy Council Office that the Minister of Transport was incapable of developing an integrated set of policies and programs which would blend transportation investment and regulation into a flexible instrument responsive to changing national priorities. There was also considerable concern that the Department did not seem to be generating any new policy or program proposals to meet the changing environment of the national transportation framework. Despite the fact that Mr. Hellyer, the Minister in the latter half of 1968 seemed to exhibit much more interest in urban affairs than in transportation per se, the fault with the transport portfolio was not traced to a particular Minister but rather to the Department as an institution. The most fundamental problem was that the Department's objectives were not designed with the concept of responsiveness to the priority-setting role of the Cabinet in mind. The D.O.T.'s approach to policy-making was seen to be ad hoc. There was no overall set of national transportation priorities against which policy proposals coming before Cabinet could be viewed. Moreover, the D.O.T. had not adapted well to the basic idea of presenting Cabinet with program alternatives through which

specific policies could be attained. This absence of innovation and lack of cooperation on the part of the D.O.T. with the evolving system of governmental management was traced to the lack of corporate leadership at the top of the portfolio. The Minister really had no way to control the whole portfolio and integrate its policy outcomes into a package responsive to Cabinet demands..

From the point of view of Treasury Board, the D.O.T. had still not caught on to P.P.B. System and was still presenting program proposals without information as to the way they would be implemented over a 5-year period. Financial and program planning were being done in isolation from each other and the Department did not appear to be making any progress towards developing a forecasting capacity and information system which would facilitate the application of the P.P.B. System. The key to the problem seemed to be that the D.O.T. senior management would not adapt to the new style of government which was moving towards a more corporate model based on the P.P.B. System and away from the old mandarin-style in which almost dictatorial policy-making and planning powers were held by a few senior public servants within a tightly knit group.⁵⁴ The general feeling seemed to be that the structure of the portfolio, in its widest sense, was out of step with the demands of the revolution in decisional technology.⁵⁵

In the context of this felt need for a more integrated national transportation policy responsive to Cabinet established national priorities, it was the prevailing view within the executive arena that one of the most pressing problems within the portfolio was the growing split between investment and regulatory policy-making brought about by the National Transportation Act. A reasonably high level of cooperation had existed between the D.O.T. and the various transport regulatory bodies in the period prior to the Act.



However, not only had the passage of the Act led to a movement of the policy advisory role to the newly-established C.T.C., it had also introduced a significant sense of division between the two most important policy-making components of the portfolio. This was seen to be particularly critical in view of the increasing importance that was being attached within the executive arena to the use of transportation investment as a policy instrument in tandem with the more classic instrument of economic regulation.

In startling contrast to the views held by the senior D.O.T. officials in 1968, there seemed to be growing appreciation within the Central Agencies that "investment or lack of investment in infrastructure can be almost as powerful a regulatory tool as direct economic regulation.⁵⁶ With respect to the national transportation framework in Canada, this meant the D.O.T. as the major transportation investment agency could be as critical a policy tool as the C.T.C. through its new regulatory powers. The expenditures of the D.O.T. had been rising rapidly over the last several years. The Glassco Commission had noted their threefold increase between 1951-52 and 1961-62.⁵⁷ The total expenditure of the Department in 1961-62 was approximately \$234 million. The estimates for the Department in 1968 was for expenditures totalling \$344 million, in a national economy in which 20% of the Gross Domestic Product was spent on transportation goods and services.⁵⁸ One commentator noted in 1970:

Clearly the magnitude of government investment in the transportation industry is growing at a substantial rate. One has only to look at the even greater amounts guaranteed or loaned to various transportation corporations or to examine the large expenditures allocated to other departments (Indian Affairs and Northern Development, Fisheries, Regional and Economic Expansion, etc.) for essentially transportation matters.

The optimal use of this investment as a policy tool had become a matter of

some concern within the Central Agencies by 1968.

This increasing concern about investment meant both that an integration of investment and regulatory policy-making was essential, and that the investment agency, the D.O.T., could not be without a strong planning and policy advisory role. With reference to a policy typology recently advanced by Konrad Studnicki-Gizbert, the prevailing attitude clearly was that the D.O.T. should be formulating 'active' and 'exogenous' policy -- policy 'aimed at changing the transport industry's pattern and rate of development',⁶⁰ as well as 'achieving economic or other objectives outside the direct interest of the industry'.⁶¹

The departure of the incumbent Deputy Minister at the end of 1968 afforded the Prime Minister and his advisors the opportunity of replacing him with someone who could have a long hard look at the objectives and role of the Department of Transport in the context of the Government's emphasis on priorities and policy-making philosophy. The choice fell on Gerald Stoner, the Assistant Secretary to the Cabinet in the Privy Council Office. While at the P.C.O., Mr. Stoner had gained a great deal of experience with respect to organizational problems throughout the federal bureaucracy and had been involved in the reforms of the Central Agencies and Cabinet Committee structure after the 1968 election as well as the planning of the general reorganization which led to the Government Organization Act (1968-69).⁶² Mr. Stoner only accepted the new position at Transport after receiving a mandate from the Prime Minister to conduct a wide-ranging inquiry into the Department's priorities and role problems.⁶³ While I am unable to comment on how the choice of a new Deputy Minister from outside the portfolio was received by the remaining senior officials of the Department, my impression is that the middle-managerial level of the Department was particularly

enthusiastic about the change in leadership and the reform tendencies which it implied.

It is interesting to note that the Prime Minister's Office played a significant role in supporting the new Deputy Minister's reform intentions with respect to the D.O.T., probably as a follow-up to the agreement between the Prime Minister and the new Deputy Minister concerning the need to review the Department's current problems and long-range needs. The Program Secretary at the P.M.O. recommended to the Deputy Minister, shortly after he moved to Transport at the beginning of January, 1969, an outline for the proposed study of the Department. The outline essentially suggested that a study should be initiated which would provide the Minister and the Deputy Minister with a clear picture of the nature of the Department in terms of manpower, money or resources expended, a statement of the major problems faced by the Department, and a time-based plan of attack of these problems. With respect to a work program, it was suggested that through discussions between a study team and departmental personnel, the team could formulate a list and a map of the activities, resources, and on-going or proposed new projects of each section of the Department. The team could then move on to determine the nature and scope of any major problems - either internal or external-faced by each major section, and draw up lists of all the agencies with which the Department deals and the long-range goals that each Department section would like to see achieved. Out of this would come a master list of the top ten problems faced by the Department and a plan for tackling these problems indicating who would be involved in the problem-solving and the nature of the resources required.

Marc Lalonde, discussing the role of the Program Secretary within the P.M.O., indicates that it is not uncommon for the P.M.O. to involve itself in bureaucratic organization issues which would appear to be the

bailiwick of the P.C.O.:

I would point out that there do exist certain grey areas where the advisory roles of the P.M.O. and the public service (P.C.O. or other) overlap. In these grey areas, it is impossible both for the public servant to be 'non-political' and for the P.M.O. not to express views on matters of administration having little or no particular partisan or political implications...The P.M.O. strategy has thus been a highly selective one of concentrating on a few areas requiring the personal involvement of the prime minister or his specific attention at a particular time. 64

The continuing interest of the Program Secretary in the prospective review of the Department of Transport is further proof of the fact that the administrative reform process within the Transport portfolio was viewed as an important application of the organizational guidelines implicit in the Prime Minister's policy-making philosophy. As the following chapter will indicate, both the organizational guidelines and the study process emanating from the executive arena played significant parts in the administrative reform process within the Transport portfolio.

Notes for Chapter Two

¹Mosher notes the importance of reviewing the history of attempts to reorganize or redirect the efforts of a bureaucratic unit prior to examining the major reform attempt. F. C. Mosher, "Analytical Commentary," Governmental Reorganizations: Cases and Commentary, ed. by F. C. Mosher (Indianapolis, 1967), p. 500.

²The National Transportation Act (R.S.C. 1970-71, c.N-17).

³The Department of Transport Act (R.S.C. 1969-70, c.79).

⁴The Department of Marine Fisheries initial responsibilities included: Fisheries; Harbour Commissioners and Harbour Masters; Board of Steamship Inspection; Distressed Seaman's Services; Navigation Aid; Pilots; Harbours; Ports, Piers and Wharves; shipwrecks.

⁵In 1892, the Department was given the following additional responsibilities: Tolls for piers, wharves and breakwaters; River and harbour police; Life Saving Services; Examination of Masters and Mates; Registration of Shipping; Meteorological, climatological and magnetic surveys; Tidal and Current Surveys; Hydrographic Surveys; Winter Communications between P.E.I. and the mainland. In 1922 it also took on the task of patrolling Canadian northern waters.

⁶The subsidies were completed in 1928, and the collection of statistics taken over by the Dominion Bureau of Statistics.

⁷There was a fifth component, the Shipbuilding Branch.

⁸The Commission was established in February, 1967, by the National Transportation Act. It is the successor to the Board of Transport Commissioners of Canada, the Air Transport Board, and the Canadian Maritime Commission. On the role of the C.T.C. see pp. 76-82.

⁹Fig. II is a list of statutes dealing with the organization, purposes, powers and responsibilities of components of the Transport portfolio, 1968. The legal relationships between the Minister and the various satellite components of the portfolio are explored in detail in Chapter Six.

¹⁰The McPherson Commission reported during 1961-2 and the Glassco Commission during the following year, 1962-63.

¹¹The Royal Commission on Government Organization Report, Vol. 5 (Ottawa: 1963), p. 44.

¹²Ibid.

¹³Ibid., p. 85.

¹⁴Ibid., p. 86.

¹⁵Ibid., p. 78.

¹⁶D. Corbett, Politics and the Airlines (Toronto: 1965), p. 278.

¹⁷For a general discussion of the implementation of the Glassco recommendations, and specifically of the role of the Bureau of Government Organization within the Privy Council Office, see G. V. Tunnoch, "The Bureau of Government Organization: Improvement by Order-in-Council, Committee, and Anomaly," Canadian Public Administration, Vol. 13, No. 4 (December, 1965), pp. 558-68.

¹⁸The Deputy Minister was Mr. J. R. Baldwin who retained the position for 14 years until the end of 1968. Mr. Baldwin was a career public servant who had worked in the Cabinet Secretariat in the 1940's and, prior to his appointment as Deputy Minister in 1954, had been Chairman of the Air Transport Board. In 1968, he became President of Air Canada.

¹⁹Only financial auditing was to be centralized through the creation of an independent Internal Audit Branch reporting directly to the Deputy Minister. The departmental level financial unit was to be strengthened and enlarged, but no more so than the financial units at the operating level.

²⁰The distinction between strategic, program and operational planning is outlined in Malcolm Rowan, "A Conceptual Framework for Government Policy-Making," Canadian Public Administration, Vol. 13, No. 3 (Fall, 1970), pp. 286-88.

²¹See D. M. Jamieson, "Program, Planning and Budgeting in the Federal Government," (paper delivered at the Tenth Annual CORS Conference, Toronto, May, 1968).

²²These service problems included such issues as personnel, bilingual training, recruiting, financial management, etc.

²³The report referred in detail to the planning recommendations contained in a paper by Carlos Efferson, Manager of Kaiser Aluminum and Chemical Corporation entitled, "Organization of the Planning Process." (Mimeographed).

²⁴See p. 61

²⁵At this point this Branch was primarily engaged in studies which became inputs to planning work done on the initiative of other Branches throughout the two operating services. It was suggested by another member of Management Council that the Transportation Planning and Research Branch might be transformed into the departmental Headquarters planning coordination unit.

²⁶However, it was pointed out that in most policy-making organizations a body like Management Council had more authority and responsibility.

²⁷The report on planning did make other suggestions of less importance, including the proposition that the Department institute the practice, with organizational units having primary planning responsibility, of establishing project teams to analyze major projects. Another recommendation stressed the need for "sales promotion" of planning especially in Marine

Services where there was little or no planning "momentum."

²⁸ Modal planning is planning focusing exclusively on one form of transportation (i.e. Marine, Air or Surface). Intermodal planning, by comparison, takes into consideration factors related to the interface between two or three modes..

²⁹ The fact that the Urwick Currie report recommended the development of a statement of departmental objectives as a basis on which to create an effective planning organization was ignored or overlooked.

³⁰ The two other types of objectives suggested were: 1) service to the public; 2) service within the Department.

³¹ The National Transportation Act (R.S.C. 1970-71, c.N-17).

³² K. Studnicki-Gizbert, "Government by Special Purpose Agencies: C.T.C. - Regulatory Agency and an Instrument of Transport Policy" (unpublished paper, 1972), p. 1. (Mimeographed).

³³ The Board of Transport Commissioners was the new name given, by the Transport Act (1938), to the Board of Railway Commissioners for Canada which had been set up by the Railway Act (1903) to have the powers of a superior court. Its initial responsibilities included regulation of railway rates, fares and wages; location and branch lines and stations; highway crossings and railway safety; and the initiation of inquiries and hearing of complaints on nearly all phases of the operation of railways. In 1908 its powers were extended to express, telegraph and telephone companies (except those privately or municipally owned). In 1929 it took over the regulation of tolls on international bridges and tunnels. In 1933 its powers were extended to cover the pressing issue of railway line abandonment. Finally, in 1938 it assumed responsibility for the regulation of air and water transportation. In 1944, responsibility for air transportation was transferred from the Board of Transport Commissioners to the Air Transport Board by means of an amendment of the Aeronautics Act (R.S.C. 1969-70, c.2). Primarily an advisory body to the Minister of Transport, it was responsible for economic regulation of commercial air services; Canadian air services (in Canada and abroad); foreign air services operating into and out of Canada; and the licensing of such services. In 1947, the Canadian Maritime Commission was given an advisory capacity with respect to the operation, maintenance, manning and development of a merchant marine, and a shipbuilding and ship repair industry. In addition, it was given the power to administer the Canadian Vessel Construction Assistance Act and steamship subsidies, and to take on certain powers in international matters relating to shipping. In 1949, the powers of the Board of Transport Commissioners were extended to the regulation of international and inter-provincial pipelines; but in 1959, these powers were settled on the newly-established National Energy Board.

³⁴ See H. J. Darling, "Transport Policy in Canada: The Struggle of Ideologies versus Realities" (a paper delivered before the Conference on Canadian National Transport Policy, York University, May, 1972). See also A. R. Wright, "An Examination of the Role of the Board of Transport

Commissioners for Canada as a Regulatory Tribunal," Canadian Public Administration, Vol. 6, No. 4 (December, 1963), pp. 349-385.

³⁵ For a discussion of the work of the Commission see F. W. Anderson, "The Philosophy of the Macpherson Royal Commission and the National Transportation Act: A Retrospective Essay" (a paper delivered before the Conference on Canadian National Transport Policy, York University, May, 1972).

³⁶ H. L. Purdy, Transport Competition and Public Policy in Canada (Vancouver: 1972), p. XV.

³⁷ C. C. Halton, "Transportation Regulation: A Canadian Perspective" (a paper delivered before the American Economics Association, Annual Meeting, Toronto, December, 1972), p. 11. (Mimeographed). See also The National Transportation Act (s.21).

³⁸ Ibid., p. 12. Halton also notes that in addition to being a Court of Record, the C.T.C. has the responsibility of regulating railway safety.

³⁹ The Railway Transport Committee, Air Transport Committee, Water Transport Committee, Motor Vehicle Transport Committee (not yet operating despite proclamations of Part III of the National Transportation Act), Telecommunications Committee, International Transport Committee, Commodity Pipeline Transport Committee, and the Intermodal Review Committee. See Chart III.

⁴⁰ Studnicki-Gizbert, op. cit., p. 14.

⁴¹ This role is set out in The National Transportation Act (s.7(4)). "One of the vice-presidents shall, under the general directions of the Commission, be charged with the superintendence of the programs of study and research necessary to achieve the objectives mentioned in section three and the performance by the Commission of its duties under section 22."

⁴² J. R. Baldwin, "Transportation Policy in Canada: The National Transportation Act of 1967," Transportation Journal, Vol. 7, No. 1 (Fall, 1967), pp. 5-14. See also Studnicki-Gizbert, op. cit., p. 11.

⁴³ The National Transportation Act (s.3).

⁴⁴ Ibid. (s.22).

⁴⁵ See Anderson, op. cit., pp. 25-32, for some observations of this issue. Studnicki-Gizbert, op. cit., p. 11, suggests that the C.T.C. was created as a sort of "hybrid between a regulatory agency and a permanent Royal Commission." Contrary to the Act, the McPherson Commission had recommended the establishment of an independent Transport Advisory Council along the lines of the Economic Council

⁴⁶ Studnicki-Gizbert, op. cit., p. 10, notes that the "appointment of J. W. Pickersgill as Minister of Transport provided the necessary political leadership and know-how to make the legislative reform effective."

Pickersgill was Minister of Transport from February, 1964, to February, 1967.

J. W. Pickersgill, "Canada's National Transport Policy," Transportation Law Journal, Vol. 1, No. 1 (February, 1969), p. 79.

⁴⁸ Ibid., p. 81-82.

⁴⁹ Baldwin, op. cit., p. 5.

⁵⁰ Ibid., p. 13.

⁵¹ Ibid.

⁵² One member of Management Council, the Director of the Transportation Policy and Research Branch, left the Department in 1967 to become the Vice-President (Research) of the C.T.C.

⁵³ See pp. 22-32.

⁵⁴ The Deputy Minister, J. R. Baldwin, having been part of the small group of senior officials who - it is said - ran the Canadian economy in the 1950's and early 1960's (including R. Bryce - Privy Council Office and Finance, K. Taylor - Finance, M. Sharp - Trade and Commerce, and N. Robertson - External Affairs), was definitely viewed as a representative of an older "style" of government.

⁵⁵ Treasury Board also had several specific gripes about the complexity of the relationship between the Board and the various units of the portfolio and the Department. Especially with respect to financial questions, because of the rudimentary structures within the D.O.T., complex lines of communication and decision had been developed between middle-level managers of the Department and Treasury Board officials. This problem was accentuated by the discrepancies within the Department between the actual levels of centralized control of financial questions and the theoretical delegation of authority brought about through decentralization.

⁵⁶ Halton, op. cit., p. 30.

⁵⁷ The Royal Commission on Government Organization Report, Vol. 5, (Ottawa: 1963), p. 83.

⁵⁸ Canada, Department of Transport, Annual Report, 1967-68 (Ottawa: 1968).

⁵⁹ Frank Came, "The Ministry of Transport - A Model for Corporate Management in Canadian Government," (unpublished paper, York University, 1970), pp. 7-8. (Mimeographed).

⁶⁰ K. Studnicki-Gizbert, 'Regulatory Policy Options in Transport,' Transportation Research Forum Proceedings, Vol. XII, No. 1 (1971), p. 9.

⁶¹ Ibid., p. 6.

⁶² See pp. 5-9.

⁶³ Mosher notes that administrative reform is often "sparked" by "changes in top leadership." In most of the case studies he examined (5 or 6), "the newly appointed leader was brought in from outside the organization concerned, not promoted from within." Mosher, op. cit., p. 502. Cf. G. E. Caiden, Administrative Reform (Chicago: 1969), pp. 128-135.

⁶⁴ Marc Lalonde, "The Changing Role of the Prime Minister's Office," Canadian Public Administration, Vol. 14, No. 4 (Winter, 1971), p. 523.

CHAPTER THREE

THE WORK OF THE TASK FORCE ON THE OBJECTIVES AND STRUCTURE FOR THE PORTFOLIO OF THE MINISTER OF TRANSPORT

Introduction

Despite the efforts which had been made in the past to pinpoint the problems confronting the D.O.T., the year 1969 was to witness yet another attempt to revitalize the Department through administrative reform. The key agent of change throughout this period was the new Deputy Minister who, with the cooperation of two different Ministers, was successful in maintaining a high standard of operational efficiency throughout the Department at the same time that plans were being drawn up to reform radically the objectives and the structure of both the Department and the entire portfolio.¹ Although the overall restructuring of the portfolio did not begin until early 1970, the Deputy Minister introduced two significant alterations in the departmental policy-making process during 1969 which suggested that he would not be satisfied with an incremental approach to the D.O.T.'s problems.

The first change, coming almost immediately on the heels of his appointment in January, 1969, was an attempt by the Deputy Minister to alleviate somewhat the lack of coordination in departmental policy-making by introducing into the process a new policy-making forum known as Transportation Council.² The Council, made up originally of members of Management Council and the Minister was designed to serve as "an important instrument of policy coordination".³ It was scheduled to meet weekly with a pre-arranged agenda of policy problems, in an attempt to insure that the Minister and Deputy Minister maintained close and continuing dialogue with senior officers of

the Department on important questions of departmental policy.⁴ This structural change was complemented by a concerted effort on the part of the Deputy Minister to restore the Department's leadership role in the area of policy development - a role which had largely slipped into the hands of the C.T.C. since 1967. The second innovation was the establishment of a structure within the Department, the Bureau of Coordination, to provide secretariat services for Transportation Council and to manage the coordination of the departmental policy process-including the flow of proposals up to the Cabinet level.⁵ While the Bureau took on an expanded role under the Ministry System, its roots in the policy-making process were established during 1969. The most critical activity within the Department during 1969, however, was the study process on the basis of which the federal transportation complex was significantly restructured.

At the first meeting of Transportation Council in mid-January, 1969, shortly after his move to the Department of Transport, the Deputy Minister announced his intention to set in motion a Task Force to have a close look at the Department.⁶ Rather than engage a consulting firm, the new Deputy Minister insisted that the Department, through the Task Force, should control the study and participate closely in it. It was Mr. Stoner's intention at this point, to play a significant personal role in the investigation; in fact, the group was widely known as the Deputy Minister's Task Force on Departmental Objectives. By the beginning of March a Task Force of seven members had been assembled. Four of the members came from within the D.O.T., including two senior line officers from Marine and Air Services, and two senior staff officers from Management Services and Personnel. The Task Force also included three 'outsiders', two of whom were the co-chairmen.⁷

As an instrument of formal study, the Task Force instituted by the

Deputy Minister was somewhat unusual in the context of the federal public service. The task force had become a common form of "administrative aid" to the Prime Minister's Office in the period after Mr. Trudeau's accession to power.⁸ In fact, such task forces were often made up exclusively of outside consultants. At the departmental level, internal task forces were not uncommon, but external task forces were virtually unheard of prior to 1968, unless professional consulting firms are to be included within the definition of the instrument. The D.O.T. had been a heavy user of the services of consulting firms during the 1960's, but the Deputy Minister's Task Force broke with that tradition as it combined 'outsiders' with 'insiders' and did not draw the 'outsiders' from a professional firm.⁹

In this chapter, an attempt is made to elaborate the process by which the Task Force arrived at its findings and outline the important changes which it recommended, focusing particular attention on those recommendations affecting organization. There are almost no useful references to the operating procedures and style of this form of temporary government organization in the Canadian political science literature.¹⁰ This vacuum of knowledge is largely due to the fact that one of the advantages of the task force as an investigatory tool is that both the methods of its deliberations and its findings are generally only revealed to the individuals or groups overseeing its operation or implementing its recommendations.¹¹ This Task Force was given the uncomfortable mandate of encouraging the participation of individuals within the Department while at the same time keeping its deliberations relatively secret. As a result, participation was largely defined as a one-way flow of communications whereby the Task Force could gather data through asking questions, and the nature of its study process was only revealed in the most indirect fashion to D.O.T. employees and the general public.¹²

The Task Force at Work

At the first meeting of the Task Force in early March, 1969, the Deputy Minister discussed the project briefly and the purposes of the Task Force were established. It is noteworthy that this mandate is quite similar to the plan outline of a study of the Department which had been drawn up for the Deputy Minister by the Prime Minister's Office.¹³ The objectives of the Task Force were initially conceived to be:

1. to develop a comprehensive picture of departmental activities by clearly identifying the Department's organizational structure to the divisional level and the principal functions of each segment.
2. to determine short (one year) and long-term (five to ten years) objectives of the Department through the use of such sources of information as Program Review, the Management by Objectives' Program, and discussion with Branch Heads and other appropriate senior officers.
3. to recommend an order of priority for departmental objectives.
4. to establish the nature of other government objectives to which the D.O.T. contributes.
5. to recommend priorities in allocating resources (i.e. money and man-years etc.) to meet these objectives.
6. to identify major problems facing the organization in meeting these objectives (i.e. lack of money, manpower, relationships with other agencies involved in transportation).
7. to recommend a plan for attacking these problems showing on a time-base what has to be done, who will be involved in doing it, and the nature of the resources required.

At the outset, the Deputy Minister anticipated the completion within four months of a brief report which could be tabled in Parliament by the

Minister.¹⁴ Although the Task Force itself was to have the major role in the preparation of the report, two other groups were to be active in the study. The Department's Management Council, composed of the Deputy Minister and his senior advisers, was to review and analyze the progress of the study every two to three weeks.¹⁵ In addition, an ad hoc Steering Committee chaired by the Deputy Minister with staff assistance from the Director of Operations Review and the Director General of Personnel was to review and analyze the progress of the study as often as two days weekly. It would appear that these two groups, in fact, played a fairly insignificant part in the development of the Task Force's ideas.

However, the Deputy Minister, as an individual, was most influential. Not only did he initiate the Task Force and set out its mandate but throughout the course of the Task Force's life, he continued to bring to the attention of the Task Force general themes and ideas which had significant impact on its final recommendations. The powerful role of the Deputy Minister as a catalyst suggests that this Task Force followed a deductive rather than an inductive process in arriving at its conclusions inasmuch as many of them were pushed by the Deputy Minister in a general way at very early stages in the Task Force's deliberations. It also suggests that the Deputy Minister can more easily be seen in the beginning as an 'outsider' himself, despite his position within the portfolio. His suggestions were generally more radical in conception, less attuned to the problems of administrative feasibility and implementation, and more imitative of organizational patterns within the executive arena. Mosher notes that such qualities are usually associated with 'outsiders' rather than 'insiders'.¹⁶

In the discussion which followed the Deputy Minister's opening remarks at the first meeting, it became clear that the Task Force members

shared the prevailing view within the Central Agencies that one of the major problems within the Department was the lack of corporate planning and clear objectives at the top.¹⁷ However, it is noteworthy that only by implication, at this point, was it suggested that a major restatement of departmental objectives would lead almost inevitably to the subject of new forms of organization through which the objectives might be achieved. In fact, in the view of most of the Task Force members, it was not until their work on the question of priorities had progressed for some time that the true extent of the need for reorganization became clear.

As a prelude to the establishment of the proper objectives of the D.O.T. in the national transportation complex, the Task Force set out in its second meeting to establish the existing roles of the Department and to relate them to transportation roles performed by other departments and other agencies at the Federal level. This investigation was soon expanded to include analysis of the interfaces between all the roles performed by agencies under the Minister of Transport in all modes, and all levels of government, the business community, and the general public. Basically, this matter occupied the energies of the Task Force until early April when its attention shifted to the question of the proper objectives for the D.O.T. given the present needs of the public and private sector. Much of the data for this part of the study was drawn from some two hundred interviews conducted mostly between mid-April and late July. A large percentage of the interviews were conducted with members of the D.O.T. and other agencies under the Minister of Transport.¹⁸ These interviews fulfilled the dual purpose of providing data with respect to objectives and operations, and giving senior and middle-level departmental employees, both at headquarters in Ottawa and in the different regions through the country, some sense of participation in the

Task Force's work. However, as I have noted, due to the exclusively upwards flow of information, the actual level of participation was rather limited.

A more critical feature of the interview process, in terms of the felt need to make the D.O.T. a more responsive bureaucratic organization, was the decision to limit the interviews to units within the federal government structure (with the exception of the U.S. Department of Transportation). This meant that the study process was insulated from consultations with obvious clientele, public and political groups which might be instrumental in the acceptance and implementation of the resulting recommendations. Some consideration was given in May to the question of consulting outside groups from the general public and industry. It was estimated by the Task Force that there were probably a few hundred such groups ranging from organizations like the U.N.'s International Civil Aviation Organization, which was closely associated with the attainment of some of the Air Service objectives, down to pressure groups or users of D.O.T. services such as the Air Cadet League or the Canadian Airline Flight Engineers Association. It was argued that if the Task Force saw any of these groups, it might be necessary to see them all. Also, it was the view of the Task Force members that if any of these groups put forward recommendations then they would expect to be dealt with on an individual basis and have their suggestions adopted by the Department unless good reasons were provided. The Deputy Minister agreed that this sort of activity was outside the scope of the Task Force's mandate and capabilities, and consultations with outside groups were postponed until a draft report was finished.¹⁹ At that time, the Deputy Minister proposed to bring together, on a selected basis, about 20 representatives from outside Government to discuss the Task Force's recommendations.

The Organization Issue

By the beginning of August, the Task Force was ready to begin writing up its conclusions about future departmental objectives. As this phase began, it was already clear that the present organizational structure of the D.O.T. would not be compatible with the new roles envisaged for the Department. In fact, it was the view of the Task Force members that the structure and policy-making process of the Department were inadequate even in terms of the rather limited objectives of the Department at the beginning of 1969. Therefore, to add new and larger roles to the Department under such organizational conditions was clearly not a viable alternative. While proper objectives for the Department seemed clear at this stage, there were many issues with respect to organization that had to be worked out. The members of the Task Force spent almost the entire month of August attempting to find a suitable organizational mix to present to the Deputy Minister and the Minister.

Even while the Task Force studied Departmental roles and objectives prior to the August write-up, the organizational question had continually surfaced. In a statement of the issue drawn up by the Task Force in late March, there was significant attention paid to organizational matters in the form of the following problems:

- the extent to which both the Harbours Board and the Seaway have to be brought into the line operating services of D.O.T.
- the possibility of establishing several smaller corporate structures that identify with air, land and sea modes.
- the nature of the true relationship between D.O.T. and C.T.C. in terms of what has been defined as policy development and transportation development

- the extent to which the clearer identification of the land mode activities in a specific organization within the department would create major emotional issues
- the advantages of making transportation development essentially a headquarters corporate function rather than diffusing it throughout several organizations in the Public Service
- the impact of the consideration of equity in the field of personnel management on the corporate organization of the ministry
- the advantages of combining more extensive corporate decentralization with more intensive corporate planning and control.

That reorganization of the Department, and most particularly the Headquarters, was on the Deputy Minister's mind at an early stage is not in doubt. In mid-April, he sent to the Management Council and the Task Force members an advertisement from April's Fortune magazine containing a message which he felt was applicable to the organization of the D.O.T. The advertisement for Gulf and Western concludes: "We've put together a Company of Companies. Each one solid. Each run directly by men who know first hand every wrinkle of their market. That gives us at corporate headquarters the time to concentrate on what we know best. Help each company keep growing. Explore new markets. Reach out for new ideas".²⁰ This was the direction which interested the Deputy Minister, and in this advertisement could be seen the germ of the organizational idea which came to dominate the Task Force Report.²¹

The open-ended questionnaire used as the basis for the interviews within the Department did not reflect a specific interest in one form of organization but implicit references to the possibility of organizational change were clearly central in at least four of twelve questions:

- What constraints or limitations do you find impede your making changes

or improvements in the manner in which the work of your branch is carried out?

- What are the major managerial problems and issues facing the Department today?

- What are your views on the adequacy of our long-range planning for transportation problems of the future?

- In your view what adjustments or changes in present practice or organization are required if we are to meet these problems squarely and successfully deal with them?

Other questions at least implied the present organization would be incapable of dealing with projected issues or long-range planning, and solicited suggestions as to how these challenges might be met. However, it is worth noting that in communications with the key personnel in the D.O.T. and in answers to parliamentary questions with respect to the Task Force functions, the increasing realization that reorganization would be a necessary corollary of a change in objectives was not clearly voiced, and was certainly not stressed by the Deputy Minister, the Minister, or the members of the Task Force.²²

However, the felt need for reorganization gained momentum throughout this period.

This underlying preoccupation with organizational matters is also reflected in the Deputy Minister's interest, which he passed on to the Task Force, in the application to the Department of an integrated information system to facilitate decision-making in the context of centralized planning. The Deputy Minister enthusiastically recommended to the Task Force an article entitled "The Integrated Management Organization" which disputed the relevance of decentralized information systems to modern centralized decision-making.²³ "The entire information system of the corporation, regardless of its size, can be integrated or combined into one giant system from which each person or

each level of management and supervision in each function can get all the information he could possibly want".²⁴ The article even recommends that the top executive, determined to wed his management team to a computer based information system, might assign a Task Force to study the feasibility of such a system.²⁵

The emphasis throughout is on effective rational long-range planning as the primary need of a reorganized D.O.T. with a new and expanded objective. This demand reflects a basic belief about government which the Deputy Minister hoped to translate into action through the redirection and reorganization of the D.O.T. This basic belief was that modern government was not performing adequately. It promised much but delivered little. This is the theme of a chapter entitled "The Sickness of Government" in Peter Drucker's The Age of Discontinuity which the Deputy Minister recommended to the members of the Task Force.²⁶ Drucker states:

"... the best we get from government in the welfare state is competent mediocrity. More often we do not even get that; we get incompetence such as we would not tolerate in an Insurance Company. In every country there are big areas of government administration where there is no performance whatever -- only costs Modern government has become ungovernable. There is no government today that can still claim control of its bureaucracy and of its various agencies. Government agencies are all becoming autonomous, ends in themselves, and directed by their own desire for power, their own rationale, their own narrow vision rather than by national policy and by their own boss, the national government".²⁷

He goes on to argue that

"the purpose of government is to make fundamental decisions, and to make them effectively Any attempt to combine governing with 'doing' on a large scale paralyzes the decision-making capacities".²⁸

The implication is that in a department like the D.O.T., with a large sphere of "operational" activities, the key to separating "governing" from "doing" is to decentralize. This process was already underway at the D.O.T. prior

to the establishment of the Task Force, but the argument was that it had not gone far enough. Drucker recommends decentralization as it is applied in business:

"The purpose of decentralization as a principle of structure and constitutional order is, however, to make the centre, the top management of a business, strong and capable of performing the central, the top-management task. The purpose is to make it possible for top management to concentrate on decision-making and direction by sloughing off the 'doing' to operating managements, each with its own mission and goal and with its own sphere of action and autonomy".²⁹

These were some of the ideas which were circulating among the Task Force members even prior to its initial attempts in mid-summer to prepare written recommendations concerning new objectives and structures for the D.O.T. The Task Force members devoted the entire month of August almost exclusively to the preparation of a preliminary draft of their report, with a view to presenting it for discussions between the Minister, the Deputy Minister, and themselves at the end of the month. The plan was then to discuss the recommendations with both the Transportation Council and the Management Council. Following this, the proposed new objective of the D.O.T. were to be informally evaluated by a group of "outsiders" from industry, the unions and the universities.³⁰ The expectation of the Deputy Minister at the end of June was that on the basis of all these consultations a draft report of 20 to 25 pages would emerge which he could then recommend that the Minister table in Parliament. At this point, the Task Force officials and the Deputy Minister seemed to assume that any reorganization or personnel alterations required to complement the changes in objectives could be achieved merely with the approval and cooperation of the Treasury Board and the Public Service Commission. However, by the end of July it had become obvious that the wide-ranging objectives and radically altered structures being contemplated

by the Task Force would likely necessitate a more extensive examination and approval process involving Cabinet itself.³¹ After the document had been approved and released it would then be appropriate to implement quickly a number of the structural alterations proposed by the Task Force. The Deputy Minister reckoned that this would involve changes of people and functions as well as basic approach, and would take a minimum of three to four months to carry out.

The Task Force Reports - The First Draft

With these expectations in mind, the Task Force began to synthesize its findings into a practical set of recommendations. By late August, on schedule, a 21 page draft was completed.³² Its primary focus was on objectives. The report forcefully argued that objectives had to be considered in the context of the rapidly changing and expanding "national transportation framework" which was defined as "all the way, terminal and vehicle activities found in all transportation modes of the public and private sector". In the light of both the national transportation framework and the government's changing attitude towards the management of the activities comprising the federal sector, the report concluded that some reappraisal of the role of the federal government in the transportation field was clearly necessary. Key concepts behind the proposed new objectives were "responsiveness" to the requirements of all public and private sectors, "innovation" to meet the needs of a rapidly changing transportation framework through the application of new inter-modal technology, and "effectiveness" in the operationalization of programs to meet the new objectives.

In an extremely succinct statement, the draft report recommended that the appropriate roles of the federal transport ministry could be found

within the following objectives:

- I - Corporate - to establish and maintain responsiveness between the national transportation framework and non-transportation objectives of both private and public sectors.³³
- II - Operational - to provide, for any mode of transportation, such way, terminal and vehicular services, supportable by recoverable financing from the users or beneficiaries, that cannot or should not be offered by the private or other public sectors.
- III - Regulatory - to support the socio-economic viability of the national transportation framework by balancing the technical advantages and social consequences resulting from changes in capability or usage of transportation services of the public and private sectors.³⁴
- IV - Development - to encourage and promote continuous improvement, innovation, growth or phase-out of modal and intermodal transportation.

The implications of this statement of objectives for federal regulatory and allocative policy with respect to transportation are most important. However, at this time, I intend to concentrate on the impact of new objectives on the structure of federal transportation policy-making.

In the eyes of the Task Force members, one of the primary problems was the inadequacy of the present means of organizing the portfolio of the Minister of Transport. This inadequacy was basically two-fold. First, the new roles for the minister implicit in the proposed objectives meant that the

creation of new agencies would have to be considered. Second, if fulfillment of the new objectives was to be possible, the Minister would have to relate to the different agencies under his control in a way which would provide a cohesive, unified management system, devoted to overall planning, development, policy formulation, program co-ordination and evaluation. How could a Minister be expected to present balanced and cohesive transportation policy recommendations to Cabinet when his portfolio represented a mixed bag including a department (the D.O.T.) headed by a Deputy Minister, the Canadian Transport Commission (a regulatory body), and various sorts of Crown corporations (namely Air Canada, The Canadian National Railways, St. Lawrence Seaway Authority, and the National Harbours Board) all of which reported to him?

The Task Force's initial reaction to the inadequacy of the present portfolio mix had been to widen the scope of its investigation to include not merely the D.O.T. but also all the agencies reporting to the Minister.³⁵ Even early in the investigation the term 'ministry' kept recurring and it can be assumed that the use of this term was a reaction to the accepted practice of defining the Government's involvement in transportation policy merely in terms of the separate roles of the D.O.T., and C.T.C., and the individual Crown corporations. In the draft report "ministry" became "Ministry"; the term took on a corporate meaning and included all those elements reporting to or through the Minister of Transport. These elements, according to the Task Force definition, could have varying arrangements with the executive or legislative branches of government with respect to personnel and financial control. The common factor would be the relationship to the Minister. He became the co-ordinating and directing force for all the elements of the Ministry.

This transition to a full-blown Ministry model was not made without

inspiration. While the Ministry idea seemed the best way to combine central planning with a corporate structure - an organizational form which attracted the Deputy Minister - the Task Force members were without specific theoretical guidance in this matter until one of the members came across the paper by Hubert Laframboise.³⁶ Referring to an earlier study done on the Department of the Secretary of State, Laframboise analyzed and dissected a Ministry model even demonstrating by example how applicable it might be to the reorganization of the Minister of Transport's portfolio.³⁷ In Laframboise's view, there were two significant organizational anomalies in the Transport portfolio. First, there was no provision within the portfolio "for an integrative unit of organization other than in the person of the Minister himself".³⁸ Second, Marine Services with 5,700 officials and Air Services with 11,300 officials "are not self-contained and independent even though they operate on a scale which would permit them to carry all the administrative expertise needed to be self-contained."³⁹ Laframboise recommended as an alternative structure for the portfolio a Ministry System in which the Department disappeared, as such, to be replaced by a Ministry Staff of approximately 100 officials. The rest of the portfolio would remain structurally the same (see Figure IV), except that Air Services and Marine Services would become two separate self-contained "Administrations".⁴⁰ Laframboise concludes:

The Deputy Minister and the Ministry Staff would provide consultative, coordinative and monitoring assistance to the Minister for his entire portfolio.

The proposed Administrations, Marine and Air Services, would have the rank, status and authority of deputy heads and would administer self-contained agencies.

The first draft report - and all subsequent drafts of the Task Force report - showed the marked influence of the ideas and language expressed in the Laframboise article, with the result that the structure of the proposed

Laframboises's Ministry
System for the Transport
Portfolio

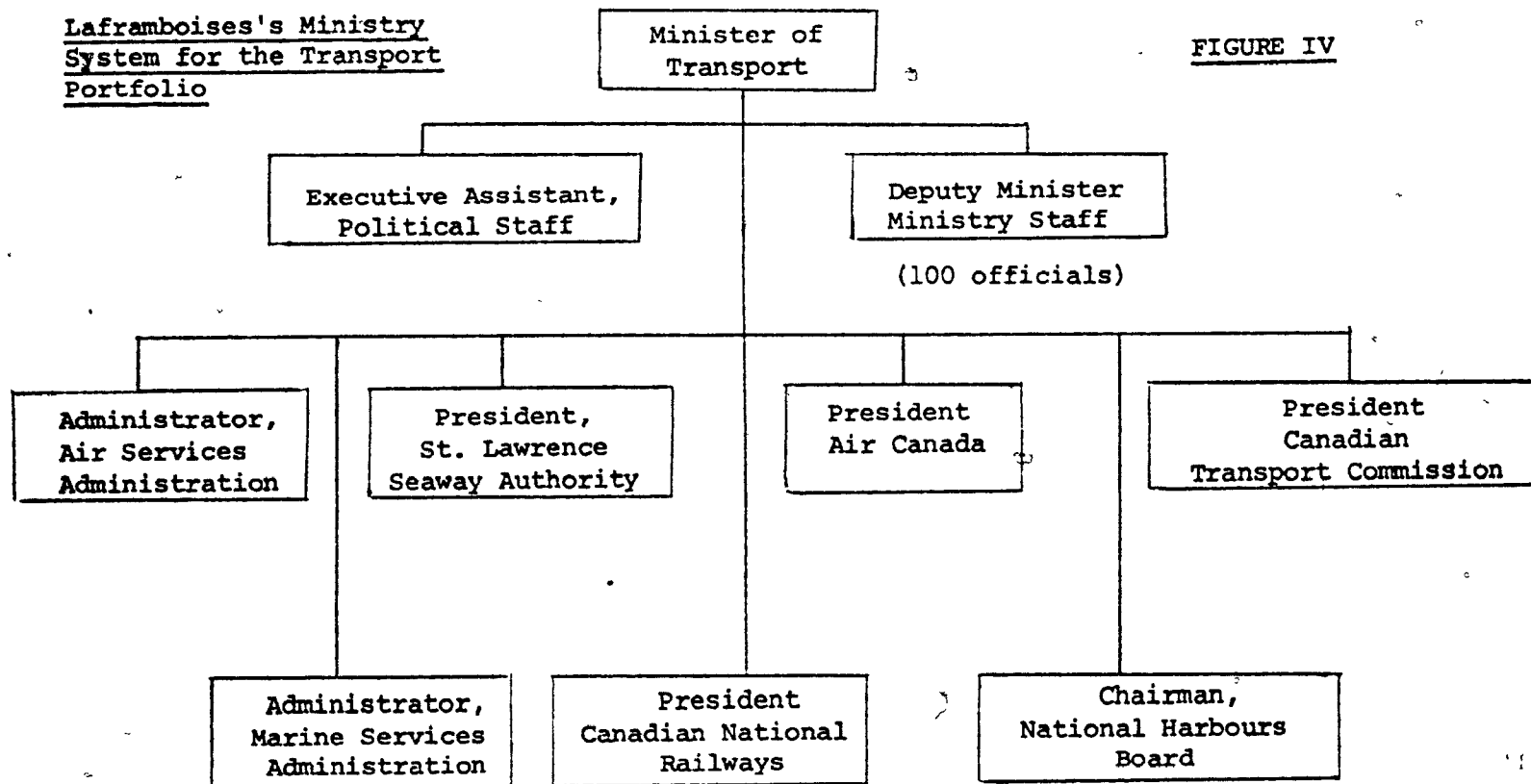


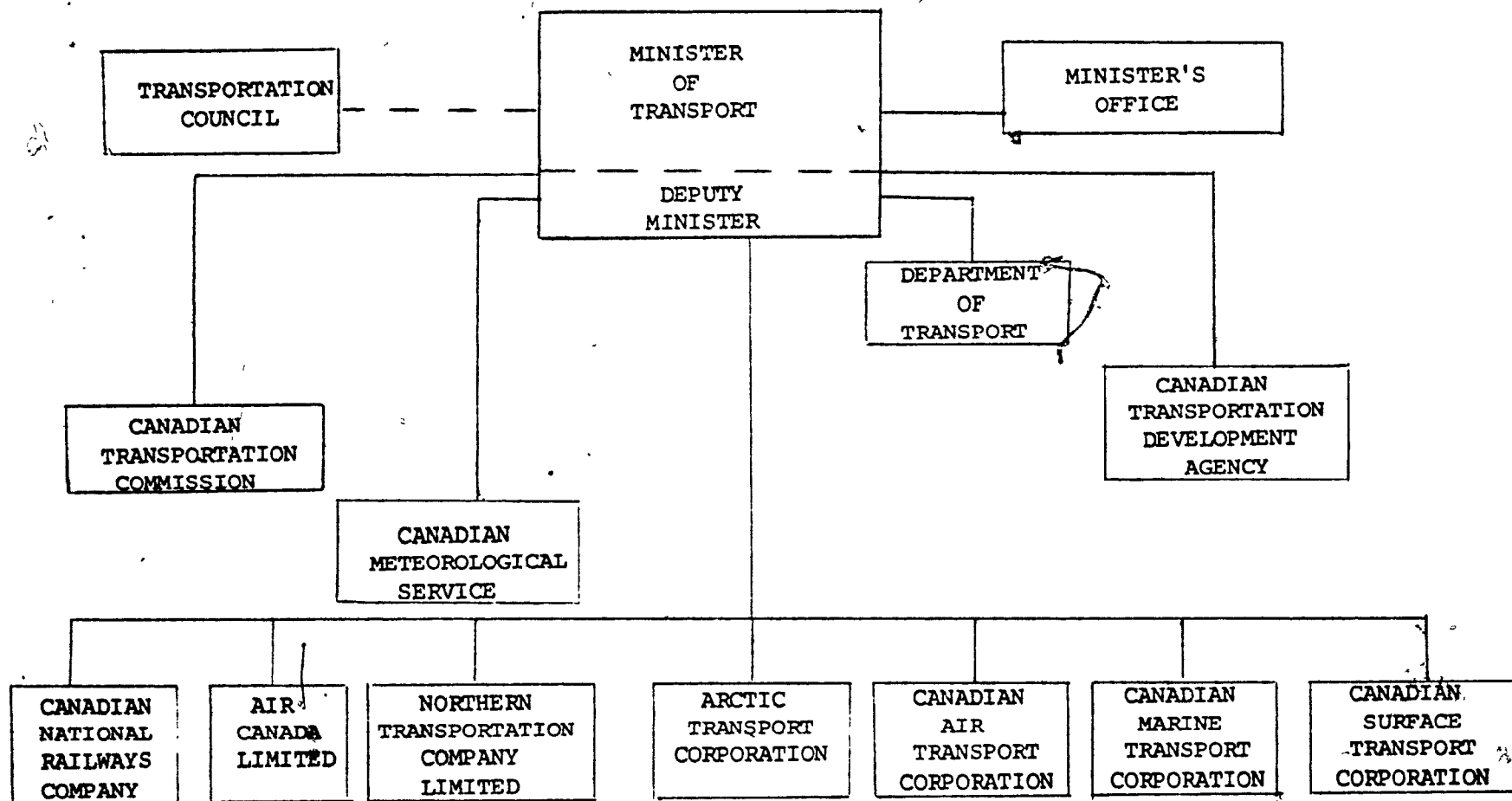
FIGURE IV

Ministry of Transport (M.O.T.) emerged as illustrated in Figure V.⁴²

In line with the Ministry, System model, the focus of the organization first proposed by the Task Force centred on the Minister and Deputy Minister. The latter's role was significantly enlarged, in that the model placed him in a line role with respect to the operations of all agencies within the Minister's portfolio. The D.O.T., under an Associate Deputy Minister, was designated as the staff support to the Minister and Deputy Minister. Its role would be to plan, monitor, coordinate and control the Ministry. The D.O.T.'s integrative role would be supplemented by the activities of Transportation Council. The C.T.C.'s regulatory role was to be expanded by bringing together under its control all aspects of federal transportation regulation. However, its research role would decline due to the shift of the policy advisory role to the Department, and the establishment of a Canadian Transportation Development Agency which was intended to oversee all technical and economic transportation research not directly related to regulatory issues.⁴³ The role of the new Ministry would be further enlarged and strengthened by the addition of Canadian Surface Transport Corporation, The Arctic Transportation Corporation and Northern Transportation Company Limited. As Figure V illustrates, Air Canada and the C.N.R. would retain their position as Crown corporations. The National Harbours Board, the St. Lawrence Seaway Authority and the marine operations of the D.O.T. were to be subsumed under the title of the Canadian Marine Transport Corporation. The non-regulatory operating functions of Air Services (except for the Meteorological Branch which became the Canadian Meteorological Service) were to be contained within the Canadian Air Transport Corporation. The Canadian Surface Transport Corporation was to contain the federal operational activities related to highways, bridges, pipelines and off-highway vehicles. In the north, where conditions substantially

MINISTRY OF TRANSPORT

FIGURE V



PROPOSED ORGANIZATION 25 AUGUST 1969

differ from the rest of the country, the Arctic Transport Corporation would operate all federal way and terminal facilities. Northern Transportation Company Limited, a vehicle and terminal operation in the Western Arctic previously attached to the Department of Indian Affairs and Northern Development, was to become an element of the new organization. In all, there would be seven self-supporting, semi-autonomous corporations carrying on the operational duties of the Ministry. Control of each corporation was to be placed in the hands of a president and board of directors. The boards would be interlocking, including members from the D.O.T. and other boards.

From First Draft to Final Draft - The Revision Process .

Before the final report was submitted to the Minister there were to be significant alterations in the proposed structures, but there would be no retreat from the basic organizational concept of the Ministry System. After lengthy consultations between the Minister, the Deputy Minister and members of the Task Force at the beginning of September, it was decided to accept the Task Force's original recommendations as the basis for further discussions.⁴⁴ It appears that initial consideration was given at that time to taking the larger step of transforming the D.O.T. into a Ministry Staff organization. In addition, it was decided to discard the idea of organizing the different operational roles of the Ministry in the form of Crown corporations. Except for Air Canada, Canadian National Railways and Northern Transportation Company Limited, the operational units were to be organized as semi-autonomous Administrations. Each operating administration would have an Advisory Board providing the necessary interrelationship with the Ministry Staff, other agencies, and outside interests.⁴⁵ Finally, some questions were raised with respect to the best form of organization for the whole of the

economic and technical regulatory process, and tentative recommendations for change were put forward.⁴⁶

From this point until the presentation of the final report at the beginning of December, 1969, both the Minister and the Deputy Minister consulted repeatedly with the Task Force members predominantly on organizational questions. The process during this period was one of intense examination of the practical problems and advantages of alternative forms of the basic Ministry System. It was very much an action-reaction relationship with respect to the drafting, with the Deputy Minister responding critically to Task Force written versions of the draft report, and consulting with the Minister on changes in thinking and questions of scheduling.⁴⁷ The Deputy Minister continued to function as a catalyst. For instance, in going over an early draft of the Cabinet Memorandum at the beginning of November, the Deputy Minister expressed his general approval but made some substantive suggestions and a few outright amendments. He suggested that some thought be given to the possibility that if The Northern Transportation Company Limited was to be transferred to the Minister of Transport's portfolio, then it might be logical to transfer Eldorado Aviation as well.⁴⁸ He also made it clear that the establishment of a Canadian Transportation Realty Administration would be acceptable to him (and presumably to the Minister) even if its only real advantage would be to set minds at ease in Cabinet and Treasury Board with respect to the issue of departmental real estate management.⁴⁹ In amending the draft report, the Deputy Minister clarified the role of the proposed Transportation Development Agency - relating it closely to the problem of changing technology, and defused the issue of separating the Canadian Meteorological Service from its traditional place inside the structure of Air Service by stressing that this separation, while having certain advantages, was not a fundamental

part of the reorganization program in his view. A final amendment softened the language with respect to the 'beneficiary' or 'user-charge' principle to allow for the possibility that the new Ministry would not always be in a position to ensure that all new or extended transportation services provided to meet change or growth in demand would be required to be self-supporting. This is a clear example of a Deputy Minister taking steps to protect his Minister's future flexibility of action; to commit the Minister to charge for the provision of all future transportation service in a country where transportation has historically been used to forward broader national aims and where the government is committed to controlling inflation and specifically the cost-of-living, would have been manifestly unwise.

The revision process was completed in early December at which time the recommendations were placed before Cabinet.⁵⁰ The final section is devoted to an examination of the final recommendations for reorganization of the Department and the portfolio, most of which were approved by Cabinet and implemented in some form over the following three years.

The Task Force Report - Final Recommendations

In organization and conception, the final Task Force Report did not stray too far from the model established by the initial draft report.⁵¹ Most of the crucial changes came as a result of the discussions held at the beginning of September. However, in quadrupling the length of the original document to 85 pages the Task Force members did much to flesh out the Ministry System in the context of its specific application to the Minister of Transport's portfolio, in an attempt to reduce misunderstandings and ease the way for implementation. The Report also clarified the thinking of the Task Force members on the reasons behind the proposed changes in objectives and structure.

The dominating themes remained those which were implicitly and explicitly present in most of the attempts to rationalize the policy-making process during this period - responsiveness, innovation and effectiveness.⁵² The view expressed in the report was that the present structure of the federal transportation complex was not organizationally sound in that it did not bring together the regulatory, developmental and operational considerations in a balanced manner. It did not relate the other program influences of government to the federal transportation activity. Further, it did not ensure a ready means for achieving broader government objectives. Reviewing the uncertain status of federal involvement in the transportation system due to recent legislative and technological changes, the report emphasized that the national transportation framework must serve the economic, national security and social needs of the nation. Transportation policy had to recognize the interplay of many economic, social and personal activities; it was a means, and not an end. The Report, therefore, recognized the need for visible priorities. It stressed that with the implementation of the P.P.B. System throughout the Public Service, the purpose, rather than the content, of programs is emphasized and clearer statements of objectives are mandatory. The new objectives and the new organization must allow the federal government to be responsive to the changing priorities of the public and private sectors.⁵³

A continued premium was placed on the ability of the federal transportation components to respond in an innovative manner. The report noted that the increasingly dynamic nature of transportation was presenting serious problems in developing new modal, intermodal or multimodal systems. The majority of on-going transportation management was seen to be modally oriented; but there was a clear requirement for the exploration of intermodal implications and possibilities in the development of future transportation systems.

Neither the growth, nor even the continued existence of any component of the transportation framework should be in itself an important aspect of any objective or national purpose. Of particular importance, therefore, in the eyes of the Task Force, was the necessity to provide a sound national focus for scientific and technological leadership in the transportation field.⁵⁴

Effectiveness, although the least well-developed theme, was related closely to the issue of the operational activities of the various federal transportation components. The Operational objective indicated that the federal government was to continue providing transportation services - to undertake the construction, ownership or operation of some transportation components - where the private sector is unable or unwilling to do so, where the activities extend beyond the area of concern of other levels of government, or where national considerations deem it advisable.⁵⁵ This sort of involvement is implicit in the responsiveness theme. However, such participation by the federal sector would not alter the requirement for the services provided to be financed by the users or beneficiaries of the services, and to be responsive to the demands placed upon them.⁵⁶ Effectiveness in the report was closely identified with cost-recovery and profitability. Revenues received for providing a service were to act as effectiveness criteria, indicators of the true demand for that service.⁵⁷ It was recommended that all operating components be placed on a similar basis of management with a unified cost/price mechanism to make the 'systems approach' to way, terminal and vehicle operations possible. When these components were all responding to their respective markets and were required to operate in a profitable manner, sounder investment decisions would be made and ineffective programs could be disbanded. In the long-run it meant that the operating components would move towards a Crown corporation model, enjoying great latitude of

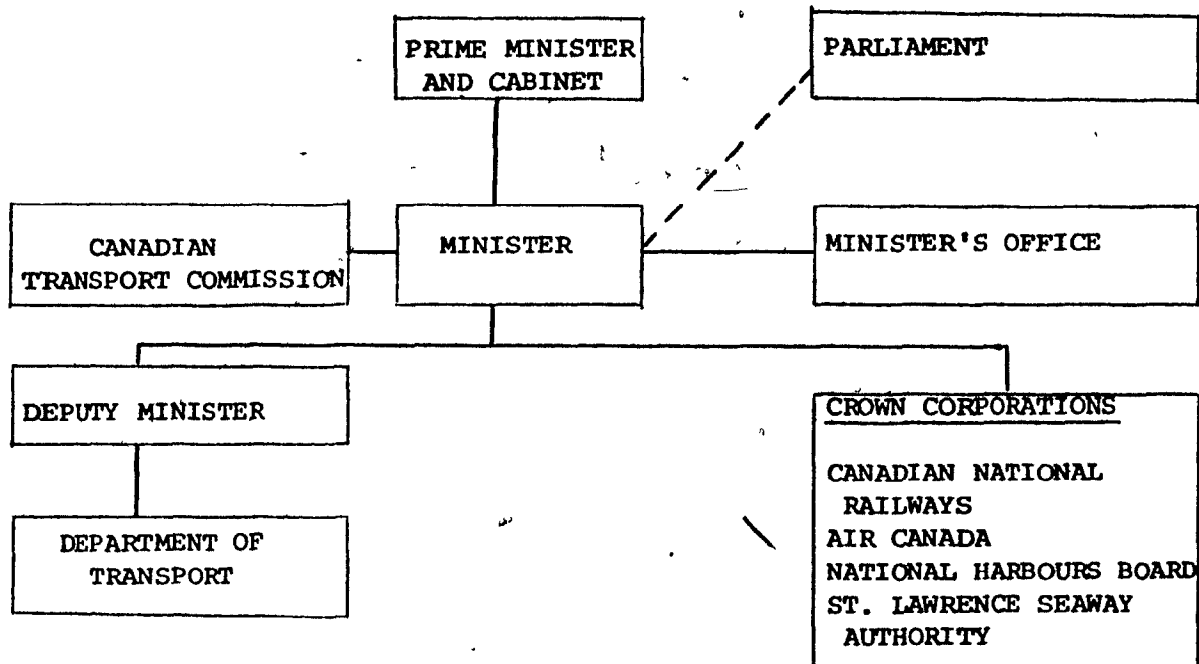
action particularly with respect to setting rates for services provided. In the report, little attention was given to wider definitions of effectiveness in which the criteria were unrelated to cost-recovery or profitability.⁵⁸

While the report also provided a Regulation objective and stressed the integration of the regulatory function with the other transportation roles of the Federal Government, no attempt was made to recommend a new organizational format for transportation regulation at the federal level.⁵⁹ Following the lead of the draft report, however, the final report did continue to stress that a responsive and effective Ministry organization was needed to meet the rapidly changing technology and provide innovative policy and efficient management in meeting the challenges of the future. In the final report, the key feature of the revised Ministry System was still the combination of centralized planning and control, and decentralized, semi-autonomous administration and operation. As Figures VI and VII indicate, the System revolves around the Minister and Deputy Minister, and Associate Deputy Minister. These three were to be known as the Ministry Executive. The intention was to strengthen the Minister's executive function by providing him with strong support in planning, policy formulation and top-level direction. This arrangement parallels and was indeed inspired by the division of the top management tasks in the recently created U.S. Department of Transportation between the Secretary, Deputy Secretary and Under Secretary.⁶⁰

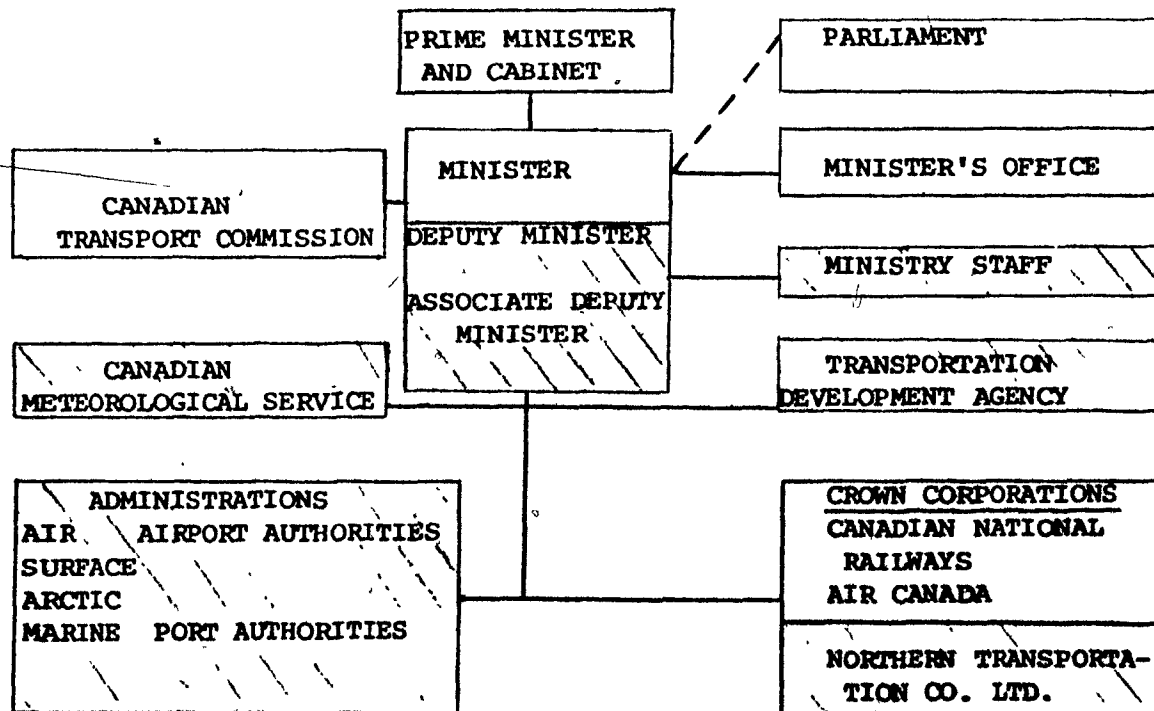
The Ministry Executive was to be supported by a Ministry Staff which would concentrate on general administration and planning and would provide a central point for coordinating the flow of information between the Ministry Executive, the operational units, and the Central Agencies of the federal government. It was intended that the Ministry Staff would be a small, highly qualified group with a wide range of capabilities in the areas of

FIGURE VI

DEPARTMENTAL SYSTEM



MINISTRY SYSTEM




 Changes resulting from the application of the proposed Ministry System.

FIGURE VII

COMPARATIVE FEATURES OF DEPARTMENTAL AND MINISTRY SYSTEMS		
FEATURE	DEPARTMENTAL SYSTEM	MINISTRY SYSTEM
MINISTRY STAFF	NON EXISTENT	COMPREHENSIVE STAFF SUPPORT TO MINISTRY EXECUTIVE
OPERATING ADMINISTRATIONS	LIMITED AUTONOMY	EXTENSIVE AUTONOMY
CROWN CORPORATIONS	INDEPENDENT PLANNING	INTEGRATED PLANNING
DIRECTING BOARDS	LIMITED CO-ORDINATION	INTEGRATION BY INTERLOCKING BOARDS
RELATIONSHIPS WITH CENTRAL AGENCIES	UNEVEN CONTROL	BALANCED DELEGATED CONTROL
RELATIONSHIPS WITH OTHER DEPARTMENTS	AD HOC	PLANNING INTEGRATED WITH BENEFICIARIES
PROGRAM REVIEW AND CAPITAL BUDGET EVALUATION	LITTLE POST EVALUATION	PERFORMANCE AGAINST OBJECTIVES

finance, personnel, legal, secretariat, public affairs and planning. In the light of the initial impetus for the establishment of the Task Force, it was clear that strategic planning was to be the core activity of the Ministry Staff. The Planning Unit would be concerned with the total transportation policy of the Ministry, including the regulatory policy of the C.T.C. and the investment policies of the Crown corporations. The Unit would guide strategic planning throughout the Ministry and would also advise on program targets and goals and, in a general way, evaluate the effectiveness of the components of the Ministry through program monitoring. This would encompass a functional responsibility for the Ministry role in implementing the P.P.B. System. The Planning Unit, in one sense, would be designed to assume the objective-setting role of the Task Force on a continuing basis. Transportation Council would continue to operate in the Ministry System, supplementing the liaison role of the Ministry Staff with executive co-ordination of all Ministry policy-making and operations.

As a focal point in the new organization, the Ministry Staff was to occupy a powerful role with respect to other elements within the Ministry framework. The Canadian Transport Commission was to be seriously affected by its creation. It was recommended that the C.T.C.'s policy development role be transferred to the Ministry Staff Planning Unit on the grounds that policy development and regulation were not particularly compatible roles for one unit. This move was intended to help solve jurisdictional problems alluded to earlier. In a further attempt to rationalize roles, it was recommended that certain regulatory functions being exercised by operational units within the D.O.T. be transferred to the C.T.C.⁶¹

Certain other functions of the C.T.C.'s Research Division were also to be hived off and placed under the jurisdiction of the new Transpor-

tation Development Agency. The T.D.A. was to work very closely with the Deputy Minister and be effectively locked into the Ministry Staff by virtue of the expectation that part of the work of the T.D.A. would arise from development objectives recommended by the Planning Unit. The T.D.A. was the Task Force's answer to the problems of both the general dispersion of transportation research and development, and the low level of resource allocation to research and development in the D.O.T. It was the hope of the Task Force that the T.D.A. would become a focal point for federal financial support of transportation research and development in Canada.

To improve operational effectiveness, several inter-departmental realignments were proposed, together with the restructuring of several components within the Transport portfolio. As recommended earlier, the Canadian National Railways and Air Canada were to retain their individuality as Crown corporations in accordance with the guidelines established in their respective Acts. In fact, the integrity of Air Canada was to be increased by the Task Force proposal that it should report directly to the Ministry of Transport rather than through the C.N.R. However, the operating and capital budgets of both corporations would continue to be examined within the Ministry, and the Minister would maintain a close liaison with the Chief Executive Officers of both corporations in an attempt to introduce an element of integrated planning into the relationship. The major interdepartmental realignment was the inclusion within the Ministry of another Crown corporation, the Northern Transportation Company Limited.⁶² The shift from the Department of Indian Affairs and Northern Development was intended to associate this water-based carrier managerially with other aspects of federal transportation and to allow the extension of its operations into other modes.

The decentralized operational complex of the Ministry was to be

most significantly altered by the establishment of four relatively autonomous operating administrations to provide way and terminal services on a cost-recovery basis for specific transportation markets: The Canadian Air Transportation Administration; The Arctic Transportation Administration; The Canadian Marine Transportation Administration; The Canadian Surface Transportation Administration. As recommended in the initial draft report, the two remaining Crown corporations reporting to the Minister of Transport, the National Harbours Board and the St. Lawrence Seaway Authority, were to become integral parts of the new Canadian Marine Transportation Administration. But the Seaway International Bridge Corporation Limited - a subsidiary of the St. Lawrence Seaway Authority - was to be grafted on to the Canadian Surface Transportation Administration and not the Marine Administration.⁶³ It was intended that the Ministry Staff Planning Unit would require strong representation from Administration planning groups, and would probably want to assign representatives to those groups to ensure close liaison and effective information flow in both directions. This integration of planning facilities, combined with staff rotation between Ministry Headquarters and Administrations, was designed to provide the broadest communication throughout the Ministry of multi-modal planning objectives and program.

It was further recommended that horizontal coordination among the Administrations be strengthened by the creation of interlocking Boards, chaired by the chief Administrators and including as members personnel from other Ministry components and, perhaps, representatives of business, industry and special interest groups. The boards were to perform four important roles:

- recommend the annual capital and operating budgets of the Administrations to the Ministry Executive;
- approve broad policies for the Administrations compatible

with delegated authority;

- advise the Administrator on problems; and
- provide for an interchange of information of importance to transportation among Administrations, local authorities, and other outside interests.

To encourage Ministry responsiveness to overall government policy, the Task Force also recommended that these Boards become significant elements in the attempt to integrate the policy-making processes of the Ministry Staff and the Administrations, on the one hand, and the policy decisions of the three Crown corporations involved in vehicle operations and the C.T.C. on the other. The intention clearly was to circumvent on a policy level the traditional and legal arms-length relationship between components such as the C.N.R., Air Canada, the Northern Transportation Company Limited, and the Minister, his Staff and the operating Administrations. The Task Force suggested that the regulatory component and the three Crown corporations could be represented on the Advisory Boards of the Administrations without prejudicing the impartiality of the regulatory process or interfering with the managerial flexibility and independence of the public enterprises. It was hoped through this form of liaison to achieve a more balanced relationship among the operational development and regulatory activities of the Ministry and to increase the intermodal and national transportation policy sensitivities of the four components.

Conclusion

These are the major recommendations of the Task Force which bear directly on the reorganization issue. It is worth noting that the Task Force discussed many important questions concerning the objectives of the

new Ministry, its financial and personnel management, its review procedures, and the exact division of labour between the four Administrations. Where these features of the report are critical to an understanding of the organization of the federal transportation planning and policy-making structures they will be outlined in more detail in later chapters.

Before going on to examine the approval, communication and implementation of the Task Force recommendations, it might be appropriate to summarize briefly some of the benefits which the Task Force felt could be expected with the adoption of the Ministry objectives and the Ministry System proposed in the final report grouped in terms of the three underlying themes.

They are:

Responsiveness

1. The Ministry System would provide a much better focal point for the interest and activities of other levels of government, industry and the public in all aspects of transportation policy, development and usage.
2. The organization structure would provide a new approach to management in the federal government by giving the Minister, through the Ministry Executive and the Ministry Staff, much better control and direction of the transportation program of the federal government, while at the same time permitting delegation of greater authority to the operating heads which permit them to manage more effectively.
3. The feature of interlocking boards of directors would strengthen management and provide for local representation in the management process.

Innovation

4. The science-oriented functions of the Ministry would be placed in a position where they could contribute more effectively to national goals and purpose.
5. The combination of centralized strategic planning facilities and a research and development component would facilitate the creation of a comprehensive future-oriented national transportation policy. .

Effectiveness

6. More effective transportation systems would be provided by the federal government through balanced and integrated management of its operational, regulatory and development agencies.
7. Adoption of the user-pay concept would allow realistic market forces to be reflected into operations and would also enable Ministers to determine and measure the role to be played by transportation with other beneficiaries concerning national unity, regional and resource development.
8. Operating administrations would have greater incentive to stimulate market demand for their services (e.g. modified port facilities to attract shipping business; air terminal developments to stimulate air cargo traffic).
9. Each operating Administration would have capital and operating budgets and a balance sheet that would enable its activities to be seen and evaluated more effectively.

The Report draws together most of the organizational issues which arose during the Task Force's investigation and attempts to deal with them in practical and sensible terms. The only demand which goes unanswered is one voiced by the Deputy Minister. The report offers no coordinated plan

for the institution of an integrated information system to service the whole Ministry, although it does refer to improvements which might be made at various points in the present system. Nonetheless, with respect to the major organizational question, namely, the need for responsive and innovative centralized planning combined with effective decentralized administration, the report provided challenging recommendations. While modelled on the Laframboise Ministry System, the portfolio structure outlined by the Task Force was far more detailed and specific in its recommendations. In several respects the Task Force went beyond Laframboise to insure that an integrated corporate structure would emerge from the reorganization. For instance, the Task Force put forward the idea of the corporate Ministry Executive as a structural means of binding the Minister and his most senior officials together. In addition, the Task Force - due in part to the initiative of the Deputy Minister - was able to give more substance to the policy-making process within the Ministry System by blending into the structure policy-making and coordinating forums and components such as the interlocking Boards, Transportation Council, the Management Council (Committee) of the Department of Transport and the Bureau of Coordination.⁶⁴ Finally, the Task Force provided for more structural variety among the satellite components of the portfolio and complemented these provisions with various specific means of integrating the components into a viable policy-making system.

Notes for Chapter Three

¹Paul Hellyer was Minister of Transport until May, 1969, at which time he was succeeded by Donald Jamieson. The latter was, prior to his appointment to Transport, the Minister of Supply and Services, a department which was set up (following an earlier Glassco recommendation) under his leadership. See, p. 15.

²"Transportation Council: Important Instrument of Policy Coordination," Transport Canada, May-June, 1969, p. 4.

³Ibid.

⁴The operation and development of this unique policy-making forum and its relationship to Management Council are discussed in more detail in Chapter Seven.

⁵The functions of the Bureau of Coordination are further examined in Chapter Seven.

⁶A model for the study had been suggested by the Program Secretary of the P.M.O. See pp. 87-88.

⁷One of the co-chairmen was John Gratwick, the Senior Technical Advisor with the Express Department of C.N.R. His background was in operational research and he was also associated with the Faculty of Management at McGill University in Montreal. The other co-chairman was Arthur Bailey, the Organization Advisor to the Secretary of the Treasury Board. He had held senior administrative and planning posts in the federal government and had an educational background of Political Science and Economics. Mr. Bailey had also been involved in the establishment of the Department of Industry in 1963, and in the more general reorganization process associated with the second Government Organization Act, 1968-69. The third 'outsider' was James Fleck, Professor and Associate Dean of the Faculty of Administrative Studies at York University, Toronto. He had been active in business on a full-time basis in the past and had lectured on business administration at several schools throughout the world.

⁸See V. S. Wilson, "The Role of Royal Commissions and Task Forces," in The Structures of Policy-Making in Canada, ed. by G. B. Doern and P. Aucoin (Toronto: 1971).

⁹The combination of 'insiders' and 'outsiders' clearly favourably impressed James Fleck, who was one of the Task Force 'outsiders' and went on to make use of the combination in his capacity as Executive Director and ex officio member of the Ontario Government's Committee on Government Productivity.

He notes that:

"This combination of individuals from both outside and inside the public service proved in retrospect to be one of the Committee's major strengths. The 'outsiders' brought a freshness of approach and objectivity to the analysis of problems. These qualities, combined with the insider's knowledge of the system and their determin-

ation to make new changes work created a change agent whose potential in my view, far exceeded that of more traditional forms of organization."

James Fleck, "Restructuring the Ontario Government," Canadian Public Administration, Vol. 16, No. 1 (Spring, 1973), p. 57. The similarities between the methods and recommendations of the Task Force and the Committee on Government Productivity are striking and numerous. Cf. Committee on Government Productivity, Interim Report Number Three (Toronto: 1971); and Report Number Nine (Toronto: 1973).

¹⁰ See Fleck, op. cit.; Wilson, op. cit.; L. Axworthy, "The Housing Task Force: A Case Study," in The Structures of Policy-Making in Canada, ed. by G. B. Doern and P. Aucoin (Toronto: 1971), pp. 130-153; F. C. Schindeler and C. M. Lanphier, "Social Science Research and Participatory Democracy in Canada," Canadian Public Administration, Vol. 12, No. 4 (Winter, 1969), pp. 481-498. None of this literature really refers in any detail to the use of task forces at the departmental or agency level.

¹¹ See particularly Wilson, op. cit., p. 124.

¹² The mechanics of the interviewing process are further discussed in the following section. In addition, the wider question of participation in the reorganization process is analyzed in detail, in Chapter Five.

¹³ See pp. 87-88. At a very early stage in the Task Force's work, the P.M.O. was informed of its on-going efforts and of the establishment of Transportation Council.

¹⁴ The expectations concerning the form in which the Task Force's recommendations would be presented and the time at which these recommendations would be ready fluctuated considerably throughout the period of the study process. For instance, in late April, the Deputy Minister indicated that he expected that three documents outlining new wider objectives for the Department would result from the study: a report to the Minister and Deputy Minister which would set out the main problems and recommendations and would presumably be the one to be tabled; a document directed to D.O.T. managers which would provide greater elaboration and be the most complete of the three documents; and a report prepared for critique by industry and one or two university people, primarily transportation economists. See also p. 106.

¹⁵ The composition of Management Council is outlined on p. 65.

¹⁶ F. C. Mosher, "Analytical Commentary," in Governmental Reorganizations: Cases and Commentary, ed. by F. C. Mosher (Indianapolis: 1967), pp. 506-7. Cf. A. Downs, Inside Bureaucracy (Boston: 1967), pp. 192-194.

¹⁷ See pp. 82-87.

¹⁸ The approximately 170 interviews within the D.O.T. were largely confined to officials above the level of Chief, and included the Minister's Office. In addition, two interviews were held with senior officials from each of the agencies within the Minister's portfolio except for the C.N.R. (which only took part in one interview probably due to the presence of one of its senior officials on the Task Force). Nineteen other federal agencies

or departments were interviewed, (including Treasury Board), and a team from the Task Force also spoke with officials of the U.S. Department of Transportation in Washington in early July to gain some understanding of how they had resolved some of their jurisdictional and organizational problems in the course of creating the new Department.

¹⁹ See pp. 106-107.

²⁰ Fortune, April, 1969, p. 31.

²¹ The Deputy Minister also made it clear to the Task Force, at the end of April, that it was within its terms of reference to think of operations in the Department that might be disbanded or transferred elsewhere if they could be handled more effectively by another department or agency.

²² See Chapter Five.

²³ G. G. Fisch, "The Integrated Management Organization," Management Controls (May, 1969), pp. 110-113.

²⁴ Ibid., p. 111.

²⁵ Op. cit., p. 112.

²⁶ Peter Drucker, The Age of Discontinuity (New York: 1968).

²⁷ Ibid., p. 220.

²⁸ Op. cit., p. 233.

²⁹ Op. cit., p. 233.

³⁰ The proposed meeting between the Minister, the Deputy Minister and the group of 'outsiders' to discuss the recommendations contained in the report never took place despite the fact that lists of possible representatives were drawn up and preliminary arrangements for the gathering were discussed by the Task Force and the Deputy Minister during the Summer and early Fall. As the delivery date for the final report crept closer to the end of 1969 and the need to gain Cabinet approval for the Task Force recommendations became a major preoccupation, less importance was attached to holding outside consultations prior to approaching Cabinet. The issue of consultations was raised again in the context of the plans for external communications of the reorganization plans. See Chapter Five.

³¹ This approval process is discussed in detail in Chapter Four.

³² The following account relies heavily on the unpublished first draft of the Task Force Report.

³³ In the final report, the 'Corporate' objectives was altered to read:

- I Ministry - to ensure that national transportation policy influences and responds to the objectives and programs of the public and private sector.

³⁴ This objective, in the final report, became:

III Regulatory - to balance economic, technical and social consequences resulting from changes in capability or use of transportation services and ensure that socially and economically viable standards of way, vehicle, terminal and operator performance are established and adequately maintained.

³⁵ This extension of the study had been approved by the Deputy Minister and the Minister, according to an approved procedure. See Government of Canada, Civil Service Commission, The Analysis of Organization in the Government of Canada (Ottawa: 1966), p. 17.

³⁶ Hubert Laframboise, "Portfolio Structure and the Ministry System: A Model for the Canadian Federal Service," Optimum, Vol. 1, No. 1 (Winter, 1970), pp. 29-45. Laframboise's ideas are discussed in detail in Chapter One. The Task Force apparently read the article in draft form prior to its publication.

³⁷ Ibid., pp. 41-43.

³⁸ Ibid., p. 42.

³⁹ Ibid.

⁴⁰ The balance of the officials from the Headquarters Administration Service (approximately 650) would be distributed among the two new Administrations. Ibid., p. 43.

⁴¹ Ibid., p. 42.

⁴² The process of constructing a new organizational model for the portfolio moved from invention to imitation after the discovery of the Laframboise paper. For some discussion of the differences between an imitative and original formulation process see G. E. Caiden, Administrative Reform (Chicago: 1969), p. 137.

⁴³ Although the policy advisory role of the Department was not spelled out in any detail in the first draft of the Task Force Report, there was no doubt that the Minister, Deputy Minister and the Task Force members were not satisfied with the division of research and policy advisory authority between the D.O.T. and the C.T.C. which had been accepted by the previous Deputy Minister. See pp. 76-82. There was a good deal of concern at the D.O.T. that if the C.T.C. were to exercise control over the vast area of research outlined in its initial program, the D.O.T. would be unable to provide the necessary research support for its policy-making role without creating duplicate research facilities at the D.O.T. This was another area in which the Deputy Minister played a catalytic role with respect to the Task Force, urging its members to ensure that the Department's policy-making role was not emasculated by their recommendations with respect to the distribution of research and policy-advisory functions within the portfolio. For further details see pp. 122-23.

44 Although consultations were held with Management Committee as a group and its members on an individual basis, there is no evidence that these consultations had a significant impact on the Task Force's recommendations.

45 The third draft of the report contained the interesting suggestion that Members of Parliament might sit on the Advisory Boards for the Administrations. This idea met with considerable resistance during the approval process. See p. 143.

46 See p. 122, footnote 61.

47 As well as revising the report, the Task Force Members, the Deputy Minister and the Minister were also engaged in preparing a Cabinet Memorandum summarizing the findings and recommendations of the Task Force. See pp. 136-37.

48 Eldorado Aviation is a small government owned air service attached to the Eldorado Mining Company (also Government owned).

49 Treasury Board was generally concerned during this period with the management of all Crown real estate holdings by the various departments. In May, 1969, the Cabinet had directed a review of all aspects of property management in government. This review and recommendations for management had not appeared by December, 1969. In the event, a Realty Administration was not built into the reorganization plans.

50 See Chapter Four. While it is difficult to estimate accurately the large amount of time invested by the Deputy Minister in the Task Force study, it has been estimated that the Minister spent in excess of 80 hours in consultations on the study between September and December, 1969.

51 The following account draws heavily on the final draft of the report: Ministry of Transport, "The Task Force Report on the Objectives and Structure for the Portfolio of the Minister of Transport," Ottawa, December, 1969. (Mimeographed).

52 These themes are elaborated in Chapter One, pp. 27-42.

53 See the statement of the Ministry objective, p. 108, footnote 33.

54 See the statement of the Development objective, p. 108. It was stressed in the report that about \$40 million was spent annually on transportation research and development in Canada. This represented less than 0.5% of total transportation expenditures and compared unfavourably with the national level of 1.3% of Gross Domestic Product for all research and development.

55 See the Operational objective, p. 108. Note the similarity in philosophy between this proposed objective and the recommendations of Drucker with respect to the reprivatization of government operations and the establishment of profit-making as a measure of effectiveness. See Drucker, op. cit., p. 237.

⁵⁶ Users, very simply, are those individuals or components receiving services directly and in a position to pay for them directly (e.g. passengers paying vehicle operators, airlines paying airport landing fees, etc.). Beneficiaries receive identifiable benefits indirectly from a transportation service, so that appropriate charges are determined by allocation, negotiation, etc. (e.g. other government programs, industrial communities, etc.).

⁵⁷ It was noted in the report that where cost/revenue relationships had not been brought into balance, or where user-beneficiaries were many, wide-spread or difficult to identify, or cost allocation was not readily ascertainable, or collection was difficult, deficits would continue to be part of the annual operating budget submissions of operating components.

⁵⁸ See pp. 28-32 and 140-41. The applicability of this criterion of effectiveness was to be challenged during the approval process as part of a more general inquiry into the financial implications of the Ministry System.

⁵⁹ See the Regulatory objective, p. 108, footnote 34.

⁶⁰ See G. M. Davis, The Department of Transportation (Lexington: 1970), especially Chapter Six. The Ministry Executive concept is not found in the Laframboise Ministry System or in the first draft of the Task Force Report. See pp. 109-112.

⁶¹ The report recommended four additional regulatory roles for the C.T.C.:

- (1) the regulation of way and terminal charges levied by the Administrations
- (2) activity related to regulations arising from the operating standards developed by the Administrations
- (3) the inspection, certification and licensing of vehicles and vehicle operators in the air and marine modes
- (4) regulations with respect to noise and water pollution.

However, the basic issue of the wisdom of altering the existing division of responsibility for economic and technical regulation was never settled by the Task Force so that the status quo ante was retained despite the reorganization within the portfolio.

⁶² Other inter-departmental realignments of a less significant variety were also recommended, including the transfer of certain Department of Public Works functions to the M.O.T.

⁶³ Changing the status of Crown corporations would require legislation because through the reorganization, authority would reside in the M.O.T. but by law, responsibility would still rest with the corporations. The legislation issue became a major problem during the implementation process. See Chapter Six.

⁶⁴ The policy-making process is analyzed in detail in Chapter Seven.

CHAPTER FOUR

REVIEW AND APPROVAL OF THE TASK FORCE REPORT:

AN EXERCISE IN POSITIONAL POLICY-MAKING*

Introduction

In mid-October, 1969, even while the final drafts of the Task Force Report were being written, the members of the Task Force began preparing the Memorandum to Cabinet through which the Minister would seek final approval for the new Transport objectives and the reorganization of the portfolio. No significant steps could be taken to implement the Task Force's proposals until this hurdle of Cabinet approval had been cleared. In addition, the Minister had to submit the more specific details of organization, management technique, personnel and cost for Treasury Board approval before the organization could be altered appreciably and new senior personnel recruited.

This multi-phase approval process throws light on many subjects of vital importance to the understanding of the relationship between a department and the executive arena to which it is responsible in the federal context. Observing the process closely helps to clarify the manner in which a department goes about drafting a document for Cabinet. It elucidates the role of two high level ad hoc committees of senior public servants as screening mechanisms between the departmental and the Cabinet Committee levels. It also illustrates, in passing, the way in which the recent reforms at the Cabinet

*Positional policy is a term used to describe policy outcomes which have the effect of restructuring the distribution of power and influence among individuals or units within government. This sort of policy is contrasted with allocative policy. See T. Lowi, "Decision-Making vs. Policy-Making: Toward an Antidote for Technology," Public Administration Review, Vol. 30, No. 3 (May-June, 1970), pp. 314-25. Cf. P. Aucoin, "Theory and Research in the Study of Policy-Making," in The Structures of Policy-Making in Canada, ed. by G. B. Doern and P. Aucoin (Toronto: 1971), pp. 24-28.

level have increased the work-load, and responsibility of the Cabinet Committees, and the nature of the on-going relationship of Cabinet Committee structure and Departments with respect to a specific issue.

Essentially, the approval process can be broken down into three parts. In the first stage, Cabinet approved in principle the new objectives and organization under the Ministry System. A second distinct phase of the process is the attempt by the Department to gain Cabinet approval for more detailed reorganization plans. Cutting across the time period of the second phase is the effort on the part of the Department to gain Treasury Board approval for the specific provisions of the reorganization.

The Initial Drafting of the Cabinet Memorandum

By August, 1969, it was clear that modest revisions in existing departmental organization would be incapable of supporting the expanded objectives anticipated by the Task Force. It was also obvious that sweeping organizational change would be impossible without the approval of Cabinet. The original intention, then, to limit the reporting of the Task Force Study to the Minister who could then table the results in the House of Commons was overtaken by the preliminary findings of the Task Force and preparations were made to place these findings before Cabinet. As noted in the preceding chapter, the development of the final Task Force Report fell considerably behind the original schedule so that the process of final departmental review and revision continued into the first week of December. However, the length of the Task Force Report, in its later drafts, was such that it became necessary to prepare a condensed document for presentation to Cabinet. The Task Force was given this assignment in mid-October and instructed to have the Cabinet Memorandum ready in early November. This document was redrafted five times

prior to submission both to render it suitable for Cabinet and ensure that it continued to reflect the thinking in the final revisions of the Task Force Report.

From the beginning the Memorandum was prepared largely in accordance with the standard form for Cabinet documents as dictated by the Cabinet (through the office of the Secretary of the Cabinet).¹ The final draft of the Memorandum, written in early December, was focused on the issue of the approval of the new objectives and the Ministry System for the portfolio. Like all Cabinet memoranda, it was addressed to Cabinet and not to a specific Cabinet Committee - the power to direct memoranda to the various Cabinet Committees remaining in the hands of the Privy Council Office.² However, there was apparently no doubt in the minds of Task Force and Department officials that the Memorandum would be considered by the Priorities and Planning Committee which normally deals with important issues related to government organization.

The Role of the Ad Hoc Committee of Senior Officials on Government Organization

Before the final draft of the Cabinet Memorandum was prepared, the Task Force recommendations were closely scrutinized by a screening group outside the Department, the Ad Hoc Steering Committee of Senior Officials on Government Organization. This Committee is a little known group at the very pinnacle of the federal bureaucratic structure. At this time, the Committee was apparently composed of the three most senior public servants, the Secretary of the Cabinet (who chaired the Committee), the Secretary of the Treasury Board, and the Chairman of the Public Service Commission.³ Its role is to study any proposals put forward by a government department with respect to reorganization, offer advice to the Department on the feasibility of the changes, and most

important, to advise the Prime Minister and the Cabinet on the compatibility of the proposed alterations with the overall organization of the federal government bureaucratic structure. The operation of the Committee is relatively informal and little publicized so that although it appears to be a screening process through which any significant reorganization proposal must pass the Committee should not be seen as an institutionalized adversary of its departmental clients. The members of the Committee seemed most concerned to ensure that the proposals were consistent with overall Government thinking and ready for submission to Cabinet. The Committee appeared to be reasonably well established in the review process and both the senior Transport officials and the Task Force members were aware of the necessity of passing through this screening mechanism as part of the process of seeking Cabinet approval for organizational change.

The informal nature of this screening process is reflected in the style of communication between the Committee and the Department officials. In this case a draft of the Task Force Report was placed before the Committee in early November so that the Committee was able to communicate its views on the contents and implications of the Report to the Transport officials prior to the meeting with the Committee in late November. The reasoning on the part of the Senior Officials was that if the Steering Committee members passed on their questions and comments well in advance of the meeting, many of the answers to information items could be prepared beforehand and the encounter with the Steering Committee would be more likely to result in detailed discussion of major issues.

In these preliminary communications the members of the Steering Committee apparently made it clear that they were impressed by the proposals of the Task Force particularly in view of the fact that the Ministry System

seemed to offer more than a reshuffling of the existing organization and devoted significant attention to detailed analysis of the structure and purpose of the units making up the organization. They were also impressed by the Ministry System as a whole largely because it represented an attempt to come to grips with the problems of formulating and implementing national transportation policy across the breadth of responsibilities of the entire Transport portfolio. However, it was recognized that the adoption of the Ministry System would establish an organizational precedent in the federal government which other Ministers might be interested in following. In the view of the Steering Committee, their responsibility to the Prime Minister and the Cabinet was to ensure that the Ministry System and its constituent parts provide a sound organizational precedent. With this criterion in mind, the Senior Officials raised some important questions about the proposed new organization for the Transport portfolio.

One question posed by the Senior Officials cast some doubt on the policy-making potential of the Ministry System in relation to broad federal government objectives outside the transportation framework. The Senior Officials recognized that the Task Force Report laid stress on the importance of building into the portfolio the capability of responding quickly and effectively to the demands for transportation services or regulations arising from the Government's pursuit of nontransportation goals. However, the Senior Officials seemed concerned that the Report appeared to lean so heavily on a management-oriented approach to policy-making within the portfolio. The question was essentially: could an organization dominated by a "management" approach respond adequately to the sort of poorly-defined goals or objectives which are the common currency of national policy-making? The Senior Officials were not trying to say that the Ministry System was totally dominated by a management-oriented approach. They recognized that the Report distinctly separated operations from policy-

making, but they were bothered by the prospect that the "management philosophy" might so strongly pervade the whole Ministry System that the organization would prove ineffective in recognizing and responding to vaguely articulated national goals outside of the specific transportation network.⁴ Both management and responsive policy-making were necessary elements in a portfolio which combined operations and political decision-making; but the Senior Officials appear to have had some initial reservations about the balance or mix of these two activities within the portfolio.

A similar sort of concern was expressed with respect to progress monitoring within the proposed Ministry. At issue was the nature of the criteria to be employed in evaluating the performance of the organization in achieving specific program objectives. It appeared to the Senior Officials that the Task Force Report leaned exceptionally heavily on two criteria, financial self-sufficiency and cost recovery, in evaluating the operational performance of the Administrations. They apparently argued that there is no particular reason to conclude that a program is achieving its widest possible purpose merely because it is paying its way. Quite clearly, it would be impossible to measure the success of the proposed Transportation Development Agency through the use of accounting procedures. An on-going effort to encourage continuous improvement, innovation, growth or phase-out of modal and intermodal transportation, especially where that involved direct research or the funding of research outside government, would be difficult if not impossible to evaluate without the application of other more diversified criteria. The Senior Officials were clearly suggesting that the Task Force had not put forward adequate criteria by which all the programs being implemented by the Minister might be judged to be effective or ineffective in attaining their objectives. The

report was dominated by the ideas of 'user-charge' and 'beneficiary-pay' as ends in themselves; many social programs, however, especially those directed towards somewhat intangible national goals, would only be amenable to progress monitoring on the basis of non-financial criteria.

Both of these issues raised by the Senior Officials reflected major concerns of the Prime Minister and the Cabinet in their attempt to rationalize and modernize the federal policy-making process. As I have previously noted, increased responsiveness and effectiveness were expected to be two organizational results of the reforms at the bureaucratic and Cabinet levels. In this context, it is easy to understand why the Senior Officials would be anxious about the responsiveness of the proposed Ministry of Transport to Cabinet direction. If a "managerial" approach would in any way inhibit the ability or inclination of the proposed Ministry to respond dynamically to Cabinet - dictated national goals, then such an approach was not to be encouraged. Similarly, it was an integral part of the P.P.B. system that effectiveness be measured in terms of goal-oriented non-financial criteria. In the Task Force recommendations, the measure of program effectiveness was to be financial self-sufficiency rather than mere expenditure of funds; but in the view of the Senior Officials this criterion was still unsatisfactory.

In their preliminary comments the Senior Officials also directed some attention to more specific questions. There seems to have been some concern about the structure of the Administrations. It was recognized that there would be distinct differences between the activities of the Marine and Air Administrations on the one hand, and the Surface and Arctic Administrations on the other. Primarily, the former would be largely devoted to operational functions while the latter would have rather limited operational responsibilities. In view of the difference, it was suggested that there

might be some need for different types of structures for the two types of Administrations, despite the fact that the Task Force Report seemed to imply that there would only be one model for Administration structure. No particular reason was given for this concern, but it is possible that it might have been related to the anticipation on the part of the Senior Officials that the use of one model might lead to the establishment of structures for Surface and Arctic which would be exaggerated in size and inappropriate for Administrations with few operational responsibilities.

Several other points were raised with respect to the Administrations. For instance, it was mentioned that the Task Force had not clarified whether it was intending that the proposed Arctic Administration be given jurisdiction over transportation activities for the "Arctic" in the geographic sense or the administrative sense in which the term is operationalized by the Department of Indian Affairs and Northern Development. If the latter definition was intended (this was the interpretation that seemed most likely to the Senior Officials) then there were some difficult issues of boundary definition. This was the first indication of the many difficulties which were to confront Ministry Officials in their attempt to realize the Task Force plan for an Arctic Administration. It is not clear whether the Senior Officials extended their questioning at this point to include the issue of the feasibility of dividing the operational roles of the Ministry in the Arctic on a geographical rather than a functional basis. The concept of a regionally based intermodal agency appears to have been accepted without comment throughout this approval process which is surprising in view of the practical problems which were later raised by the concept's opponents within the Ministry during the implementation period.

There were also reservations on the part of the Senior Officials

with respect to the Task Force proposal regarding the establishment of interlocking Boards for the operating Administrations. Within the Ministry it was noted that such Boards, with powers to approve the annual capital and operating budget of the Administrations and set their broad policies, might unduly restrict their operational flexibility. However, the Senior Officials seemed to be more uneasy about the prospect of having Members of Parliament as members of the Boards, apparently because of the new issues which such membership raised.⁵ The question of precedent was close to the surface here. If MP's were invited to sit on Ministry of Transport Advisory Boards, would this lead to their participation on other Boards within the federal bureaucracy? Should MP's from both sides of the House sit on the Boards? But most important, would the participation of MP's in an administrative function unduly limit their independence in discharging their fundamental responsibility to criticize Administration and oversee the expenditure of public funds? The Senior Officials wanted to be clear on the long-run ramifications of this novel step before recommending it to the Prime Minister and the Cabinet. It seems from the number and nature of the questions raised that the idea would stand little chance of approval by Cabinet.

The Senior Officials also commented on the whole issue of delegating Treasury Board and Public Service Commission authority to the operating Administrations. The Task Force proposal that each of the Administrators of the operating agencies be granted the maximum degree of delegated authority to exercise the powers of the Public Service Commission with respect to appointments and the Treasury Board with respect to the classification of positions would also establish important precedents.⁶ The autonomy afforded the Administrations in the personnel area if the proposals were accepted, would be eagerly sought after by other agencies within the federal bureau-

cracy; thus, the Senior Officials insisted in treating these questions with a great deal of care.

After consultation between the Deputy Minister and the members of the Task Force on these questions the meeting with the Steering Committee took place in late November. It was attended by the three Senior Officials, the Deputy Minister, the two co-chairmen of the Task Force and a third member of the Task Force. During the course of the meeting, the questions raised in the preliminary communications between the Senior Officials and Transport officials were fully discussed. There appears to have been no attempt made to resolve the questions in the classic sense of coming to a mutual understanding of what changes had to be made. The issues were talked out, possible problem areas were made clear and where differences remained the decision on how to deal with them was left to the Cabinet Committee on Priorities and Planning. In some areas, the Deputy Minister and the Task Force saw fit to make significant changes in both the final Report and the Cabinet Memorandum before recommending final drafts of either to the Minister. In other cases, the Deputy Minister seemed to take the suggestions of the Steering Committee under advisement with an implicit understanding on all sides that as long as the Deputy Minister was cognizant of the views of the Steering Committee on the particular subject no alteration in the Report or the Cabinet Memorandum would be necessary.⁷

The view of the Deputy Minister and the Task Force representatives after the meeting was that the Steering Committee had responded favourably to the Report but that it might be desirable to discuss with the Minister the possibility of making certain modifications in both the Report and the Memorandum with respect to the following issues which emerged from the dialogue at the meeting:

(a) the difficulties associated with having MP's on the Administration Boards rendered the idea impractical, but an arrangement of interlocking committees and perhaps some consultative machinery for some of the prospective Administrations was seen to be useful.

(b) a more precise account of the process by which Administration budgets and the entire Ministry budget would be handled and presented to Treasury Board was necessary.

(c) the proposal to delegate rate-setting authority to the Minister and to allow Administrators a freer hand in charging for services required clarification in view of the accepted practice of using an Order-in-Council for rate-setting; it was not seen to be politically expedient to allow Administrators to exercise what might be seen as the taxing authority of the government.⁸

(d) the concept of the Transportation Development Agency was acceptable only if it meant the transfer of relevant research personnel from the C.T.C. and the avoidance of duplication.

The Deputy Minister reported to the Minister that the Senior Officials had raised other new issues at the meeting but that these would not require any alteration in the Report or the Memorandum. The proper place within the Ministry for the Transportation Development Agency had been discussed (whether it should be a separate agency or part of the Ministry Staff) but the resolution of the issue had been left in the hands of the Department. The acceptability of the prospective reorganization to the heads of the Crown corporations involved was questioned by the Senior Officials. It was certainly explained that no alteration in the formal relationship between Air Canada, the C.N.R. and the Minister of Transport was envisaged; the point was made, however, that the new Ministry Staff would be capable of

better advising the Minister in his dealings with the chief executive of these corporations, especially on capital budgeting matters.⁹ The relationship with the National Harbours Board was not raised as it was accepted that its future would be decided with the forthcoming Ports Policy.¹⁰ It was also pointed out to the Senior Officials that the St. Lawrence Seaway Authority could be integrated into the prospective Marine Administration by giving the President of the Authority a senior position within the Administration, allowing him, in effect, to wear two hats.

Cabinet Approves in Principle

The Cabinet Memorandum went through two more substantial revisions before the final draft was sent off to the Privy Council Office for submission to the Cabinet Committee on Priorities and Planning.¹¹ This was a period of intense interaction between the Minister, the Deputy Minister and the Task Force which culminated in a meeting of the Task Force with the Minister and Deputy Minister at which the final draft of the Memorandum was examined and approved.¹² Apparently, the final draft reflected several of the issues raised by the Senior Officials. The idea of including MP's among the membership of the Administration Boards was dropped. The section of the Memorandum devoted to changes in financial administration was enlarged, only marginally clarifying the proposed budgetary process but unequivocally stating that the Minister would carefully examine any rate changes proposed by the Administrations. The submission probably also tried to make it reasonably clear that the Transportation Development Agency would combine functions now resident in the Canadian Transport Commission and the Department - presumably without much duplication.

It is my understanding that the Memorandum also contained information

designed to deal with some of the preliminary comments of the Senior Officials. The qualities of the proposed Ministry System which encouraged responsiveness to the demands and needs of national policy-making at the Cabinet level were stressed in an apparent attempt to offset the criticism that the Ministry would be excessively dominated by a managerial approach. An effort was made to clarify the responsibilities of the proposed Arctic Administration and more carefully define its area of operation. It was to plan and operate all modes of transportation which come solely under federal jurisdiction in the north, and be completely responsive to the objectives and policies of the Department of Indian Affairs and Northern Development and other departments with interests in the area. In addition, the proposal to establish 'Authorities' within the organizational structure of all four Administrations to manage self-financing components of the operation was altered, to apply only to the Marine and Air Administrations. This alteration was motivated in part by the questioning of the Senior Officials with respect to the need for identical structures for all the proposed Administrations. However, there was no apparent withdrawal from the original Task Force idea that performance monitoring within the Administrations would be done largely on the basis of cost-recovery criteria.

In forwarding the memorandum to Cabinet, The Minister was making several specific requests or recommendations for action at the Cabinet level. Obviously, approval was being sought for the objectives of the Ministry of Transport, and for the application of the Ministry System to the portfolio of the Ministry of Transport. Third, it was necessary to seek permission to discuss with Treasury Board and the Public Service Commission the delegation of authority for setting charges, classifying positions and appointing employees. Finally, approval was sought to discuss

the transfer of transportation functions within the Department of Indian Affairs and Northern Development and the Department of Public Works to the Minister of Transport in accordance with the Public Service Rearrangement and Transfer of Duties Act.¹³

On December 12, 1969, the Cabinet Committee on Priorities and Planning met to consider the Memorandum. The Committee, chaired by the Prime Minister, devoted over 2½ hours to a discussion of the new objectives and organizational proposals. The meeting time was divided between a presentation by the Minister of Transport and a fairly lengthy discussion in which the Prime Minister took an active part. The Minister of Transport's presentation revolved around a series of 17 slides illustrating the nature and size of the national transportation framework, the national environment to which it responded, the nature of problems both within the transportation framework and the Transport portfolio, and solutions in terms of new objectives and organization recommended by the Task Force.¹⁴ After the presentation, questions were directed at the Minister and his advisors, the Deputy Minister and the two co-chairman of the Task Force, who were in attendance for much of the meeting.¹⁵

The decision of the Committee was generally favourable towards the contents of the Memorandum. It agreed in principle with the reorganization of the portfolio of the Minister of Transport along the lines of a Ministry System. However, the Committee did make the point that although the Ministry System proposed by the Minister of Transport was not entirely new as an organizing concept at the federal level, its implementation as outlined in the Memorandum would raise some important questions.¹⁶ With respect to the objectives set forth in the Memorandum, the Committee took issue with one of the central preoccupations of the Task Force and the Senior Officials. The

Committee, and particularly the Prime Minister, rejected the suggestion that transportation objectives were merely the supporting elements of broader objectives established by the Government, and that they could seldom be national objectives in themselves. It was requested that the Minister redefine the objectives of the proposed Ministry to specifically include the development of national transportation objectives as such, in addition to responsiveness between the national transportation framework and non-transportation objectives of the private and public sectors.

The Committee also set out the subsequent steps which the Minister would have to follow in order to gain complete approval for his reorganization scheme. First, it indicated that the Minister should enter into further discussions with Treasury Board and the Public Service Commission concerning the delegation of authority from these agencies as set out in the Cabinet Memorandum. Second, the Minister was instructed to discuss the transfer of transportation functions within the Department of Indian Affairs and Northern Development and the Department of Public Works to the Transport portfolio as outlined in the Cabinet Memorandum. Third, the Minister was asked to provide the Prime Minister with a plan and schedule for the implementation of the reorganization. Finally, after the plan and schedule had been submitted to the Prime Minister, the Minister was instructed to place detailed proposals for the implementation of the reorganization of the portfolio before Cabinet through the Cabinet Committee on the Public Service. These detailed proposals were to be supported by further advice from the Ad Hoc Steering Committee of Senior Officials on Government Organization. In addition, the proposals were to include a report of the discussions held with Treasury Board, the Public Service Commission, the Department of Indian Affairs and Northern Development and the Department of Public Works. Only after these

instructions had been followed would the Minister be in a position to begin altering the structure of the portfolio in accordance with the Task Force proposals. These decisions of the Cabinet Committee were confirmed by Cabinet, apparently without further instructions, on December 19, 1969.

The Next Step - the Development of an Implementation Plan

The Cabinet decision to approve the Ministry System in principle proved to be merely the first major step in a lengthy approval process which culminated in a decision by Cabinet in the last days of April, 1970, to permit the Minister of Transport to begin implementing the reorganization plan. This four-month period after the initial Cabinet decision was one of great activity on the part of senior Transport officials and members of the Task Force as they attempted to fulfill the instructions of the Cabinet Committee on Priorities and Planning.¹⁷ Anticipating a positive response from the Prime Minister and the Cabinet Committee on the Public Service, the Deputy Minister also proceeded to establish the infrastructure for implementation within the portfolio during this period. In addition, a good deal of effort was expended both by the Deputy Minister and the Minister in communicating the results of the Task Force investigation and the December 19, 1969, Cabinet decision to employees within the portfolio, Members of Parliament - especially the members of the House Standing Committee on Transportation and Communication, the transportation industry, the media, and the general public.¹⁸

The on-going concern of the Cabinet, and particularly the Prime Minister, with the reform of the policy-making process and structures within the federal bureaucracy is reflected in the Cabinet decision to closely involve the central executive arena in the development of the implementation plan. The reorganization was to service the general interests of the govern-

ment and not merely the special interests of the Minister of Transport and his senior officials. Before proceeding with the implementation, the Minister would have to gain the approval of Treasury Board, the Public Service Commission, the Ad Hoc Steering Committees of Senior Officials on Government Organization and the Public Service, the Cabinet Committee on the Public Service and the Prime Minister himself. The Cabinet Committee on Priorities and Planning was further involved in the process in February, when it considered a draft statement announcing the proposed reorganization which the Minister of Transport wanted to table in the House of Commons. This high level of involvement in an essentially positional policy question illustrates the continued pre-occupation of the Cabinet and the Prime Minister not only with reform at the centre, but with reorganization and rationalization at the departmental level as well.

The Second Encounter with the Senior Officials

This long series of encounters within the executive arena began with a second meeting between the Ad Hoc Steering Committee of Senior Officials on Government Organization and the Deputy Minister and his Task Force co-chairmen on January 22, 1970. It was intended that this meeting should clarify the main issues raised by the initial Cabinet decision. In the preparations for this meeting, the first signs appeared of wider involvement by D.O.T. senior officials in the approval process. The Task Force co-chairman consulted with senior financial advisors in the Department on the rate-setting delegation and budgetary questions. The Deputy Minister also conferred with the President of the C.T.C. about the role of the Commission in the rate-setting process. In addition to drafting a memorandum to be presented to the Senior Officials prior to the meeting, the Task Force and the Deputy

Minister prepared a statement for tabling in the House of Commons to announce the reorganization, and a report to be sent by the Minister to the Prime Minister as instructed by Cabinet. Both of these documents were presented to the Steering Committee members for their comments at the meeting. The Task Force also prepared a longer briefing paper for the Deputy Minister which supported in detail the brief discussion of the main issues in the memorandum.

In their preliminary communication with the Steering Committee, the senior Transport officials were able to point to progress with respect to one particular issue arising from the Cabinet decision. The objectives of the Minister had been modified to take into account the suggestion that the Ministry of Transport should establish certain transportation objectives as such.¹⁹ In addition to the modification of the Ministry objectives, each Administration would be asked to establish its particular objectives in this light, and these would be discussed with and approved by the Minister before implementation. The Administrations would also be instructed to establish certain goals for decision-making for the next 24 months. These would be reviewed by the Minister and a critical path for key decisions would be prepared and reported to the Prime Minister or the Cabinet Committee on Priorities and Planning by late Spring. Subsequently, the Minister would be prepared to report progress or changes resulting from annual review of the objectives and goals. These alterations and the expanded activities with respect to overall Ministry objectives appeared to be most satisfactory to the members of the Steering Committee.

In addition to tying the Minister of Transport to a rigorous series of approval situations at the Central Agency level, the Cabinet had instructed the Minister to discuss the proposed transfers of responsibilities with the Departments of Indian Affairs and Northern Development (D.I.A.N.D.), and

Public Works. As it was the feeling of the Minister and the Deputy Minister that a good deal of progress would have to be made in these discussions before Transport officials met with the Ad Hoc Steering Committee or the Minister communicated further with the Prime Minister, approaches were made to both Departments early in January, 1970. Discussions with D.I.A.N.D. were held initially both at the Deputy Ministerial and Ministerial levels, and there were apparently no major objections raised to the transfer of responsibility for the Northern Transportation Company Limited to the Ministry of Transport. The preliminary discussions with the Department of Public Works would appear to have been less satisfactory. In consultations between a member of the Task Force and senior Public Works officials on the specific questions of transferring responsibility for future highway planning and control of the Alaska Highway to the Ministry, there apparently was an attempt by the latter officials to create a trade-off situation. The Department of Public Works would go along with the Cabinet decision without objection if Transport would subscribe to a new concept for the management of property throughout the Public Service.²⁰ Both sets of negotiations were still in a rather unsettled state when the Deputy Minister and the co-chairmen of the Task Force met for the second time with the Ad Hoc Steering Committee.

In pursuing with the Senior Officials the question of the transfer of Northern Transportation Company Limited (N.T.C.L.), the Transport representatives argued that the main rationale for the change was that the resources allocated to N.T.C.L. as a Crown corporation must be examined in the light of other resources being allocated to transportation entities responsible to the Minister of Transport. They also referred to the need for coordinating its activities with those of other transportation operations in the North presently under the direction of the Ministry of Transport. The

preliminary communication with the Senior Officials also mentioned the possibility of transferring to D.I.A.N.D. certain secondary canals and wharves used mainly for recreation or serving exclusively Indians.²¹ This proposition was not designed to be seen as a trade-off; rather, it appeared to be an attempt on the part of the Transport officials to indicate to D.I.A.N.D. that the logic of dividing responsibilities between portfolios on functional ground could work both ways. At the meeting, the Senior Officials expressed their agreement with the arguments in favour of the transfer, and it was decided that the Minister of Indian Affairs and Northern Development, the Minister of Transport and the President of Treasury Board should get together in the near future to discuss the practical problems associated with the transfer. Agreement was also reached at the Steering Committee meeting to recommend that the responsibility for the federal role in programming and planning of highways, including the maintenance and operation of the Alaska Highway, should be transferred to the Transport portfolio. In arguing this case before the Committee, the Transport representatives reiterated that the M.O.T. had no desire to undertake a construction role for any federal highways or wharves. Attempts were made to further 'sweeten' the transfer for Public Works by intimating that the Ministry of Transport was in general agreement with the principle that the Department of Public Works should be made the principal federal construction and land management agency, subject to any decision which the government might take after a careful examination of the implications of such a step.

In the preliminary communications with the members of the Ad Hoc Committee, a good deal of attention was devoted to two financial issues, rate-setting and vote-netting, which had caused the Senior Officials some concern at their first meeting, although they had not been specifically

mentioned in the Cabinet decision.²² There was some concern at Transport that unless these questions were settled to the satisfaction of the Senior Officials they might surface at the Cabinet level on a later date. The revival of these topics also serves to illustrate the continuity of the relationship with the Ad Hoc Committee. Not only was the Committee advising the Deputy Minister with respect to the Minister of Transport's future presentations to the Prime Minister and the Cabinet Committee on the Public Service, but it was also carrying on the screening process begun at the first meeting in November, 1969. The Committee continued to act out its primary role as an advisor to the Prime Minister on matters of governmental organization.

With respect to rate-setting on the part of Administrations within the Ministry, the preliminary communication with the Senior Officials attempted to clarify the role of the Minister and the Governor-in-Council in the proposed process. A procedure for increasing rates (in line with the principle of cost-recovery) which would be managerially sound while still being responsive to political discretion and judgements was recommended to the Senior Officials. Each Administration would notify the Minister 60 days in advance of any proposed changes in rates. The Minister would report such proposed changes to the Treasury Board staff and to the Privy Council Office. The latter would then, within two weeks, notify the Minister whether it would be desirable to have these rate changes submitted formally to either the Treasury Board of Ministers or the Governor-in-Council or both. It was reported that the informal view of the President of the C.T.C. was that the C.T.C. should not itself be involved in the setting of rates. However, if a rate was appealed by the public, then it would be open to the Minister to refer the rate change for a hearing to the C.T.C. as an independent regula-

tory body. This procedure proved to be acceptable to the Senior Officials particularly in view of the fact that it did not allow or even appear to allow the Administration a free-hand in setting charges for the general public in the name of the Government.²³

The 'vote-netting' issue grew out of uncertainty on the part of the Senior Officials, after the first meeting, about the process by which Ministry budgets would be presented to Treasury Board. The traditional government system of voting gross expenditures had presented some disadvantages, which were particularly evident in the D.O.T., by crediting revenues received for services to the Consolidated Revenue Fund rather than to operating accounts. This had handicapped identifying revenues with costs and had not encouraged departmental revenue improvement programs. The Glassco report had recommended that where revenues constituted a significant proportion of operating and management expenses, the revenues should be offset against expenditures and be shown in the estimates on a 'net vote' basis.²⁴ In 1967 the Government adopted the policy of establishing departmental estimates on this basis, showing gross expenditures and the revenues to be deducted from them. The vote-netting system had worked well within the D.O.T., encouraging managers to become more concerned about increasing revenues on a reasonable scale. It was this attribute of the vote-netting system which made it so compatible with the new Ministry objective of cost-recovery. For this reason, the Transport representatives were anxious that the Senior Officials be persuaded that vote-netting could be widely applied in the Ministry without budgetary chaos resulting or the Treasury Board losing its screening role with respect to departmental budgets.

The concern at Treasury Board was that as revenues within Administrations rose to meet costs as a result of the implementation of the user-charge

principle, the size of the net vote would diminish and the Board would lose control of a large proportion of Administration expenditures. Obviously, this would not be an issue with respect to those activities of the Ministry having little or no revenue (e.g. General Administration). Nevertheless, the Deputy Minister opposed the idea of deviating from the vote-netting system for units within the Ministry where revenues were low. Both the Task Force and the Deputy Minister argued that in some cases revenues were low merely because the cost-recovery principle had not been properly applied. On this reasoning, the argument that the principle of recoverable financing could not be applied to a research-oriented unit like the Transportation Development Agency was rejected by the Transport officials. They attempted to demonstrate to the Steering Committee that outside of normal budgetary allocations, a unit like T.D.A. might gain revenue from two sources:

1. Transfers of funds from other departments, Crown corporations, Administrations, Authorities and possibly industry, to support applied research projects which have a mission orientation.

2. Revenue detained through licensing, patents, royalties and sales associated with earlier development projects.

Vote-netting, in this case would allow the downward adjustment of budgetary allocations as these two sources began to produce more funds.

It was recognized at Transport that there would be some problems adapting the vote-netting approach to the new Ministry System. For example, vote-netting operates on a cash-accounting basis, while Crown corporations operate on the business-oriented accrual accounting system.²⁵ Thus two systems would operate within the Ministry, and where organizational consolidations were to take place (i.e. St. Lawrence Seaway Authority, National Harbours Board, and Marine Services of the D.O.T.), special problems would

arise in the development of a homogeneous financial system. In addition, the Crown corporations operate on a calendar basis, whereas the rest of the Ministry would conform to the government's fiscal period. However, neither of these problems was seen to be particularly burdensome. Finally, it was the view of the Task Force and senior departmental financial officials that there would have to be a few situations in which the 'revolving-fund' system would be used instead of 'vote-netting'.²⁶ This contingency would arise with the development of 'Authorities' within Administrations (e.g. the Montreal II Airport Authority) where operations are on a large scale and clearly show an approximate financial break-even position.

Until this proposed system began to produce sufficient revenue, it was made clear to the Senior Officials that funding for the Transportation Development Agency and for all other deficit financial components would continue to be subject to Treasury Board scrutiny. However, the Senior Officials were concerned about the question of long-run budget control under a Ministry System which appeared to exclude Treasury Board from its accepted control and scrutiny roles. While it was the contention at Transport that the Ministry Headquarters Staff would move into the vacuum created by the exclusion of Treasury Board, and Transport representatives made it clear that the transition would involve close cooperation between the Board and the Headquarters Staff. The whole process of delegation from the Treasury Board to the Ministry and thence to Crown corporations, Administrations (and perhaps to Authorities) and other entities within the Ministry would be closely bound up with the establishment of Transport management competence with respect to the control function. Prior to the meeting with the Senior Officials, the Task Force suggested to the Deputy Minister that this interim system of delegation would vary from program to program and depend very much

on the willingness of Treasury Board to relax its control system and the abilities of the financial officers at all levels of the Ministry. The Task Force also recommended that the exercise of control downward from the Ministry Executive should be held to truly significant deviations from program plans; but under the principle of delegation, the right and obligation to intervene must be clear at all times. The net result would be that the Ministry Headquarters Staff would, with respect to the program entities within the Ministry, assume the present role of Treasury Board, including the promotion and use of P.P.B.S. and other techniques of management and analysis. The Treasury Board Secretariat would work primarily with the Ministry Staff; however, to validate their delegation, Treasury Board would carry out some form of audit. When Treasury Board might find it necessary to conduct surveys or analyses at lower levels, their representatives would be accompanied by members of the Ministry Staff.²⁷

It is not certain that this Task Force plan was put in its entirety to the Senior Officials. Nor is it clear what the reaction of the Secretary of Treasury Board was, at that time, to this attempt to alter significantly the financial relationship between the Board and components of the new Ministry. Both the rate-setting and the vote-netting issues were further discussed by Treasury Board, Privy Council Office and Transport officials in the period leading up to the submission to the Cabinet Committee on the Public Service. Nevertheless, the Minister of Transport felt confident enough of the long-run results of the discussions to indicate to the Prime Minister that the outcome of the talks with the Senior Officials on these subjects was generally satisfactory.

The specific questions of delegation of personnel authority mentioned in the initial Cabinet decision were more clearly settled at the

meeting with the Senior Officials. It was agreed to delegate to the Ministry of Transport classification and appointment powers up to (but not including) the level of SX 1.²⁸ Apparently, the degree to which the Deputy Minister would delegate this authority to Administrators would have to be determined in the light of experience and the competence of the Administrators. However, the Senior Officials insisted on the imposition of strict audit and liaison procedures on the part of the Ministry, Treasury Board, and the Public Service Commission.

Still on the subject of personnel, there was an introductory discussion at the Ad Hoc Steering Committee meeting of a draft organizational chart as well as job description and classification for senior positions in the Administrations and the Ministry Headquarters.²⁹ The Deputy Minister also discussed with the Steering Committee some possible candidates who were available for appointment to these positions, based on some consultation with the Minister and informal contacts with the Privy Council Office, the Public Service Commission and the Treasury Board.³⁰ One interesting feature of this discussion with respect to specific individuals for senior positions is that it apparently demonstrates a distinct lack of strict role definition on the part of the Ad Hoc Steering Committee. Despite the fact that the Senior Officials were sitting on this occasion as the Ad Hoc Steering Committee on Government Organization, there was apparently no rule or custom forbidding the consideration of subjects clearly related to their collective role as the Ad Hoc Steering Committee on the Public Service. Moreover, the fact that the two titles are on occasion used interchangeably in reference to the meetings of the Senior Officials suggests that the two roles were not clearly distinguished during this period. On the whole, it appeared to be far more significant that the three Senior Officials were identified

as an extremely influential screening agency closely linked through its Chairman (the Secretary of the Cabinet) to the Prime Minister and the Cabinet.

The View From the Minister's Office in Early February

While it is not possible to indicate precisely what the Minister communicated to the Prime Minister in early February concerning the issue of an implementation plan and schedule, it is possible to reconstruct the views of the Minister and his advisors on the reorganization process in the aftermath of the second round of consultations with the Senior Officials. In fact, the Minister was in no position, at this point, to do any more than outline for the Prime Minister in general terms his future intentions concerning implementation, and recount the progress achieved through the discussions with the Ad Hoc Steering Committee.³¹

The Minister's enthusiasm for the reorganization plan and the new objectives had not been at all dimmed by the fact that the development of a detailed implementation plan was proving to be a more lengthy process than had been initially anticipated. He continued to stress the theme that reorganization of the Transport portfolio would lead to greatly increased responsiveness on many levels. The objectives established for units within the Ministry would take into consideration transportation as an end in itself, but would also serve to knit the portfolio more tightly into the broad spectrum of policy planning for the whole Government. The Minister seemed to feel that it would be a good idea at this point to have the Prime Minister or a Cabinet Committee review the list of immediate goals which were being drawn up within the Ministry to determine whether they were compatible with the overall goals of the Government. In particular, responsiveness to the

objectives of the Department of Indian Affairs and Northern Development was stressed. It was suggested that the recent briefings which Transport officials had received with respect to the potential exploitation of oil resources in the North illustrated the need for close integration and coordination of policy planning between the two departments.³² Similarly, it was anticipated that the establishment of the Transportation Development Agency would increase the ability of the Ministry to respond in an innovative manner to the transportation needs of other Departments, notably Regional Economic Expansion and Industry, Trade and Commerce. Following the same logic, the Minister also felt strongly at this point about the importance of having the Department of Public Works coordinate its highway and wharf construction program with the demands of transportation policy. The Minister saw the establishment of advisory boards for the Administrations, on which other key departments would be represented, as a particularly useful method of instituting a closer liaison on an interdepartmental level and thereby increasing the likelihood of responsive policy-making.

Within the portfolio, responsiveness was also seen to be crucial. When the Minister laid his implementation plan before the Cabinet Committee on the Public Service, he wanted to be able to demonstrate that the Ministry Headquarters Staff would be organized as an effective instrument for establishing ministerial policy control over the operations of the Administration and creating new guidelines for operations within the Crown corporations. In the Minister's view, the Administration advisory boards would also contribute to responsiveness on an intraportfolio level due to the presence on the committees of Ministry Staff members. Ministerial control (and thus responsiveness to Cabinet) would also be enhanced by more closely relating transportation planning and research to the allocation of Ministry resources and

the general policy of the government. The Minister appeared to be in support of the Task Force recommendation that the C.T.C. be divested of its allocative policy advisory role on the grounds that if the Commission chose to exercise the full powers granted to it in this area under the National Transportation Act the intentions of the government could be frustrated.³³ Moreover, in the Minister's view, the Commission had ignored fields of research in transportation which were crucial to the resolution of major national issues such as urban and regional development and national unity. Apparently, the Minister was considering the possibility, during this period, of proposing to Cabinet that the National Transportation Act be revised through legislation during the next session.³⁴

If the Minister had any reservations about the reorganization process in early February which he might have been expected to communicate to the Prime Minister, they would have centred on the issue of the implementation plan. It was the Minister's view that if he followed the instructions of the initial Cabinet decision with respect to submitting a detailed implementation plan to the Cabinet Committee on the Public Service, implementation of the approved Ministry System would be needlessly delayed. It was his expectation that he and his officials would be in a position to provide the Committee with a general plan for implementation by the end of February or early March; the clear implication was that a detailed implementation proposal (such as Cabinet had requested) would take considerably longer to produce. The Minister wanted to proceed with certain aspects of the reorganization on the basis of a general plan on the grounds that he and his officials would require some flexibility in the implementation process if particular circumstances were to be dealt with properly. This issue was to gain some prominence in the forthcoming weeks and serve as an illustration

of the continuing concern of the Prime Minister and his advisors about retaining control of the reorganization process.

The Prime Minister's View of the Implementation Question

On the advice of the Senior Officials, the Prime Minister continued to stress the desirability of a detailed plan and schedule as a basis for any implementation action within the Ministry. In the minds of the Prime Minister and his advisors, the need for a detailed implementation plan was linked to the question of the Ministry's legislative needs. It was their view that it would be extremely difficult for Cabinet to judge what legislation would be required to place the new Ministry on a proper statutory base unless it was clarified in detail how the Minister of Transport proposed to proceed with the implementation over the long run. It seemed probable that legislation would be required to alter the status of the National Harbours Board, and that the National Transportation Act might need amendment. The detailed implementation plan would make it clear if this was to be all the legislation requested. In addition it would provide a better picture of how the necessary legislation would have to be scheduled to coincide with the realization of the organization changes. With respect to scheduling, it was the Prime Minister's view in early February that some leeway could be granted the Minister. With the extensive consultations involved in producing legislation and the procedural difficulties inherent in the Parliamentary process, it would be impossible to mesh the timing of legislation and implementation with any precision. This was not, however, an argument against the detailed plan, in the views of the Prime Minister and his advisors in the Privy Council Office.

In the period following the second encounter with the Ad Hoc

Committee of Senior Officials, the Prime Minister continued to stress the widest possible implications of the reorganization, arguing that, in part, the detailed implementation plan was required so that Cabinet would clarify its overall objectives with respect to the establishment of the Ministry System. It was also the Prime Minister's view that certain questions which he and his advisors in the Privy Council Office had about the actual operation of the Ministry System would probably be best answered by the production of a detailed plan. The questions troubling the Prime Minister included the following:

- How would the Advisory Boards for the operating administrations be appointed (and by whom)?
- What is their exact role to be?
- How will the 'Authorities' within an operating Administration relate to the boards and the chairman of the Administration?
- Exactly how will the proposed Marine Administration, including two Crown corporations (National Harbours Board and St. Lawrence Seaway Authority) be tied together.³⁵

While these specific questions focused on the nature of the operating Administrations, the Prime Minister's view apparently was that much of the proposed Ministry System would be open to the same sort of questioning until a proper plan was produced.

The Cabinet Committee on Priorities and Planning Again

On February 17, 1970, the Minister tabled in the House of Commons a "Statement by the Minister on the Proposed Changes to Be Made in the Role and Structure of the Federal Transport Portfolio".³⁶ This document had been prepared initially by the Task Force, and examined by the Senior Officials

and the Deputy Minister before being presented to the Minister for his approval.³⁷ It would appear that the Steering Committee had recommended to the Transport officials, that the Minister discuss the document with the Cabinet Committee on Priorities and Planning before placing it before the House. It is interesting to note that this Cabinet Committee review of a statement designed for tabling in the House, should actually become an occasion for further clarification and approval of the content of the reforms proposed by the Minister of Transport.

When the Cabinet Committee met during the second week in February, it apparently approved the document for tabling and suggested changes which had wider ramifications with respect to the cost-recovery objectives and the role of the Transport portfolio in the North. First, the Minister was cautioned about giving the impression that the principle of 'user-pay' would make it unlikely that transportation would be used by the Government as an instrument of development policy. Second, it was apparently suggested that the document should make it clear that in its new activities in the North, the Ministry officials were aware of the importance to northern communities of the participation by federal government employees in the life of the communities. The latter instruction probably resulted from the renewed concern (expressed most likely by D.I.A.N.D.) with respect to the prospective takeover by Transport of the Northern Transportation Company Limited and the establishment within the Ministry of the Arctic Transportation Administration. While the Cabinet Committee did not appear to back away from its initial approval for these transfers, it did underline the obligations of the Ministry to the native peoples and, in addition, assure D.I.A.N.D. that it would receive adequate representation in the Arctic transportation policy-making mechanisms within the Ministry.

Treasury Board Approves an Establishment

During the two months following this encounter with the Cabinet Committee on Priorities and Planning, the Minister and his department officials attempted to deal with the particular problems raised by various components of the executive arena and the basic issue of developing a detailed plan of implementation. To this end, an Implementation Team was established with representatives from each of the key branches of the Department and agencies directly involved in the restructuring of the Ministry. In addition, the team included a permanent member from the Treasury Board Secretariat.³⁸

More directly related to the approval process, the Deputy Minister thoroughly discussed the question of senior appointments with the Ad Hoc Steering Committee of Senior Officials on the Public Service. On the basis of authority granted by the Ad Hoc Steering Committee, and in close consultation with the Public Service Commission and the Privy Council Office, a number of personnel (12) for key senior posts in the new Administrations, agencies and Ministry Staff from both inside and outside Government were approached and tentatively agreed to assume new posts as soon as an establishment was approved.³⁹ These employment agreements had to be tentative at this point for two reasons. First, in a formal sense, Treasury Board had not yet examined the personnel requirements associated with the reorganization and approved the positions at the classification levels recommended by the Transport officials. Second, there was strong evidence to suggest that Treasury Board, following in the footsteps of the Senior Officials would not accept in toto the package of positions with the titles and classification levels suggested by Transport.⁴⁰ There were particular reservations about the position of Associate Deputy Minister. In the event, this title was dropped in favour of Senior Assistant Deputy Minister prior to the public

announcement of new appointments.⁴¹

The fundamental approval for an establishment submission had to come from Treasury Board.⁴² This approval was contingent on classification action by the Board with respect to the level at which these senior managers could be recruited. Agreement on classification depended, in turn, on the acceptance by Treasury Board of the basic plan of organization for the Ministry, together with the recommended broad management responsibilities for the principal executive positions in the new Ministry Headquarters Staff and each of the major new components affected by these proposals. In short, under the umbrella of larger decisions on the part of the Cabinet, Treasury Board had a clear mandate to examine and approve the basic organization plan for the Ministry and the classification and job descriptions of the senior managers above and inclusive of the level of SX 1. This package of proposals was prepared primarily by the Task Force and the first draft was discussed briefly at the meeting of the Ad Hoc Steering Committee in late January, 1970.⁴³ It was not until February 23, a month later, that the proposals were ready for submission to Treasury Board. During that time the proposals were extensively revised and enlarged, the major addition being a significant increase in detailed information on the plan of organization for the Ministry as a whole.⁴⁴

The concern at Transport was that the plan of organization be acceptable to the Treasury Board Officials so that appointment of the principal Ministry executives could proceed.⁴⁵ These appointments had become the key to a smooth two-step implementation process in the minds of the Transport officials. Putting the principal executives in their place would permit planning and reorganization to proceed while ensuring that the essential operations of the components of the new Ministry continue without

interruption or impairment. The momentum of the reorganization could be maintained by the addition of the new senior executives, despite the fact that the Prime Minister's insistence on a detailed implementation plan appeared, at this point, to make it impossible to plunge into an overall implementation effort in the immediate future.

The presentation assured Treasury Board that additional substantiating information, in the form of organizational structure and division of responsibilities affecting other senior executive positions and program activity structures, would be provided as approval was sought for successive aspects of the reorganization. Development of this more detailed information would be carried out in association with officers of the Privy Council Office, Treasury Board Secretariat, and Public Service Commission after the principal executives had been appointed to their positions.⁴⁶ It was estimated that re-alignment of the functions encompassed by the Ministry of Transport to serve the new objectives would require a progressive series of changes covering a period of approximately two years. While no cost calculations were included in the presentation, it was the opinion of Transport officials that the Ministry plan of organization could be instituted without any increase in aggregate appropriations for the programs or votes affected during the 1970-1971 period.⁴⁷ This contention was conditional, of course, on the transfer of funds from other departments whenever functions were transferred. It was indicated that separate authorization would be sought from Treasury Board for each transfer of functions as the conditions surrounding the transfer were approved.

The basic organization plan presented in the submission to Treasury Board provided very little new information which had not been made available in the Task Force Report or the original submission to Cabinet.

However, it did enlarge to some extent on the role of the Headquarters Staff within the new Ministry, and raise some doubts about the continuing commitment of the Minister and his advisors to the concept of decentralization as outlined in the Task Force Report. The two subjects are very much intertwined, as any retreat from decentralization seemed to lead to increased authority for the Ministry Staff and Executive.

While it was clearly stated that the Ministry remained in essence a collection of decentralized self-contained operating components, the necessity of central planning and control was stressed. The extent of decentralization and freedom to make decisions would vary from one component to another and depend largely on the judgement of the Ministry Executive. This meant that the units of the Ministry Staff would function with different degrees of intensity vis-a-vis the different operating components of the Ministry. Collectively, the units in the Ministry Staff would direct their attention to providing a cohesive, unified system of management focused on overall planning, policy formulation, program coordination and evaluation of results.⁴⁸ However, there would be occasions when the Ministry Staff would undertake projects which might normally be assigned to one of the decentralized components but because of government direction, interests of the public, importance to the Ministry, scarce resources or economies of scale, would be far more expeditiously carried out by the Ministry Staff. This appeared to open the door to 'invasion' by the Ministry Staff of 'territory' earlier ceded to the Administrations.⁴⁹

The complete submission to Treasury Board was actually delivered at the beginning of March, 1970. Prior to its consideration by the Board, the submission was examined by the Program Branch of the Secretariat. In advising the Board, the program analysts noted that Cabinet had already

approved the new objectives, the Ministry concept, and a basic plan of organization detailed only to the level of major component parts - the basic units making up the Ministry. Cabinet had not approved the basic plan of organization for the Ministry Staff upon which most of the classification action would be based. In the view of the Treasury Board officials, this was the contentious area primarily because the relationships between the Ministry Executive and Staff and the rest of the Ministry were not clearly defined in the submission to Treasury Board. The program analysts advised the Board that in very general terms there were six question areas in the reorganization plan:

- (1) the functions and responsibilities of the Transportation Development Agency and the Ministry Staff.
- (2) the relationship of the Arctic Administration to the Ministry.
- (3) the precise division of economic research between the Canadian Transport Commission, the Transportation Development Agency and the proposed planning Branch of the Ministry Staff.
- (4) the nature of the authority of the Ministry Staff over the Administrations.
- (5) the status of the interlocking Boards.
- (6) the length of time and process involved in dissolving the National Harbours Board and the St. Lawrence Seaway Authority, and transferring resources from these corporations and the Department of Public Works to the new Marine Administration.

Most of these issues had been raised before in some form by the Ad Hoc Steering Committee or the Cabinet Committee on Priorities and Planning, and their reemergence in this review situation is not surprising. It merely serves to underline the fact that the senior Transport officials were not

prepared at this time to describe in detail how the Ministry would look after the implementation process was complete. The advice proffered by the program analysts seemed to reflect the felt need at Transport for flexibility in that the question areas outlined were not seen to be sufficient reason to delay approval of the Transport submission. In fact, the program analysts recommended that Treasury Board approve the basic plan of organization (as well as the new objectives) on the understanding that the plan should be subject to further definition and submissions to Treasury Board in respect of detailed implementation, program and activity structures for the entire organization, detailed organization for each component, and the transfer of resources required between existing and new programs.

The decision of Treasury Board on the Transport submission was reached at a meeting just prior to the beginning of April. Treasury Board followed very closely the qualified approval of its own program analysts. The Board did not outline the particular question areas put forward by the program analysts but instead indicated that it expected the resolution of the outstanding issues raised by the Cabinet in the forthcoming report by the Minister of Transport to the Cabinet Committee on the Public Service. The Board noted that its qualified approval provided an interim basis upon which a full implementation plan could be structured and senior managers appointed. While in the Board's opinion, some of the senior management positions most notably that of the Associate Deputy Minister had not been defined clearly enough to permit final classification and appointment action at this time, the Minister of Transport would still be able to make interim arrangements for most of the key management positions so that appointments could be made in the near future.

The Search for an Interim Basis for Implementation

The Treasury Board action on the basic organization plan and the senior personnel was consistent with agreements reached on these questions at a meeting in late March of the Ad Hoc Steering Committee which was attended by senior Transport officials. This meeting in effect continued the discussion of points raised at the earlier sessions with the Senior Officials.⁵¹ It also considered a draft of a submission by the Minister of Transport to the Cabinet Committee on the Public Service. This submission was prepared by the newly appointed Implementation Team in order that the Minister might fulfill the Cabinet instructions of December 19, 1969, that he provide the Cabinet Committee on the Public Service with a detailed implementation plan. In fact, the Minister did not provide a detailed plan. He suggested that such a plan would not be available until the Implementation Team submitted its report at the end of July, 1970. Instead, the submission apparently gave an accounting of the progress which had so far been made in implementing the Ministry System, and a general overview of the anticipated implementation process which was expected to take 18 months to complete.

The Minister's implementation strategy was now founded on two crucial events: the speedy appointment of the senior executives at the core of the new Ministry, and the acceptability to the Ad Hoc Committee and the Cabinet Committee on the Public Service of a progress report in lieu of a detailed implementation scheme. Since early February, the Minister and his senior advisors had hinted at the difficulties associated with producing a detailed implementation plan in a short period of time. They appear to have been quite anxious about the prospect of the reorganization losing its momentum in the event that it was delayed by the preparation of the detailed plan. The appointment of a dozen senior executives soon began to be viewed

as an interim step which would restore momentum. These appointments combined with a temporary relaxation of the Cabinet and the Prime Minister's demand for a detailed plan would allow the implementation process to continue at a reasonable pace.

Not only did the meeting of the Ad Hoc Committee in late March probably provide a positive input to the Treasury Board discussion of the twelve senior management positions, but it also approved in general the proposed Cabinet submission. Apparently, no concern was expressed that the submission did not entirely reflect the earlier instructions of Cabinet.⁵² In fact, there is probably no reason why there should have been a great deal of concern on this point. The Minister was in a position to advise the Cabinet Committee of the change that had been made in the Ministry objective. The Minister could also report on the results of discussions held with Treasury Board, the Public Service Commission, the Department of Indian Affairs and Northern Development and the Department of Public Works. In response to the concern of Prime Minister and the Privy Council Office, the Minister apparently made an attempt to clarify the legislative demands of the reorganization. On the whole, the importance of these demands was being played down by the Minister and his advisors at this time. The basic thesis was that no legislation would be required until the 1971-72 Session and then it might prove necessary merely to revise the National Transportation Act with respect to the research functions of the C.T.C.⁵³ The Minister could also report to the Cabinet Committee that the recent Ports Policy submission to Cabinet called for legislation but that Cabinet had not yet considered the policy. It was anticipated that acceptance of the new policy would necessitate the repeal of the National Harbours Board Act, but, at the same time, would completely nullify the problem of assimilating the Board into the Marine Administration.⁵⁴ The Prime Minister and his advisors

had expressed some particular concern about the integration of the proposed Marine Administration and while legislation would be required to deal with the National Harbours Board, the Minister could point out that the St. Lawrence Seaway Authority would be brought under the umbrella of the Administration without legislation through the simple expedient of appointing one person as both Administrator and President of the Authority.⁵⁵

While some thought had been given to the issues involved in the realignment of other programs and functions within the Ministry, in terms of projecting the path and implications of the implementation process into the future little precise information could be provided by the Minister at that time. Even specific issues previously stressed by the Prime Minister and the Privy Council Office were quickly passed over. For instance, there had been some concern earlier about the questions of appointments to the Advisory Boards and the relationship between a Board, the Chairman of an Administration, and the proposed Authorities within the Administration. However, the Minister could do little more than suggest that he would recommend the appointment of specific individuals to the Secretary of the Cabinet for approval.⁵⁶ The concept of the 'Authority' was also raised, but only in so much as the Minister suggested that Management Boards could be constituted for the proposed Authorities which might have a predominantly local membership; it seemed clear that either conceptualization of the 'Authority' had not progressed beyond the work done by the Task Force, or the Minister did not want to commit himself firmly to the 'Authority' model at that time.

With respect to other program realignments within the Ministry and the expanded functions of components of the new Ministry Headquarters Staff, the Minister clearly wanted to give the impression that interaction between the Implementation Team and the anticipated new senior executive officers

and Administrators within the Ministry would be the major determinant of its final 'shape'. However, some interesting details were suggested. The Minister and his advisors were able to outline the anticipated responsibilities of the Surface Transportation Administration more closely. In addition, it was indicated at that time that the Transportation Development Agency would be given a program in line with the recommendations of the Science Council. The Council had entered into the approval process in March when it made recommendations to the President of the Treasury Board (in his capacity as Chairman of the Cabinet Committee on Science Policy and Technology) concerning the organization and operating principles of the Transportation Development Agency. These views were based on the Council's broad guidelines for the future use and development of science and technology in Canada.⁵⁷ In the opinion of the Council, if major mission-oriented programs in transportation were to be successful, substantial levels of federal funding would be required and the agency responsible for these funds would have to involve industry, government and the universities in the initial planning and subsequent execution of such programs.⁵⁸ The Council endorsed the proposed Transportation Development Agency as the appropriate body to coordinate these activities and provide funds, but advised that the largest portion of each major program should be located in industry and the universities. It further endorsed the policy of working towards a high level of recoverable financing for transportation research and development, and recommended the establishment of a strong national transportation research and development advisory committee composed of representatives from government, industry and universities which would guide the Agency in the selection of major programs for national transportation.⁵⁹ All of these recommendations were seen by the Ministry Executive to be consistent with Transport thinking, at that time,

on the proper role for the Agency. Moreover, as the President of Treasury Board and his advisors shared the Science Council's views, it was seen to be potentially helpful in gaining future Treasury Board cooperation in setting up an establishment for the Agency, to stress the Minister's agreement before the Cabinet Committee.⁶⁰

In the discussion of the enlarged responsibilities of the Ministry Headquarters components, the financial implications of the cost-recovery principle were apparently outlined for Cabinet. Ministry officials had become increasingly conscious of the restraints imposed on cost-recovery by the economy's inflationary state. This problem had contributed to delay in the settlement of the rate-setting delegation issue.⁶¹ The occasion of this submission to Cabinet was apparently also used to report the finds of the departmental Revenue Survey Team which were developed independently of the work of the Task Force. The most important proposal of the Revenue Survey Team had been its definition of true 'costs' at the Administration level; only by reaching agreement on the cost factor would it be possible to distinguish between cost-recovery for services provided and taxation.⁶² With respect to policies, procedures and decision criteria for rate-setting, it seems clear that the proposals had not altered appreciably since they had been discussed before the Senior Officials in January, and that the negotiations with Treasury Board and the Privy Council Office were still in an unsettled state. A similar uncertainty must have been evident in the submission's discussion of the planning role of the Ministry Headquarters Staff and the exact nature of the powers which would accrue to the Administrations through decentralization. The implication was that exact answers would emerge only if the senior executive officers were appointed and the implementation process was begun in earnest.

This message was apparently communicated to the Prime Minister by the

Minister in mid-April with the recommendation that the Cabinet Committee on the Public Service meet to discuss the progress report.⁶³ When the Committee met in late April, 1970, it was clear that the Minister's argument had carried the day. The Committee, chaired by the Prime Minister, apparently agreed in principle that the Minister could proceed with the implementation of the Ministry System as long as the agreement in principle was not construed as permission to implement specific proposals. Such proposals were still to be submitted to Cabinet for approval in the normal manner if it was the kind of proposal that would ordinarily come before Cabinet as a matter of course.⁶⁴

The implications of this conditional approval for implementation are not entirely clear, but it is obvious that the Minister of Transport and his senior officials interpreted the approval in the widest possible terms. The implementation process was to proceed without further reference to Cabinet unless a proposal arose which in the normal course of Government business was not in the Minister's power to decide without consultation with Cabinet. Over the next two years the Ministry System was implemented throughout the whole of the Transport portfolio and yet submissions to Cabinet were apparently only seriously considered with respect to three issues: the implementation of the new Ports Policy, the reorganization of the Marine Administration, and the alteration of the portfolio's title from Department to Ministry.⁶⁵ In addition, further requests for the approval of establishment for various Ministry components were directed to Treasury Board on several occasions as the implementation proceeded.

Notes for Chapter Four

¹Under the regulations in force at that time, a Cabinet memorandum was expected to contain information relating to the purpose, background nature and general implications of the policy proposal in question, as well as specific recommendations for Cabinet approval. In early 1970, these regulations were changed by Cabinet to include specific references to the program, planning and budgeting approach, financial considerations, federal-provincial factors, interdepartmental consultations, public relations considerations and caucus consultations.

²Occasionally, in matters of 'extreme urgency' a memorandum may bypass the Cabinet Committee system, but the issue of 'extreme urgency' has to be cleared with the Prime Minister or Acting Prime Minister. This issue is discussed in general terms in W.A. Matheson, "The Cabinet and the Canadian Bureaucracy," in Public Administration in Canada: Selected Readings, ed. by W. D. K. Kernaghan and A. M. Willms (2nd ed.; Toronto: 1971), p. 346, and in G. Robertson, "The Changing Roles of the Privy Council Office," Canadian Public Administration, Vol. 14, No. 4 (Winter, 1971), p. 498.

³These three individuals also formed the nucleus of another relatively unknown screening agency, the Ad Hoc Steering Committee of Senior Officials on the Public Service. Since 1970, additional members have apparently been added to the Committee including one or two deputy ministers who normally serve for one year terms and a very senior French Canadian public servant. It is not clear whether the recent appointment of the latter member is to be a permanent feature of the Committee membership or merely a temporary measure to offset the fact that the core group contains no French-Canadians. It is the role of this Committee to screen all prospective appointments to senior public service posts and to advise the Prime Minister of the suitability and performance of specific individuals. This Committee acts as the secretarial and advisory body to the Cabinet Committee on the Public Service. See M. Hicks, "The Treasury Board of Canada and Its Clients" Five Years of Change and Administrative Reform," Canadian Public Administration, Vol. 16, No. 2 (Summer, 1973) p. 197. For an account of the role of the P.M.O. in this order-in-council appointment process see M. Lalonde, "The Changing Role of the Prime Minister's Office," Canadian Public Administration, Vol. 14, No. 4 (Winter, 1971), pp. 527-28.

⁴The draft of the Report considered by the Steering Committee stated that many of the ideas for putting the operating Administrations on a more business-like basis were extensions of Glassco recommendations.

⁵Cf. pp. 124-25.

⁶For an account of the accepted procedures in these areas see R. H. Dowdell, "Personnel Administration in the Federal Public Service," in Public Administration in Canada: Selected Readings, ed. by W.D.K. Kernaghan and A. M. Willms (2nd ed.; Toronto: 1971), pp. 276-304.

⁷E.g. with respect to the question of different structural models for different Administrations, the Steering Committee seemed satisfied to

merely raise the issue, discuss it, and then drop the subject at least until after the Ministry System was approved in principle by Cabinet.

⁸ Clearly the Administrations by following the user-charge principle would not be 'taxing' the user, but rather charging him up to the level of the cost of the service provided. The problem was that the Government had no policy on the distinction between user-charge and general taxation, therefore it was open to the charge that the Administrations would be 'taxing' the user without the authority of the Governor-in-Council.

⁹ Although the Task Force Report continued to refer to the possibility of Crown corporation representation on the Administration Advisory Boards, this idea received no further attention and was never implemented. Neither the Senior Officials nor the Cabinet Committee on Priorities and Planning appeared anxious to entertain the idea of any alteration in the formal relationships between the major Crown corporations (Air Canada and the C.N.R.) and the Minister of Transport.

¹⁰ This issue is discussed fully in the context of the implementation of the proposed Marine Administration. See pp. 250-60.

¹¹ The final draft of the Task Force Report was not prepared until the reaction of Cabinet to the recommendations was known. See the preceding chapter for a review of the Final Report.

¹² The Minister and Deputy Minister apparently discussed questions which the Senior Officials had raised about the nature of appointments at the Assistant Deputy Minister and Director General levels without the presence of any advisors. Among the question discussed was the opposition of the Senior Officials to the appointment of an Associate Deputy Minister. It would appear that the Prime Minister was anxious to phase out this job title perhaps because it had been used in various departments to place a French-Canadian near the top of the departmental bureaucracy in situations where the individuals in question were never given responsibilities commensurate with the title. The number of Assistant Deputy Ministers and their distribution among the units within the Ministry Staff would also seem to have been an issue.

¹³ See Chapter Six, p. 267.

¹⁴ The use of audio-visual aids in the presentation of policy proposals to Cabinet Committees is not uncommon. These aids are discussed further in Chapter Five.

¹⁵ The regular members of the Committee at this time were the Prime Minister (Chairman), the President of Treasury Board (Vice-Chairman), the Minister for External Affairs, the Minister of Finance, the Minister of Justice, and the Secretary of State. The President of Treasury Board and the Minister of Finance are normally assisted by their most senior officials, who would include in this case the Secretary of Treasury Board (one of the members of the Ad Hoc Committee). The Secretary of the Cabinet Committee during this period was Michael Pitfield, Deputy Secretary (Plans), Privy Council Office. These senior bureaucrats, along with Gordon Robertson

(Secretary to Cabinet and Chairman of the Ad Hoc Committee of Senior Officials) and A. W. Johnson (then A.D.M., Finance) were the main supporters within the Central Agencies of Prime Minister Trudeau's on-going efforts to improve the policy-making process within the federal bureaucracy. See G. B. Doern, "The Development of Policy Organizations in the Executive Arena," in The Structures of Policy-Making in Canada, ed. by G. B. Doern and P. Aucoin (Toronto, 1971), and M. Hicks, op. cit., p. 187.

¹⁶ The Committee seemed inclined to view the Secretary of State's portfolio as a form of Ministry. See H. Laframboise, "Portfolio Structure and the Ministry System: A Model for the Canadian Federal Service," Optimum, Vol. 1, No. 1 (Winter, 1970), pp. 29-46. See also D. R. Yeomans, "Decentralization of Authority," Canadian Public Administration, Vol. 12, No. 1 (Spring, 1969), p. 18.

¹⁷ All of the members of the Task Force, with the exception of the academic 'outsider', continued to advise the Deputy Minister and assist him in the preparation of the necessary documentation. The most prominent advisors were the two co-chairmen of the Task Force.

¹⁸ The communications and implementation of the accepted reform proposals are analyzed in detail in the following two chapters.

¹⁹ The Ministry Objective was expanded to read: "to ensure that national transportation policy influences and responds to the objectives and programs of the public and private sectors." This change may have been recommended at the Cabinet Committee meeting of December 12, as it was included in the final revision of the Task Force Report.

²⁰ A great deal of land owned by the federal government is controlled by the Minister of Transport, and his cooperation with the proposed property management approach would be essential to its success.

²¹ The wharves referred to were at that time controlled by Transport or Public Works. The Deputy Minister also indicated that certain wharves then in Transport or Public Works should also be transferred to the Department of Fisheries. The idea, further developed in the new Ports Policy submission to Cabinet, was that the criterion for control of such facilities should be their function.

²² A good basic discussion of rate-setting (establishing fees to be charged for services provided by the Government) and vote-netting (the deduction of certain revenues from the gross amount of an expenditure vote in the Estimates) is found in The Royal Commission on Government Organization Report, Vol. 1 (Ottawa: 1962), pp. 165-168.

²³ The Senior Officials apparently suggested that the Administrations should have more freedom of delegated authority in this question than the Deputy Minister or Task Force was prepared to request. It may have been proposed at this time that there be a certain category of rate-setting powers which the Administrations could exercise by merely informing the Minister one month in advance. It may also have been suggested that there be a category

of rate-setting powers which the Minister could exercise without reporting to Treasury Board and the Privy Council Office.

²⁴ The Royal Commission on Government Organization Report, Vol. 1 (Ottawa: 1962), p. 101.

²⁵ A cash accounting system balances actual collected cash revenues against actual dispersed cash expenditures while an accrual accounting system includes outstanding as well as cash items on the revenue and expenditure sides - the transactions during a certain period. See Royal Commission on Government Organization Report, Vol. 1 (Ottawa: 1962), pp. 173-74.

²⁶ A revolving fund is a means of providing cash to finance a cycle of operations. Initially the fund is established through a cash appropriation, a non-budgetary transaction. The amounts expended from the funds are restored thereto, either by earnings from operations or by transfers from other funds, so that the original capital from the fund is kept intact. Ibid., p. 220.

²⁷ For a clear discussion of the "normal" relationship between Treasury Board and federal departments, see H. R. Balls, "Financial Administration in Canada," in Public Administration in Canada: Selected Readings, ed. by W. D. K. Kernaghan and A. M. Williams (2nd ed.; Toronto: 1971), pp. 259-65; and A. W. Johnson, "Management Theory and Cabinet Government," Canadian Public Administration, Vol. 15, No. 3 (Fall, 1972), pp. 418-27.

²⁸ SX 1 is the first level of the Executive Category, composed of positions the incumbents of which are responsible for the management of major organizational units or the provision of advice on the development of major policies or programs. An SX 1 would generally be a Branch Director.

²⁹ This document was later revised and enlarged to become part of the submission made to Treasury Board on February 23, 1970. See pp. 167-173.

³⁰ Prior to the meeting, the Privy Council Office also made a submission to the Ad Hoc Steering Committee on the subject of the classification of senior Ministry personnel. This was probably a result of the Prime Minister's particular interest in assuring that the Associate Deputy Minister classification be discontinued.

³¹ Presumably, a report from the Minister would also provide the Prime Minister with an opportunity to ascertain that his Cabinet colleague perceived the results of the Steering Committee meeting in precisely the same light as the Chairman of the Steering Committee who would probably report to the Prime Minister independently.

³² The impact of the discovery of oil and gas reserves in the North on transportation planning and policy is carefully explored in E. Dozeman, "Transportation Policy in the North: Organizational Goals and Policy Environment" (a paper delivered to the Conference on Canadian National Transport Policy, York University, May, 1972).

³³The National Transportation Act (R.S.C. 1970-71, C.N-17). It appeared to be the view of the Minister and his advisors that, to date, the C.T.C. had not exercised its policy research role to the full extent set down in the Act. See the discussion of the C.T.C.'s potential authority in this policy advisory area in Chapter Two.

³⁴The issue of the legislative needs of the reorganization is discussed in detail in Chapter Six.

³⁵The problems of this particular Administration were complicated by the recent submission to Cabinet (February 4, 1970) by the Minister of Transport of a policy memorandum advocating the reorganization of the federal control over ports, which would have altered the status of the National Harbours Board. See pp. 255-60.

³⁶The manner in which the reorganization was communicated to the House of Commons is examined in Chapter Five.

³⁷See pp. 151-52. Apparently, the Senior Officials - and particularly the Chairman of the Steering Committee - had provided useful detailed comments on the draft of the document.

³⁸A full account of the appointment and work of this Team can be found in Chapter Six.

³⁹Details regarding the availability for secondment from industry and the universities of a few individuals to serve for a two to three year period in the Ministry were also discussed with the Ad Hoc Steering Committee. The 12 senior posts to be filled included the following: Associate Deputy Minister; Senior Ministry Executive (S.M.E.) - Public Affairs; S.M.E. - Policy, Planning and Coordination; S.M.E. - Finance; S.M.E. - Personnel, Organization and Management Review; Ministry Legal Counsel; Administrator - Canadian Air Transportation Administration; Administrator - Canadian Marine Transportation Administration; Administrator - Canadian Surface Transportation Administration; Administrator - Arctic Transportation Administration; Administrator - Transportation Development Agency; Administrator - Canadian Meteorological Service.

⁴⁰See footnote 12.

⁴¹See footnote 50.

⁴²An establishment submission is a list of authorized staff positions making up the organizational unit in question. See The Royal Commission on Government Organization Report, Vol. 1 (Ottawa: 1962), p. 145. For an overview of the Treasury Board role with respect to departmental organization see A. W. Johnson, op. cit., pp. 77-78.

⁴³This submission is mentioned on p. 160.

⁴⁴The submission contained the job descriptions for the senior management positions revised on the basis of those presented to the Ad Hoc Steering Committee in January. However, for the most part, the submission was devoted to the basic plan of organization for the Ministry and its major

components, with particular reference to the Ministry Staff.

⁴⁵ Classification of the senior executive positions would involve a separate action on the part of Treasury Board which could only proceed on the basis of the Board's acceptance of the basic plan of organization.

⁴⁶ The idea was that the new senior executives would assist the Implementation Team with the successive phases of the implementation.

⁴⁷ One of the arguments used to induce Treasury Board to act swiftly on the preliminary authorization for 12 appointments was that it would allow the Ministry to begin operations, at least at the upper level, at the beginning of the 1970-71 fiscal year.

⁴⁸ Specifically with respect to planning and policy formulation, the submission mentioned, for the first time, the intention to organize the Ministry Staff policy planning unit around project teams. These teams representing a variety of skills and disciplines, would be responsible for assembling, researching and analyzing material relevant to the formulation of transportation policies and the solution to key transportation problems, and for preparing decisions on such matters in advance and on a planned basis.

⁴⁹ The problem of clearly defining the policy planning responsibilities of the Administrations and the planning unit within the Ministry Staff was never really solved so that the issue remains a divisive one to this day. See Chapter 7.

⁵⁰ The Deputy Minister was invited to discuss the immediate staff requirements with the Deputy Secretary for Personnel Policy, Treasury Board. The public announcement of the new appointments was made on May 1, by which time the classification issues had been resolved with respect to all appointments except the Administrator, Arctic Transportation Administration. The senior financial officer was upgraded to the Assistant Deputy Minister level; the Senior Ministry Executive - Public Affairs became instead the Director - Public Affairs; and the designation Associate Deputy Minister was dropped in favour of Senior Assistant Deputy Minister. The appointments were made in close consultation with the Public Service Commission and the Prime Minister's Office.

⁵¹ See pp. 137-146 and pp. 151-61.

⁵² See pp. 148-50.

⁵³ It was also suggested at this time that in several years it might be expedient to revise the Department of Transport Act (R.S.C. 1969-70, c.79) and other relevant statutes to create a proper legislative foundation for the Ministry System as it would have evolved at that time. In fact, as we shall see, the question of changes in the D.O.T. Act was to arise sooner than expected, due, to some extent, to the confusion which arose with respect to the proper title of the Transport portfolio. See pp. 261-266.

⁵⁴ National Harbours Board Act (R.S.C. 1969-70, c.187).

⁵⁵ This appointment was among those approved by Treasury Board and announced on May 1. See p. 214.

⁵⁶ It would appear that the Transport officials over-reacted to Central Agency inquiries on this subject. This appointment process was rejected by the Cabinet Committee on the Public Service and the appointment power remained the prerogative of the Minister and his advisors.

⁵⁷ See G. B. Doern, "The Role of Central Advisory Councils: The Science Council of Canada," in The Structures of Policy-Making in Canada, ed. by G. B. Doern and P. Aucoin (Toronto: 1971) pp. 246-66; G. B. Doern, Science and Politics in Canada (Montreal: 1972), for a detailed discussion of the science policy question.

⁵⁸ The Council gave as examples of possible major programs, the STOL aircraft and the development of mass ground transportation for urban areas.

⁵⁹ E.g. See Chapter Seven for a discussion of the creation of the advisory bodies for the Transportation Development Agency.

⁶⁰ There was some concern on the part of the Ministry Executive that the Central Agencies, particularly Treasury Board and the Privy Council Office, might take an overly formalistic approach to the establishment of the Agency; it was hoped that the transfer of personnel funds and functions from the C.T.C. to the Agency could be carried out without any changes in legislation or use of The Public Service Rearrangement and Transfer of Duties Act

⁶¹ See, pp. 155-56.

⁶² 'Cost' was to include depreciation charges for invested capital, general overhead (including Administration and Headquarters) and payments made to the Transportation Development Agency by the Administrations for project development and subsidy disbursements.

⁶³ The Cabinet Committee on the Public Service has three main functions. (a) to coordinate all changes in the structures of the public service under the framework of the annual Government Reorganization Bill. (b) to oversee the implementation of any reorganization in the public service. (c) to recommend senior personnel appointments and changes to the Prime Minister.

The Committee meets about five times each year and is apparently always chaired by the Prime Minister. The Ad Hoc Committees of Senior Officials provide the support staff for the Committee and the Senior Officials act as ex officio members of the Committee.

⁶⁴ This decision was confirmed by Cabinet at the end of April, 1970.

⁶⁵ These three issues are discussed in detail in Chapter Six.

CHAPTER FIVE

INTERNAL AND EXTERNAL COMMUNICATION OF THE REORGANIZATION PROPOSALS

Introduction

Walter Baker notes in his short account of the reorganization of the Department of Public Works that "spanning every step in the process of organizational renewal is the vital need to seek an organizational climate that will support change, rather than obstruct it".¹ This is generally one of the most frequently botched-up aspects of a reorganization. A great deal of effort is exerted in formulating the ideas and models for an administrative reform and "selling" them to the appropriate authorities; and then an attempt is made to implement the reforms without first preparing a proper climate through a comprehensive program of communications both within the confines of the bureaucratic unit in question and throughout the wider world of its clientele groups, political overseers and the general public.²

Communications was not one of the strong aspects of this reorganization attempt. Describing the recent restructuring of the Ontario Government, James Fleck (a member of the Transport Task Force) insists that "we were determined to keep the public service both informed and involved".³ He goes on to argue that participation in the study and decision process by those affected by the changes being contemplated increased the likelihood of effective implementation. In the Transport reorganization, the study and decision process were kept virtually secret. Moreover, as I shall argue in this chapter, participation by affected officials and employees during the implementation stage was not particularly well handled. Finally, the commu-

nication of the reorganization proposals to "outsiders", including the transport industry and the clientele groups, although much discussed during the study period, never materialized as a coherent identifiable program. While no attempt was made during the course of my research to measure quantitatively the impact - or lack of impact - of this overall communications effort, I gained the distinct impression that the full scope or importance of the reorganization was not widely appreciated either below the Director level within the Ministry Staff or outside of the most senior levels of the Central Agencies. On the whole, except with respect to the Central Agencies, the Cabinet and its Committees, the attempts to communicate the nature and significance of the reorganization of the portfolio did little to facilitate the implementation process.

Communications Prior to Cabinet Approval of the New Organization

Throughout the Spring and early Summer of 1969, both the Task Force members and the Deputy Minister occasionally made reference to the possibility that some sort of plans for communicating and implementing the recommendations of the Task Force would be required. During the early period of the study, when the emphasis had been on objectives, the inclination was to think more in terms of the problems of communicating the Task Force's conclusions to the large numbers of widely-dispersed employees of the Department, the transportation industry, the university community and the general public. The Task Force was asked to prepare final documents for three different categories of readers, and it was also expected to play a major role in communicating its thoughts and conclusions to individuals and groups both inside and outside the Department.⁴ At one point it was anticipated that there should be three one-day sessions for various levels of managements from Head-

quarters and the field to review in detail the Task Force's arguments and recommendations. As noted previously, plans were developed in some detail to bring the Task Force members together with a select group of 'outsiders' from the transport industry and the universities for the dual purpose of informing them of the direction of the Task Force thinking and generating critical comments which might be useful in preparing a final Task Force Report on the primary objectives of the Department.⁵

Although in terms of wider communication, a successful attempt was made to keep the work of the Task Force secret until the Minister decided to publish the Report, a limited amount of background and preliminary information was made available at this early stage.⁶ In replying to a Parliamentary Question by Mr. Skoberg) concerning the activities of the Task Force, the Minister admitted that a Task Force had been established to conduct "an analysis of government involvement in the transportation field for the purposes of establishing the Department's roles vis-à-vis those of other departments and agencies engaged in various aspects of the transportation function".⁷ The Minister also divulged the names of the Task Force members, indicating that their work would be finished by the coming Fall and that it was "intended" that a report would be published. This scanty information was supplemented by a story in The Financial Post based on discussions with "a senior Transport official" which outlined the purpose and direction of the Task Force activities in some detail.⁸ The press story clearly indicated that the final Report would probably deal with such issues as the user-charge principle, the division of regulatory and planning powers between the Canadian Transport Commission and the Department, and the possibility of creating project management teams for large undertakings like the construction of the new Montreal airport at St. Scholastique.

By the end of June, however, very little attention had been paid to the actual logistics of communicating the results of the Task Force investigation when they appeared, and even less consideration had been given to the implementation process. At this time, it was still the opinion of the Deputy Minister and the Task Force officials that any organizational or personnel changes demanded by the recommendations on proper roles and objectives could be carried out in a fairly short time (three to four months) by the Department. However, the direction taken by the Task Force study during August and the qualified support of the Minister and the Deputy Minister, at the end of August, for organizational engineering on an extensive scale with the portfolio, brought the questions of communication and implementation into much sharper focus.

Journalistic accounts (mostly inspired by intentional Ministerial "leaks" in speeches) during August and September of recent developments around the Department of Transport reflected the changing emphasis of the Task Force study. One article stated that the findings of the Task Force "will likely touch off an administrative overhaul within the department itself".⁹ Another article, in the Globe and Mail, clearly outlined the emphasis which was being laid by the Task Force on decentralization. Referring to Jamieson, the new Minister, the article stated:

He favours practical decentralization of the many operations of his department and wants manageable units he can put his finger on. "I want to be able to pin down their successes and their inefficiencies so that they can't blame them on head office..."

He is trying to decentralize. There is, he insists..., a happy medium between responsive local autonomy and practical integration and control. Among the ideas being studied is the feasibility of setting up commissions to run airports, or even to make some of them Crown corporations.¹⁰

An interesting insight was also given into the Minister's relationship with

the Task Force:

Within the past month alone he has spent the best part of four full days in think-tank sessions with a task force formed to devise objectives for the department.¹¹

It is noteworthy that journalistic reports during this period provided clearer indications of the direction in which the Task Force investigation was proceeding than were generally available to most D.O.T. officials. Even more information was provided by newspapers on substantive policy issues with which the Task Force was concerned.

In addition² to preparing the final drafts of its Report and the Cabinet Memorandum, the Task Force devoted a considerable amount of time after the beginning of September to laying the foundations for both a large-scale implementation process and an extensive program of internal and external communication. This aspect of the Task Force's work became less intense and less visible during the hectic period preceding the submissions to the Ad Hoc Steering Committee and the Cabinet Committee on Priorities and Planning (during November and early December).¹² However, after the reorganization had been accepted in principle by Cabinet, the remaining members of the Task Force were increasingly active with respect to communication and implementation until their role was taken over in February, 1970, by a special Implementation Team established by the Deputy Minister. While this Group took over the communications function as well, by this time it was only exercised internally, within the portfolio.

The Task Force's Initial Recommendations on Communications

In the course of redrafting its first set of organizational plans for the Transport portfolio, towards the end of September, the Task Force made its initial recommendations on the subjects of the implementation and

communication of its final Report.¹³ With respect to communications, the Task Force members did not discount the possibility that resistance to the proposed reorganization would be encountered. In some instances, they granted, the resistance would probably be well-founded as the sponsors of the changes were shown to be overly optimistic. In others, the resistance would arise from an unduly pessimistic view of what could be accomplished or a conservative view that equated long-standing bureaucratic arrangements or practices with the "natural law". In the eyes of the Task Force members, such "behavioural problems" could seriously jeopardize the benefits involved in such a large-scale change of concept and organization unless they were dealt with quickly.

On the basis of these arguments, the Task Force introduced the subject of internal communications. If the need to condition employees not only to accept the reorganization but to be enthusiastic about the attainment of the benefits flowing from it was recognized, then it was recommended that serious thought be given to what they communicate to them and how to communicate it. Some importance was attached to distinguishing between different levels of employees. It was suggested that the same reasons that motivated the more senior people in the Ministry would have to be stated in "more meaningful ways" in order to reach other audiences within the portfolio which tended to relate primarily to their own area of involvement or interest. In addition, three specific techniques of internal communication were mentioned briefly. The idea of combining personal appearances (mainly by the Minister and Deputy Minister) and videotape programs with the attainment of significant milestones in the approval and implementation process was raised. Finally, it was pointed out that the feedback of information from employees could also be viewed as a means of identifying and correcting problem areas

before they are held up as symbols of inefficiency thus jeopardizing the acceptability of the entire process.

At this point, no specific means of implementing these communication techniques were put forward. However, the Task Force did draw up a point-form draft plan for the approval, implementation and communication of the new Ministry System which at least served to clarify the order in which the various tasks were to be carried out. The draft plan included eleven steps directly related to the communication and implementation processes:

1. Finalize arrangements for symposium to include persons interested in transportation from industry, university, etc.
2. Tentative identification of heads of administrations and agencies.
3. Confidential discussions with key executives in the Ministry (not necessarily simultaneous, but at least concurrent).
4. Confidential discussions with key managers (40 Directors) in D.O.T.
5. Finalize Task Force Report(s).
6. Symposium for 'Outsiders'. Inform all employees (letter, video-tape).
7. Prepare and publish White Paper for Parliament.
8. Appoint administration and agency heads (only) - (Problem of disappointed candidates).
9. Abolish "Task Force on Objectives".
10. Assign responsibility(s) for development of strategic plan(s).
11. Approve strategic plan(s) and delegate authority to agency heads.

Over the next 2½ months, until the approval in principle by Cabinet in mid-December, most of the Task Force's efforts were bent towards the immediate demands of completing the Report and the Cabinet Memorandum. Nevertheless, some further thought was given to the problem of communication both

by the Task Force and the senior officials of the Personnel Branch in the latter half of November. The intention was to plan a sequence of announcements to the Ministry conglomerate and the transportation industry. A tentative plan was suggested which to some extent fleshed out the communication steps contained in the earlier draft plan. Three general principles were stressed:

(a) the importance of the visibility and, wherever possible, presence of the Ministry Executive.

(b) dissemination of information from the top down, preferably involving each level with communication to the next lower level.¹⁴

(c) Communication employing briefings, video-tape and a letter to employees at the appropriate time.

It was considered necessary to divide the communications into three phases. In the first phase, prior to the formal approval by Cabinet and the subsequent public announcement, communications in the form of private discussions with the Minister and Deputy Minister, would focus on the chief executives of the CNR, Air Canada, C.T.C., National Harbours Board, and the St. Lawrence Seaway Authority.¹⁵ In addition, during this phase, the communications process would be extended to include managers at the D.O.T., C.T.C., National Harbours Board and St. Lawrence Seaway Authority. This would involve confidential briefings by the Minister and Deputy Minister, followed immediately by meetings between Assistant Deputy Ministers (or Vice-Presidents) and their Directors regarding implementation problems and the method of communication to the next level. It was suggested that the Task Force be represented at such meetings. Finally, in preference to the symposium with "outsiders" which had been postponed, it was recommended that key executives from industry be invited to have informal discussions with

the Minister and Deputy Minister.

The second communication phase centred around the sequence of events timed to accompany the formal announcement of the reorganization plans. No detailed communication process was presented at this point but the major events would be: the tabling of a White Paper; a letter to all Ministry employees; a video-tape by the Minister and Deputy Minister to be used in the regions to announce changes, give reassurance and promise detailed briefings for managers as soon as possible; an announcement of the appointment of senior administrators; and an announcement of the appointment of an implementation team. The third and final phase concerned events following the formal announcement. It was to involve briefings to Chief and Regional Controller level (and Headquarters counterparts), staff assistance in communicating for Directors and Regional Directors, and a briefing and exposition for industry and the universities. It is evident from an examination of these plans that the importance of discussing the objectives and reorganization with interested and knowledgeable 'outsiders' before seeking approval for the proposals had been significantly downgraded since the beginning of September. In fact, according to this plan, academic 'outsiders' were to be relegated to a briefing at the very end of the communication process, when their comments or criticisms would stand little chance of being assimilated into the implementation process.¹⁶

The First Phase - Internal Communication and the Senior Managers

After the formal presentation of the Task Force's recommendations to the Cabinet Committee on Priorities and Planning on December 12, 1969, the communication process began in earnest.¹⁷ In fact, it would appear that the decision to go ahead with a major presentation by the Minister of Transport

to senior Ministry executives on December 17 was made at a rather convivial gathering of senior officials and Task Force members in the Minister's Office after the successful Cabinet Committee presentation. There seems to have been a strong feeling that the key to successful implementation of the Task Force recommendations would be to offer a 'challenge' to the senior officials within the portfolio whose cooperation would be crucial. One Task Force member argued that a properly based motivational program would be an essential part of the overall implementation program.¹⁸

The 'challenge' theme dominated the Minister's address to the Ministry executives. The briefing was attended by about 80 senior officials from throughout the Ministry and was conducted in the style of a press conference. The Deputy Minister spoke briefly, and he was followed by the Minister who spoke for almost an hour before questions were invited from the officials. The Minister's speech was entitled "Future Planning for the Ministry of Transport" and the Minister wasted no time in establishing a corporate tone, telling the officials that he had brought them together to give them a progress report on the way the Ministry is moving because they were "key members of the transportation family". After briefly outlining the events since the previous winter, the Minister reviewed the presentation which he had made to the Cabinet Committee five days earlier.¹⁹ In fact, he used the same visual aids which had proved so effective before the Committee but he deleted all references to the Cabinet Memorandum (referring instead to the Task Force Report) and also deleted any mention of Crown corporations and the Northern Transportation Company Limited. It would appear, then, that the senior Ministry officials were not informed at this time of the intention to bring certain Crown corporations more closely under the control of the Minister.

The address continued with the Minister's attempt to outline the likely course of events over the next few months. He indicated that the intention was to delay public announcement of the reorganization until the detailed implementation plan was reviewed by the Cabinet Committee on the Public Service.²⁰ At that time, the Task Force Report would be distributed and all levels of management would be briefed, but the officials present were requested to treat the information which the Minister had provided "in the strictest confidence". The Minister concluded on the "challenge" theme. He indicated that the senior managers would begin to come into the picture early in the New Year as implementation would fall into their hands. Some managers would become members of the Ministry Staff, with new roles as Ministry planners and policy-makers, others would be attached to Administrations with significant autonomy and accountability. The Minister stressed that a responsive, financially viable and creative organization could only be built with the wholehearted support of senior management. He called for "commitment" as a "team" to build the new organization and ended by placing the "challenge" of fulfilling the Task Force's plans in the hands of the managers.

This address by the Minister was the key event of the first phase of the communication process. During this period, which extended until the end of the year, the Task Force recommendations on internal and external communications were followed in part. By Christmas, 1969, the Task Force Report was being circulated through the Department on a restricted basis. At this stage, access to the document was confined to the Director level. However, the Minister and Deputy Minister appear to have delayed the round of private discussions with the chief executives of the affected Crown corporations and the C.T.C. Moreover, no concentrated effort was made, at this time, to carry out informal meetings with transport industry executives as the Task Force had recommended.

The Second Phase - Informing the House of Commons and the Public

During the first phase the communication of the Task Force's recommendations inside the portfolio was tightly controlled, and officially sanctioned external communication apparently was negligible. However, a good deal of information was made available to the general public through the reporting of John Walker of Southam News Services. In an article which appeared in several Canadian newspapers on December 30, Walker outlined the fundamental features of the reorganization which had been accepted by the Minister and approved by Cabinet.²¹ The article indicated correctly that it would "probably take many months to phase-in the proposed new set-up". In another intriguing attempt at plotting the future, Walker speculated that "the features of the 'Ministry' type of organization may hold guidelines for other departments as the Trudeau administration attempts to streamline the government bureaucracy for the automated Seventies".²²

Following the guidelines set down by the Task Force, a more comprehensive program of external communications was scheduled for the "second phase" of the communications process.²³ In anticipation of the successful submission of a detailed implementation plan to the Cabinet Committee on the Public Service at the end of January, the remaining Task Force members began early in the New Year to prepare a document to be tabled in the House of Commons by the Minister of Transport.²⁴ As noted, the document was reviewed by the Deputy Minister, the Minister, the Ad Hoc Committee of Senior Officials and the Cabinet Committee on Priorities and Planning.²⁵ The Minister's statement was an adaption of the original Memorandum to Cabinet from the Minister and it is interesting to note what sort of alterations were made in order to "sanitize" the document for the House of Commons.²⁶

On the whole, the changes were of a very minor nature and for the

most part reflected little hesitancy about placing vital information in front of the House. To reduce misunderstandings about the place of C.N.R. and Air Canada in the new Ministry System, emphasis was added to a statement stressing their continued independence as operating units. In the section devoted to financial operations, the importance which had been attached to cost-recovery and the principles of user and beneficiary charge was significantly qualified. It was stated that "to the extent practical, the costs of transportation services should be borne by the users or other beneficiaries of these services". The prospective role of the Arctic Transportation Administration was also described in such a way as to stress its primary responsibility for coordination and planning rather than operations. This alteration reflected the changing thinking of Transport officials and was not made in order to avoid discussing the difficulties associated with the Administration assuming an operational role.²⁷ Surprisingly, the Minister's statement appeared to de-emphasize, to some extent, the need for the prospective Administration to respond to the Department of Indian Affairs and Northern Development, despite the importance attached to this responsiveness by the Cabinet Committee on Priorities and Planning.²⁸ On the other hand, the statement seemed to imply that a great deal of attention would be devoted to ensuring that the Administrations, particularly through their Advisory Boards, would be responsive directly to local and regional interests.²⁹ While inter-departmental and upward (to the Cabinet) responsiveness had been a constant feature of the reorganization "philosophy", very little emphasis had been placed on responsiveness in a downward direction directly to the communities and interests served by the agencies within the portfolio.

In addition to changes in emphasis, information contained in the Task Force Report and presented to Cabinet was omitted from the Minister's

statement. In some cases the information was relatively unimportant. For instance, details of the proposed budgetary arrangements for the Transportation Development Agency were not included in the statement. In other cases, the deletions involved references to questions which were presently or had recently been before Cabinet. However, there were three occasions in which the statement was apparently sanitized to reduce the risk that questions would be raised, at this point, particularly in the House of Commons, which might cast some doubt on the direction in which the reorganization was carrying the portfolio, or which would demand answers to questions which were still being negotiated with other governmental agencies. First, the section on the proposed Marine Administration was compressed to exclude information which might suggest that the integration of the Administration would not be a straightforward task. The National Harbours Board and the St. Lawrence Seaway Authority were not mentioned, nor were the implications of the Administration's proposed role for the Department of Public Works. The latter issue had not been cleared with the Department. Second, the reference to the need for a more comprehensive study of the whole technical regulatory function was dropped perhaps to forestall the possibility of adverse reaction from the C.T.C. and to reduce the risk that the whole question of the National Transportation Act would be raised at a time when the Government had no desire to entertain the possibility of its amendment or replacement. Finally, the issues of vote-netting and delegation of power for rate-setting were passed over in the Minister's statement. Both of these issues raised important questions about the ability of Treasury Board and Parliament to control the expenditures and the pricing policies of particular Government agencies.³⁰ Undoubtedly, the Minister and the Cabinet were not anxious to have these questions raised in the House at a time when the Government had not yet worked

out a general policy to deal with either of them. On the whole, then, while the House and the Standing Committee were provided with the essential information required to fully understand the new objectives and the Ministry System as it would apply to the Transport portfolio, both bodies were insulated from certain data or suggestions which cast doubt on the viability of specific aspects of the reorganization or implied the need to consider the reorganization proposals in terms of broader issues.

In pursuing more deeply the question of how the reorganization proposals were communicated to the House of Commons, the decision not to table the Task Force Report assumes some importance. The Report, complemented by a statement concerning those proposals which had proved acceptable to the Cabinet, would have provided an extremely clear picture of the work of the Task Force and the prospective reorganization. There had been a request in the House for the tabling of the Report, and by the time the Minister's statement was made available, considerable pressure from the House, the transportation industry and informed members of the public had built up for the release of detailed information.³¹ Apparently, the Minister was not opposed to the release of the Report, but he had no strong opinions on the matter and allowed himself to be guided by the general view of the Government with respect to the tabling of Task Force documents. Pending the solution of this broader problem, which apparently was being debated at this time within Cabinet, the Minister recommended to the Prime Minister that he be allowed to table his statement and explain the problem and the philosophy of the proposals at greater length to the House Standing Committee on Transport and Communications. For the latter explanation, the Minister suggested that he might use a modified version of the visual presentation which he had made to the Cabinet Committee on Priorities and Planning, presenting a case for

the most open form of communication with the House, the Minister apparently made it clear that he attached great importance to the need to consult with the House in this matter despite the fact that Parliament did not have ultimate authority with respect to governmental organization except in the case of major reorganizations involving the creation of new departments.³² Although organization remained the responsibility of the Prime Minister, it seems to have been the Minister's view that to inform the House thoroughly on this occasion would serve to underline the importance which the Government attached to consultations with Parliament and would go some distance towards meeting some of the criticism which had been levelled by the Opposition with regard to the relationship between the Government and Parliament generally.³³

After the examination of Minister's statement by the Cabinet Committee on Priorities and Planning and its approval by Cabinet on February 10, 1970, the Minister was in a position to proceed with the formal announcement of the reorganization and the new objectives. To complement the approved statement, a modified form of the visual presentation used before the Priorities and Planning Committee on December 12, 1969, had been prepared under the direction of the Deputy Minister. In this case, the modifications involved the rejection of three slides which were either too complex or too "cartoonish", and the deletion from the Minister's briefing notes of a specific reference to a Cabinet document. No attempt was made to play down the implications of the reorganization for the Crown corporations within the portfolio. To the briefing notes for the Minister, which accompanied the slides, were added a new summary and conclusion. These additions attempted to drive home the demands which the Minister argued would be "satisfied by the adoption of new objectives, particularly the objective of recoverable financing, and the Ministry System. These demands were clearly stated:

(1) an organization which will keep pace with and contribute to the technological, social and economic change which is sweeping the world

(2) the closer involvement of the Minister in the policy and planning of activities within his portfolio

(3) an organization which can respond quickly and effectively to the needs of all Canadians

(4) an organization which is economically viable in the face of very expensive new technology which is causing expenditures to skyrocket. This combined need for innovation, responsiveness and effectiveness in the context of an economically viable organization closely meshing the political and bureaucratic systems remained a constant theme of the period of formal announcement.

The various events making up this announcement phase were packed into 6 days between February 12th and 17th, 1970. On the afternoon of February 12, the Minister held a discussion of the slide presentation followed by a session with senior officials on the proposed program of internal communication and the taping of a video-tape presentation to be used in conjunction with the slide presentation for internal communication. That evening the Minister used the slide presentation as part of a confidential briefing for senior managers from the CNR and Air Canada. On the evening of February 16, the slide presentation was again used as the backbone of a briefing at an extraordinary meeting of the House Standing Committee on Transportation and Communication. The meeting, called by the Chairman of the Committee on the suggestion of the Minister, was not an official meeting and therefore it was held in camera and was not recorded. In fact, the Minister merely used the Committee meeting as a forum for the kind of informal free-wheeling presentation and discussion of the new objectives and the reorganization

proposals which he would not be able to enter into when his statement was tabled in the House. This was the sort of forum which the Minister enjoyed, and to extend its value as a communications device, all the Members of Parliament were invited to attend this briefing session. A presentation by the Minister during the detailed consideration of the Department's estimates by the Committee would not have served the Minister's purpose as well, and, in any case, timing considerations were such that it was impossible to bring the two events together and still allow the Minister to communicate in some form with the M.P.'s before releasing the information on the approved Task Force recommendation to the press.

In fact, a press conference in the amphitheatre of the National Press Centre on Wellington Street was the next item on the agenda of engagements comprising the formal announcement phase. The conference, held on the morning of February 17, shortly before the Minister tabled his statement in the House of Commons, again featured the slide presentation.³⁴ The press release provided at the Conference actually consisted of a kit containing the Minister's statement, a set of "visuals" (paper prints of the slide presentation), and a press release to accompany the "visuals". The press release provided an extremely simplified version of the briefing notes used by the Minister to discuss each slide in the presentation, and appear to have been designed to provide the correspondents with short digestible capsules of information which might make attractive copy. Apparently, certain members of the press were given extra background data by the Information Service officials. For instance, a Swedish Embassy Fact Sheets of Sweden release from April, 1969, which discussed the adoption of cost-recovery as a principle of Swedish transport policy was handed out to some reporters as a "backgrounder" for comparison purpose.³⁵

The same afternoon, February 17, the Minister tabled his statement "on the changes to be made in the role and structure of the federal transport portfolio" in the House of Commons.³⁶ By its very nature, the tabling of the statement did not provide an occasion for debate on the nature of content of the new objectives and structures. But, ironically enough, in view of the Minister's expressed concern that Parliament should be informed as thoroughly as the Prime Minister and Cabinet would permit, the Minister's action led to an exchange between himself and Mr. Horner (MP Crowfoot) on the very issue of Parliament's access to information.³⁷ Mr. Horner pointed out that the Minister had tabled the statement in the House after issuing a press release and explaining the changes in a television interview. He argued that

the House ought to be made aware of the devious manner in which the government is destroying the worth of Parliament. For the Minister to make a statement outside the House about a vital matter before informing the elected representatives of the people is, I submit, wrong in principle... The government by acting in this way is slowly eroding and destroying the very principles upon which our parliamentary democracy is founded.³⁸

In attempting to deal with Mr. Horner's efforts to raise this matter as a question of privilege, the Speaker recognized that the issue of whether or not "honourable members of the House have the right to receive information from ministers prior to statements being made outside the House" was a vital one which had been raised often in the preceding "two or three years", but he declined to conclude that matter should be put to the House as a question of privilege.³⁹ When the Minister was permitted to rise on a new question of privilege, he used the opportunity to put on record that "out of respect for this House and out of respect for the principle which the honourable member for Crowfoot raised", he had the night before invited "the members of the Standing Committee on Transport and Communications and any other

interested members to a full briefing on this matter before, indeed, it was released".⁴⁰ Mr. Horner retorted, again under the guise of a further question of privilege, that

the Minister did call a special committee meeting but my office was not informed of the time. A committee meeting called in such an informal manner should⁴¹ not and cannot supplant the House of Commons.

Again, the Speaker ruled that this was "not a question of privilege, although it may be a very legitimate grievance".⁴² Despite the fact that no formal debate was allowed, the question raised by Mr. Horner indicated clearly that the Minister had not shown undue sensitivity when he had suggested to the Prime Minister that the issue of informing the House be handled with care. While certain members of the House were offended by the timing of the press release and television appearance, apparently the Minister and his senior officials were merely responding to the demands of media deadlines. A press release made before noon stands a good chance of receiving coverage in the evening papers the same day as well as in those papers appearing the following morning. On the other hand, a release made in the afternoon receives no coverage that day and is too old to be considered newsworthy by the following evening. A similar timing constraint seems to apply with respect to early evening television news broadcasts.

The press coverage of the announced changes in the Transport portfolio was quite extensive in the late editions of the February 17th evening papers and the morning and evening papers on February 18th.⁴³ On the whole, the coverage did not pay much attention to the reorganization as such, devoting most column space to allocative and financial issues, such as the proposed user and beneficiary — pay policies which more obviously would affect the lives of the average readers.⁴⁴ However, almost without excep-

tion, the news stories, commentaries and editorials took exception to the "jargon" in which the Minister presented his new plans for the portfolio. Clyde Sanger in the Globe and Mail was puzzled by the phrase "intermodal coordination". Charles Lynch of Southam News Services went further in a column which was carried in the Ottawa Citizen, among other papers, on February 18th. He accused the Minister of falling into the hands of the technocrats, and aired the opinion that despite "jargon" such as "overview", "interface" and "vote-netting", nothing had really changed. Mr. Lynch closed on the following note:

I do not know how Mr. Jamieson, normally the most down-to-earth as well as the most eloquent of Ministers, got trapped in all this 'newspeak' unless his technocrats wanted to prove to Mr. Trudeau's technocrats that they could outdo them at their own game. Or maybe Mr. Jamieson's inter-modal computer was programmed by Marshall McLuhan.⁴⁵

Internal Communications in the Second Phase - Informing the Employees

Internal Communications as a general problem had been discussed by the Task Force and general recommendations had been made in the autumn of 1969. In addition, the Minister and Deputy Minister had made an apparently successful attempt to attract the support and enthusiasm of senior management for the reorganization. However, the prospect of a formal public announcement of the proposed changes in structure raised the issue of internal communications across the breadth of the portfolio.⁴⁶ The problem, as viewed by the Personnel Branch which was the major source of advice, was quite straightforward. The important consideration was timing; the announcement had to be made to employees to coincide with the official announcement to the House of Commons and the communications media. The aim was to ensure that employees hear first about the changes from their supervisors rather than the

press, T.V. or radio. After much deliberation, it was also decided that as well as attempting to elicit the interest of employees in the new Ministry concept the internal communication program should also endeavour to encourage their active participation. To accomplish these aims, three forms of communication were distributed:

(1) A letter from the Deputy Minister. This letter was directed to all managerial and supervisory employees in the Department and printed in both official languages. It was also to be distributed in the National Harbours Board at the discretion of the Chairman, and in the St. Lawrence Seaway Authority at the discretion of the President.⁴⁷

(2) The Statement by the Minister on the Changes to be Made in the Role and Structure of the Federal Transport Portfolio.⁴⁸ Copies of this document were made available to all managerial personnel, Directors, Division Chiefs and Regional Controllers.

(3) The Minister's "personal" letter. This letter, also in both official languages, was distributed one week after the official announcement on February 17th to about 3,000 managerial and senior supervisory personnel in the Department, the National Harbours Board and the St. Lawrence Seaway Authority.

The Deputy Minister's letter was primarily designed to provide the managerial and supervisory personnel in the Department with information. It was timed to be delivered on the day that the Minister officially announced the prospective structural alterations in the portfolio, so that this group would not be put in the position of learning about the changes through the media. Addressing the recipients as "members of our management team", the Deputy briefly reviewed the history of the Task Force and the approval process, and then outlined the proposals for the new organization. He stressed

his belief that the new structures would equip management "to keep pace with the great social and economic changes of the future". Two other points were strongly made. The Deputy insisted that the changes should not be allowed to interrupt the high level of normal activities of the Ministry. He also held out the prospect that the creation of two new Administrations, a Ministry Headquarters and a Transportation Development Agency would open up new opportunities for many employees. Finally, the Deputy indicated that both he and the Minister would be communicating with the senior employees periodically regarding various aspects of the reorganization program. He noted the availability of the statement being tabled by the Minister and promised the release of more detailed information in the form of the final Task Force Report by early March.

By contrast, the Minister's letter contained little information and seemed primarily intended to elicit response from Ministry employees. In a letter of five short paragraphs, the Minister on three occasions requested that employees participate in the restructuring of the Ministry by sending any ideas they might have on "how the Government could perform its complex and vital role in transportation more effectively" to him. The Minister attempted to draw the employees into the reorganization process by adding a rather intimate touch:

Your reply will be given my personal attention and any suggestions you advance will be carefully considered by me, together with my Deputy Minister and others who will form the senior management structure of the Ministry. It is my hope that through this process we can remove some of the sense of remoteness from headquarters that I suspect you must feel from time to time.

Except for the interviews conducted within the portfolio by the Task Force during the Spring and Summer of 1969, this was the only opportunity of any significance that individual employees, other than senior managers at Head-

quarters, were given to participate in the reorganization process. This level of participation, according to the existing literature on the importance of the relationship between successful reorganization and employee participation, hardly seems conducive to the establishment of an effective management and supervisory "team spirit".⁵⁰

That the participation factor was so insignificant in this particular reorganization should not be at all surprising. One of the major obstacles to participation is the sheer size of administrative units.⁵¹ In this case the portfolio (or even the Department alone) was so large that participative decision-making would be almost inconceivable. Moreover, the reorganization itself was primarily aimed at creating new goals and structures which would be most relevant to the senior managers within the portfolio. In an organization such as the Department of Transport which is basically hierarchical, despite some experiments in participatory decision-making, it is not difficult to understand why decisions which would most significantly affect the top of the "pyramid" would tend to be confined to the personnel inhabiting that area - namely, the senior managers and the Minister.⁵² Another problem was time. Not only were individuals in middle and lower operational roles not going to be noticeably affected by the reorganization at least until much later stages of implementation, but the decisions necessary to design the new goals and organizational model, gain approval, and begin implementation had to be made quickly.

The process of reaching consensus through education, study, discussion, and interaction is usually slow and laborious. Where there is urgency and a necessity for decisiveness, widespread participation in decision-making is virtually impossible.⁵³

Prior to the Minister's letter, two forms of participation had been attempted as part of the reorganization process. The first was representation.

The premise of this type of participation is that senior managers represent the views of individuals below them in the hierarchical scale. By selecting senior managerial participants from the different units making up the administrative organization a "participative flavour" is obtained.⁵⁴ This procedure was clearly followed in the creation of the Task Force and the Implementation Group. While there is evidence that some individual members of these groups on occasion acted as representatives of their respective branches or units, the quality of the "participative flavour" is in some doubt due to the facts that the individuals in question had in no way been chosen by the employees in their units and the employees were on the whole ignorant of the work being done by the two groups - particularly the Task Force.

Consultation was the second form of participative device employed during the reorganization process. As previously noted, the interviews conducted by the Task Force solicited the opinions of individuals and groups within operational units of the portfolio.⁵⁵ The Minister's request for submissions from employees was the other instance of the use of this device. Mosher points out with respect to the consultation technique that its

effectiveness as a participative tool depends heavily upon the expectations those consulted have as to whether their views so elicited will in fact influence subsequent decisions. And this in turn depends upon the subject matter of consultation (e.g., whether only for objective, factual information or for attitudes and prejudices, or for thoughts or recommendations) and upon the manner in which the consultation is conducted.⁵⁶

While the earlier interviews seemed to create a strong sense of participation among individual members of the Department across Canada, the Minister's letter was only marginally successful as a participative device. In this case, the subject matter of the consultation was properly established to

attract a response, but the timing of the consultation was not likely to encourage a belief on the part of individuals within the portfolio that their suggestions would be seen to be useful. After all, the Minister already had in hand a finished document, the Task Force Report, and approval from Cabinet for specific objectives and structures. An informed managerial or supervisory employee knew that the time for considering suggestions for fundamental changes was past. In fact, approximately 200 responses were received, and while a good deal of time was devoted to reading and summarizing them, there does not appear to be any indication that any of the suggestions directly related to the reorganization were operationalized during the implementation process.

As initially conceived, internal communications during the second phase - the period of the official announcement of the reorganization plan - was also to include efforts to inform employees of senior appointments to fill the new posts created by the structural changes, and the creation of a team to coordinate the first stage of the implementation process. However, as the approval process fell behind schedule due to the difficulties associated with the production of a detailed implementation plan for Cabinet, the announcement of the new appointments was delayed until May 1st. Therefore, the last significant event of this phase of internal and external communications was the announcement of the formation of the Implementation Team on March 12, 1970.

The Implementation Team and Communications

The Implementation Team restricted itself for the most part to the problem of internal communications, attempting to carry on the role of informing the large numbers of Ministry personnel which had been begun by the

Task Force. At the outset, however, the Team had established two external communication roles for itself but these were never acted upon. The first was to inform outside groups (industrial, academic and provincial government) of the changes within the portfolio. As we have seen, this task had been continually postponed. The result was that the original intention, articulated during the Task Force period, to involve "outsiders" in the process of examining the reorganization scheme and the new objectives prior to their acceptance by the Government was by March, 1970, reduced to the essential need to at least inform the many outside groups, which interacted with components of the Ministry, of the changes within the portfolio. In the period after the official announcement of the reorganization there had been requests from outside groups, specifically from manufacturers who were major users of transportation facilities provided by the Ministry, to have the implications of the reorganization and the objectives (especially the cost recovery objective) outlined to them by Ministry Officials. A senior executive of Canadian Industries Limited (C.I.L.) wrote to the Minister requesting the holding of regional seminars to explain the new organization to senior managers concerned with transportation and distribution. In his letter, he spoke of his frustration in attempting to establish a continuing relationship with federal government transportation agencies. It was recognized within the Ministry that this proposal was consistent with the Ministry's general plan to inform and establish a dialogue with representatives from outside groups, and it was suggested to C.I.L. that possibly one of the professional organizations associated with material or distribution management would be interested in bringing together a number of interested people for this purpose. However, no visible initiative was taken within the Ministry to organize or to further encourage the organization of such seminars. The communication of informa-

tion concerning the reorganization was entrusted to the normal channels linking the Ministry to groups and individuals interested in developments within the portfolio. These included meetings between specific individuals and senior officials within the Ministry inasmuch as such meetings are the common currency of the on-going relationship between the Ministry and the provincial governments, industry and the universities. In addition, the Minister gave a number of speeches during this implementation period in which the reorganization was a central theme.⁵⁷ Finally, the new Chairman of the Transportation Development Agency, who had been one of the co-chairmen of the Task Force, and the Senior Ministry Executive - Policy, Planning and Major Projects were most active in explaining the changes to university and industrial groups across Canada. It is extremely difficult to say whether or not these ad hoc efforts were successful as an exercise in communications. What is clear is that no life was ever breathed into the plans to consult with the 'outsiders'. The other initial external communication concern of the Implementation Team had been the need to communicate the nature of the reorganization to other departments and agencies within the federal government. Again, the Implementation Team took no positive action in this area. The general rule seemed to be that other government agencies (except, obviously, for the Central Agencies) were briefed in detail on the reorganization only if the agency in question had some stake in the changes;⁵⁸ the flow of information to these agencies was an integral part of discussions designed to effect the approved change in relationship with the Ministry.

The Implementation Team did, however, play a more significant role with respect to internal communications. During the implementation period which followed the official announcement of the reorganization, the final Task Force Report was more widely disseminated throughout the portfolio. In

the last week of February, the Report was distributed to the regional directors on a confidential basis with the caution that the Task Force's ideas might not be followed exactly as the implementation proceeded. The Implementation Team first became involved in the internal communication function through its cooperation in the preparation of the material for the official announcement of the new appointments to senior positions in the Ministry on May 1st.⁵⁹ In early May, the Team met to discuss the effectiveness of the internal communications to date, and to plan a communications approach for the duration of the Intertrans Project. It was agreed that improvements in the internal program would be necessary if employees throughout the portfolio were to receive an accurate picture of the significance of the organizational changes for the future operations of their own units. The idea of distributing information through the regular Management Newsletter was rejected on the grounds that the coverage of the Newsletter was too limited and the Intertrans Project was seen to be sufficiently important to warrant a special set of bulletins. Therefore, it was decided that the Team would issue a series of Project Intertrans Bulletins at regular intervals with the cooperation of the Senior Ministry Executive-Personnel, the officer ordinarily responsible for internal communications.

The first of these Bulletins, released June 1st, took the form of a statement from the Deputy Minister outlining the previous attempts to communicate with the employees, the role of the Implementation Team in the context of the full implementation process, and the impact that the reorganization would have on Ministry personnel policy. Clearly one of the major functions of the Bulletin was to assure employees about their jobs so that the essential operating functions of the Ministry would not be impaired during the implementation process as a result of employee uncertainty about proper

reporting procedures and job security. The Bulletins were scheduled to appear bi-weekly, but the second Bulletin, a discussion of the proposed Arctic Transportation Agency, was not approved for release by the Deputy Minister in mid-June due to the fact that the final form of the Agency had ~~neither been decided within the Ministry nor approved by Treasury Board.~~⁶⁰ Although plans had been drawn up by the Team for the publication of as many as eight more Bulletins to review the work of the Implementation Team and the progress of the implementation within the various agencies and Administrations, only 2 Bulletins were ever published.⁶¹ As responsibility for the implementation shifted to the individual units within the portfolio, the communications program of the Implementation Team was apparently cut back. Only the Implementation Team's proposal to continue the earlier plan to distribute extensively within the Ministry a tape of the Minister's presentation to the Press corps on February 17 (with accompanying visuals) was implemented without problems. In all, some 40 sets of the audio-visual presentation were circulated throughout the Ministry offices across Canada.

One successful communications project which came to fruition after the demise of the Intertrans Team was a one-day Senior Management Conference held at the Chateau Laurier Hotel in Ottawa on November 4, 1970. The initial conception and planning for the Conference were done by the Personnel Branch and the event would have been held at the end of June had the Deputy Minister and the Minister been available at that time.⁶² Postponed to November, the Conference was an attempt to bring together a larger group of managers (almost 200) for a communications exercise similar to the one held in December, 1969, shortly after the Ministry System received approval in principle.⁶³ The aim of the second meeting was to review the progress made in implementing the Ministry System and clarify the challenges facing the integrated portfolio.

The Conference was also used as the occasion to distribute the Task Force and Intertrans Reports down to the Regional Controller and Division Chief levels of management. The keynote address was given by the Minister and he devoted most of his speech to the reorganization issue, stressing again the central themes of the Ministry System - integrated, responsive and innovative planning combined with effective program implementation. This address was followed by a question and answer session which gave the managers a chance to quiz the Senior Ministry Executives about reorganization and implementation problems. The final Conference meeting was a discussion of government priorities and issues with a panel made up of the "senior officials" - the Secretary to the Cabinet, the Secretary of the Treasury Board and the Chairman of the Public Service Commission.

Conclusion

This Conference concluded the formal attempt to communicate the nature of the reorganization to the Ministry employees. From this point on, information on the implementation was formally distributed through the medium of the Management Newsletter. The internal communications program, while it had some bright moments, never really succeeded in putting together a comprehensive picture of the reorganization proposals and (especially) the implementation process. While most management employees of the Ministry seem to clearly understand the basic purpose and achievements of the reorganization and relate these to their own individual roles, it is not unusual to encounter individuals whose under-lying belief is that the reorganization was merely an excuse to introduce new personnel into the senior management positions within the portfolio. If the internal communications program was only sporadically effective, the external communications effort was almost completely ineffec-

tive. The announcement to the House of Commons attracted attention not to the reorganization proposals and their implications, but to the general issue of the government's attitude towards the House. The press coverage, while extensive, tended generally to dismiss the reorganization as just so much jargon. It is difficult to say whether the communications with the press could have been handled more effectively. However, there is no question that the attempt to communicate the reorganization proposals to the attentive transport public was thoroughly inadequate. The so-called "outsiders" in industry, other levels of government and the universities remained on the outside and no formal attempt was ever made to bring any of them together as a group at any stage of the reorganization process. The overall result was that the application of the Ministry System went virtually unnoticed outside of the immediate range of the upper levels of the federal bureaucracy in Ottawa.

Notes for Chapter Five

¹W. Baker, "Reorganizing the Federal Department of Public Works," Optimum, Vol. 2, No. 4 (Winter, 1971), p. 41.

²See G. E. Caiden; Administrative Reform (Chicago: 1969); especially Ch. 4; and F. C. Mosher, "Analytical Commentary," in Governmental Reorganizations: Cases and Commentary, ed. by F. C. Mosher (Indianapolis: 1967), pp. 515-37.

³J. D. Fleck, "Restructuring the Ontario Government," Canadian Public Administration, Vol. 16, No. 1 (Spring, 1973), p. 60.

⁴See pp. 106-7.

⁵See Chapter Three.

⁶This tendency to secrecy is a common feature of the early stages of bureaucratic reorganization. See Mosher, op. cit., p. 504. "Secrecy was apparently aimed to prevent unrest, rumor and sometimes, the mobilization of support."

⁷House of Commons, Debates, June 2, 1969, p. 9319.

⁸The Financial Post, April 5, 1969.

⁹The Monetary Times, August, 1969, p. 45.

¹⁰The Globe and Mail, September 26, 1969.

¹¹Ibid.

¹²With the exception, of course, of the preparation of the Minister's visual presentation of the Cabinet Committee by the Task Force.

¹³The entire implementation process is discussed in Chapter Six.

¹⁴The argument here was that each level sees the implementation differently and each subordinate should have a knowledgeable boss, who has had time to think about implications, to whom he can take his problems and questions.

¹⁵The assumption is that as part of the approval process the Central Agencies and the Ministers and Deputy Ministers of other Departments directly affected by the reorganization (e.g.: Public Works and D.I.A.N.D.) would already have been approached.

¹⁶In addition to the three phases outlined, it was suggested that the Minister hold a Christmas reception to include Directors and Senior Chiefs in Ottawa and selected officers from the regions. This gathering was designed to aid in the establishment of a corporate image and to begin building support for the Ministry Executive. A curious footnote to this reception scheme was

the suggestion, unchallenged and unexplained, that wives would play an important role in the process of change and, therefore, should be invited to the party!

¹⁷The implementation process began at a late date, due to the need for further approval prior to implementation which was established by the Cabinet decision of December 19.

¹⁸The idea of a motivational program was rejected at the outset by the Deputy Minister.

¹⁹In his résumé of the year's events, the Minister emphasized the appointment of the new Deputy Minister, the creation of the Task Force, his own appointment, the swing in emphasis to reorganization to meet the demands of the emerging objectives, and Cabinet's approval in principle of the Task Force recommendations.

²⁰At this point, it was anticipated that this would occur before the end of January, 1970. Apparently, the Minister did not name the precise Cabinet Committee in question during his address. The D.O.T. Management Committee was given a more specific account of the project approval process by the Deputy Minister a few days after this briefing.

²¹See, for example, The Ottawa Citizen, December 30, 1969. A more complete account appeared in The Hamilton Spectator, December 30, 1969.

²²The Hamilton Spectator, December 30, 1969.

²³See p. 194.

²⁴For an account of how this document was approved by the Ad Hoc Steering Committee of Senior Officials; the Secretary to the Cabinet, the Prime Minister and the Cabinet Committee on Priorities and Planning see Chapter Four.

²⁵Some changes were recommended by the Deputy Minister, the Ad Hoc Committee and the Cabinet Committee. See discussion in Chapter Four. The Minister's Office Staff also recommended a number of changes in content and emphasis in the Task Force Report which were applicable to the document being prepared for tabling in the House.

²⁶This document, entitled "Statement by the Minister on the Changes to be Made in the Role and Structure of the Federal Transport Portfolio," is reproduced in Appendix A. This "Statement" was used to communicate the essential features of the new objectives and organization to senior employees in the Department, Members of Parliament, members of the House Standing Committee on Transportation and Communication and the Press.

²⁷See pp. 246-55.

²⁸See the discussion on this point in Chapter Four, p. 166,

²⁹In the Statement, the Advisory Boards were still being referred to as Committees.

³⁰ See Chapter Four.

³¹ A motion for tabling of the Task Force Report had been placed on the House of Commons Order Paper by Mr. Skoberg, M.P., on October 23, 1969.

³² See the discussion of this topic, pp. 12-19.

³³ For a very outspoken review of some of the criticism levelled against the Government by the Opposition and others see Walter Stewart, Shrug: Trudeau in Power (Toronto: 1972), Ch. 9.

³⁴ The Minister's presentation was taped on this occasion, and the tape and the slides were used to bring the message of the reorganization and the new objectives to the regional offices of the Ministry. See p. 215.

³⁵ "Transport Policy and Traffic Trends in Sweden," Fact Sheets on Sweden, April, 1969.

³⁶ House of Commons, Debates, February 17, 1970, p. 3671.

³⁷ Ibid., pp. 3671-3672.

³⁸ Ibid., p. 3671.

³⁹ Ibid., pp. 3671-72.

⁴⁰ Ibid., p. 3672.

⁴¹ Ibid.

⁴² Ibid.

⁴³ See the Ottawa Citizen, and La Presse, February 17, 1969, and The Globe and Mail, February 18.

⁴⁴ The Globe and Mail presented a more extensive picture of the changes announced by the Minister.

⁴⁵ The Ottawa Citizen, February 18, 1970.

⁴⁶ Including the D.O.T., C.T.C., National Harbours Board and St. Lawrence Seaway Authority, but excluding C.N.R. and Air Canada.

⁴⁷ The Chairman of the National Harbours Board refused to allow the Deputy Minister's letter to be circulated on the grounds that the Deputy Minister had no authority over the Board's employees.

⁴⁸ See Appendix A.

⁴⁹ Quoted from the Minister's letter to managerial and supervisory employees of the Ministry, February 24, 1970.

⁵⁰ "Participation" is one of the few variables related to the reorganization of public agencies to receive any detailed examination. See F. C. Mosher op. cit., especially Chapter III; and J. D. Fleck, op. cit., pp. 60-61.

⁵¹ Mosher, op. cit., pp. 519-20.

⁵² Mosher also outlines the impact of hierarchy on the participation factor. Ibid., p. 520.

⁵³ Again see Mosher on this subject, Ibid., p. 521.

⁵⁴ Ibid., p. 521.

⁵⁵ See pp. 100-101.

⁵⁶ Mosher, op. cit., p. 522.

⁵⁷ For instance, the Minister spoke to the Shippers Council during March. The speech was reported in the Journal of Commerce, March 30, 1970.

⁵⁸ The Department of Indian Affairs and Northern Development, the Department of Public Works and the Department of Justice were the only departments having significant dealings with the Ministry as part of the approval and implementation processes.

⁵⁹ This press release and a complementary telex message were widely distributed through the normal press release channels and throughout the Ministry.

⁶⁰ See pp. 246-255.

⁶¹ The second bulletin contained a discussion of the new objectives for the portfolio.

⁶² The Task Force, in its final recommendations concerning the establishment of an implementation team, also suggested that a management seminar be held.

⁶³ See pp. 194-195.

CHAPTER SIX

THE IMPLEMENTATION OF THE MINISTRY SYSTEM

Introduction

Excluding the seminar held in November, 1970, the external and internal communications program was for the most part concentrated in a six month period beginning shortly after the Cabinet Committee decision to approve the reorganizations plan in principle on December 12, 1969. The implementation process, on the other hand, went on for a much longer period of time. In fact, there are some aspects of the original Ministry System proposals which have still not been properly dealt with some three years after the implementation process began in May, 1970.

This is not to imply that the implementation process, on the whole, failed to achieve its purpose. For the most part it did not prove difficult to apply the Ministry System to the Transport portfolio. While - as this chapter will attempt to demonstrate - the Implementation Team established to inject central guidance and leadership into the implementation process failed to make much of an impact, the new personnel named to several key senior posts throughout the Ministry at the beginning of May, 1970, moved into this vacuum and under the leadership of the Ministry Executive accomplished most of the necessary implementation tasks. However, there were some significant problems largely related to translating the Task Force proposals into coherent integrated structures which could operate in a practical manner within the Ministry. This chapter will examine the difficulties encountered in defining the roles of a Ministry Staff Planning Unit and the Arctic Transportation Agency. Attention will then be focused on the attempt to implement the

Marine Administration and the severe integration problems caused by the lack of legislation necessary to place the National Harbours Board in a line relationship with the Marine Administrator. Finally, the confusion with respect to the required legal foundation for the new Ministry will be shown to be a dilemma which embraced not only the Marine Administration but other important structures and relationships within the Ministry as well.

The Implementation Process - Some Background

The Task Force members, prior to the first Cabinet submission, did make an initial recommendation concerning the establishment of a project group to guide the entire implementation process. On the whole, however, the communications issue was given far more attention during this period.¹ After being effectively ignored throughout the most intense period of the approval process, the implementation question was revived by the remaining four members of the Task Force towards the end of January, 1970. The Deputy Minister instructed that, in addition to working on the question of a detailed implementation plan for the Prime Minister and the Cabinet, the Task Force should concentrate some attention on developing a structure and process to implement the 'detailed' plan throughout the portfolio. Despite the fact that the remaining Task Force members never produced a detailed implementation plan, they did succeed in putting forward as their final contribution a comprehensive set of proposals with respect to the implementation process. These suggestions, submitted to the Deputy Minister at the beginning of February, were given the arcane title of 'Project Intertrans' - a Pentagon-like name which won favour and was not discarded until the 'Intertrans Team' submitted its final report on July 31, 1970 and was disbanded.²

The Intertrans proposal rejected at the outset the idea of putting

forward interim or stop-gap plans to allow the implementation process to proceed in a low-key manner prior to the receipt of further Cabinet approval and the assembly of key executives for the new Ministry structure. The proposal was founded on the premises that the 'go' signal from Cabinet and Treasury Board could be expected in the very near future and that a phase of 'active implementation' would begin shortly after the receipt of this signal. In the view of the remaining Task Force members, many months would elapse between the beginning of initial implementation planning and the point where each major entity in the Ministry would arrive at its initial 'take-off point'. The length of the first implementation period would vary; some elements of the Ministry, such as the C.N.R., would probably have no need to participate in the initial change program, but would merely be kept closely informed of general developments. The Surface Transportation Administration and the Arctic Transportation Administration, as totally new entities, would probably concentrate initially on basic planning; the Marine Transportation Administration and the Air Transportation Administration, on the other hand, would have to be concerned with a formidable array of problems, so diverse and major in scale that coordination, capacity, on-going program commitments and lack of in-house expertise might all become factors limiting their progress.

The proposal clearly outlined the goals of the implementation group:

- to assist units throughout the Ministry in formulating their program objectives, consistent with Ministry objectives and responsibilities assigned;
- to help in resolving problems of planning organizational units as they re-align themselves to their new objectives;
- to design and install appropriate management systems across the Ministry;

- to recognize and develop solutions to operating and policy problems at Ministry interfaces within the government;

- to institute the Ministry Staff organization and relationship in consonance with the varied objectives, capabilities and degrees of autonomy of the other units within the Ministry.

It was postulated that the achievement of these objectives would require a combination of flexibility in planning and implementation, specific attention to timing, and central coordination to ensure general understanding and agreement on the objectives of the new Ministry. An Implementation Centre, with a small staff under a program manager, was proposed to provide this centralized coordination. Such a Centre was recommended primarily because it would allow the Ministry Executive, which had overall responsibility for the organizational changes, to continue to devote most of their attention to current policy and operational responsibilities. In addition, the Centre would facilitate the interlocking of the various 'sub-systems' into the overall Ministry System. It was also argued that the Centre would encourage informal and effective communication throughout the portfolio. The rotation of personnel from all levels through participative assignments in support of its work would allow the Centre to act as a base for informing and motivating a large number of personnel into support of the goals of the implementation plan. The idea was to assign the various implementation projects to 'Task Groups' with the Implementation Centre coordinating these project plans into a 'Master Plan' which would include a reporting system to show accomplishment and to stimulate follow-up on significant deviations. The Master Plan would also record significant 'mile-stone' events in the implementation of specific projects (e.g., any significant legislative action that might be required).

The Ministry Staff, it was projected, would from the outset be in-

involved in the development of any aspect of the Ministry System falling within their sphere of functional interest. However, the Staff, being thrust into their new functional, on-going relationship with the Ministry Executive and other units within the portfolio, would not be immediately capable of deep involvement in the implementation program. During this period, the Implementation Centre would coordinate the work of the Ministry Staff to ensure the most effective implementation of the overall organization plan. As the situation stabilized, the Ministry Staff resources and guidelines for action would become better developed, and the Staff would assume a progressively more involved and responsible role. In one sense, the Implementation Centre was designed to act for the Ministry Staff during its formation; the Ministry Staff would ultimately phase out the Implementation Centre (and the program manager) but probably retain the control system as a basis of the on-going system for Ministry coordination.

In addition to its close relationship with the new Ministry Staff, the Task Force recommended that the Intertrans Team establish close ties with the Transportation Council and the Central Agencies. The Council would provide a general review forum where the Project Manager could report progress, and obtain decisions on positional policy matters. Policy aspects of the implementation program would also require continuing liaison with representatives on the Central Agencies.³ It was anticipated that some representatives would join specific task groups having a direct bearing on central interests. In addition, it was felt that there would be a need for continuing advice from the policy levels of these Agencies. This would re-assure the Agencies as to the conformity of the implementation process to the program initially approved and would maintain them in a fully informed position, permitting them to react constructively to questions that would inevitably

be referred to them as the program moved along. To this end, it was recommended that the Central Agencies be invited to assign representatives to participate in the coordination work of the Implementation Centre.

The Task Force members also attached a good deal of attention to behavioural aspects of the implementation process. Following up the earlier observations of the full Task Force, it was noted that the 'people problem' had emerged as the primary issue in institutional change. Whether in Government or in industry, change programs to be successful had to come to grips with the varying needs and perspectives of the individual, and of the formal and informal groups within the organization. The Task Force recommended that a behavioural consultant should be retained to offer assistance in recognizing the need for a 'team' approach and to encourage the development of enthusiastic innovative attitudes in contrast to defensive resistance which might otherwise develop. This consultant could advise, in confidence, all senior personnel involved, and offer advice on specific programs for the consideration of the Ministry Executive. It was felt that this influence pervading the organization downward would ultimately reach all middle managers, supervisors and employees and greatly improve the general acceptance of the change programs.

The Intertrans proposal concluded with a recommendation that the Program Manager be appointed as soon as possible even if there must be a delay in the commencement of the implementation process pending resolution of Cabinet-level policy questions and senior appointments. In addition, it was recommended that a seminar should be planned for all key officers in the Ministry System who might be expected to play a role during the implementation program. Presentations by the Minister, Deputy Minister and heads of major units would be used to clarify the objectives and the immediate approach. A

supporting feature would be a presentation on "management change" under the direction of a senior consultant in this area. Following closely on this, the Administrators would establish Task Groups and conduct initial surveys of their problems. Concurrently, the Ministry Staff would develop initial specifications for the development of solutions to Ministry-level or coordinated problems. With action taking place at both levels, the implementation program would be under way. As these projects were identified and scheduled for resolution, mile-stones and time-schedules would be essential. Bringing these together in the Implementation Centre the first 'Master Plan' would be established and the progress reporting and control phase would begin; immediately after this initial collation of major plans a general time-table for the overall implementation plan would be prepared, including resolution of problems outside the Ministry. Concurrently, requirements of personnel, consulting costs, space, etc. would be forecast, if possible holding these within the current budgets and establishments.

While the Deputy Minister did proceed to establish an Implementation Team in the latter part of February, the Task Force recommendations with respect to the implementation process were accepted only in part.⁴ The Intertrans proposals were seen to be deficient in two specific respects: first, the whole approach was seen to be too involved and complicated; second, not enough responsibility was provided for senior members of the Ministry Staff during the implementation phase. On the basis of advice from the Personnel Branch and other sources, the Deputy Minister opted for a simpler structure and process. The idea of an Implementation Centre was rejected. The Implementation Coordinator (or Project Manager - both titles were used) was made directly responsible to the Deputy Minister. Instead of involving Transportation Council directly, the Manager, a senior line officer from the

Department, was instructed to meet periodically with the Deputy Minister and senior members of the Ministry Staff and Administrators to review progress. The Intertrans Team itself was made up of a group of Implementation Officers from across the Ministry with a particular emphasis on individuals having operating and practical experience in the field.⁵ In addition, Treasury Board was represented on the Intertrans Team by one member. Three Central Agencies, Treasury Board, Privy Council Office, and the Public Service Commission, were asked to recommend a senior staff member to sit on an Advisory Council which was established to assist the Deputy Minister, the Project Manager and the Team. The Council was to meet once a month throughout the life of the Intertrans Team which was not expected to exceed six months. In addition to making an appointment for the Advisory Council, the Planning Branch at Treasury Board indicated a desire to name a member to the Intertrans Team in order that the Board could have a direct source of information from the Team on a regular basis and a means of introducing opinions for consideration in advance of Advisory Council meetings.⁶

The process was further simplified by the rejection of the Task Force recommendations with respect to the establishment of Task Groups and the rotation of personnel through the Implementation Centre. It was emphasized that the activities of the Intertrans Team were not to encroach upon or usurp the normal responsibilities of the on-going organization. Tasks could be identified by the Team, but they were to be performed for the most part within the responsible Ministry unit. The Team's role as an integrative or internal communications agent was played down in this respect. Moreover, the Team was given no opportunity to coordinate the work of the Ministry Staff or in any way to act for the Ministry Staff during its formation.

The goals of the Intertrans Team were also significantly simplified in relation to those recommended by the Task Force members. It was emphasized that the Team would have ~~the task of~~ planning the changes necessary to transform the present Federal transportation complex into a Ministry, but the 'execution' was to be left to the administrators and members of the Ministry Staff. However, at the first two meetings with the Deputy Minister in mid-March 1970, the Team was given one very concrete goal. It was instructed to develop a plan and schedule of implementation in accordance with the Prime Minister and the Cabinet's request for more detailed information on this subject.⁷ Apparently, it was the Deputy Minister's intention that the Implementation Team should take over the Task Force's role of preparing Cabinet-level submissions on the reorganization question. The most pressing need at this point was for a submission to the Cabinet Committee on the Public Service. Until this requirement could be satisfied, the Implementation Team would be in a kind of bureaucratic limbo, laying the foundation for an implementation which the Cabinet had not yet approved. The Deputy Minister stressed the point that at this stage it would be impossible and unnecessary to "cross every t or dot every i" with respect to details about the implementation plan. He indicated to the Team that the Prime Minister's Office was most interested in the prospect of using the Ministry System elsewhere in the federal bureaucracy and, therefore, would be looking for significant items which served to further explain how the system would operate in practice.

The Deputy Minister also pointed out to the Team at its first meeting that one of its major priorities would be to clearly determine the respective roles of the Ministry Headquarters Staff and the Administrations in the planning process. He laid particular emphasis on the need to outline how planning should be carried out at the Ministry Staff level. It was again

stressed that while Administrations must be given the highest degree of autonomy, they must be responsive at the same time to the Government and the Ministry Headquarters. Therefore, coordination, integration and monitoring of planning throughout the portfolio would be vital roles of the Ministry Staff planning component. In the Deputy Minister's view, it was crucial that Treasury Board approve the appointment of new Administrators as soon as possible as they had to be involved in these planning discussions at an early stage if the Ministry-wide planning system was to be successfully implemented. Having made the point that the Implementation Team should cooperate closely with the new Administrators when they were appointed, the Deputy Minister also noted that the introduction of new ideas and perspectives was not to be used as a spring board to a large-scale revision of the Task Force recommendations. He reviewed the amount of time and effort which had been put into the Task Force investigation and the approval process and stressed that there already was a high level of commitment to the Task Force Report. Therefore, unless there was something so seriously wrong that it wouldn't work, the Implementation Team was instructed not to bring any further ideas to light or spend any additional time on it. After the initial implementation stage, there would be an opportunity for small groups to further study specific aspects of the Ministry System in more detail.

The Work of the Implementation Team

The preparation of the progress report for the Prime Minister and the Cabinet Committee on the Public Service absorbed a good deal of the Team's time until the middle of April, but it was possible during this initial period to establish the other problems with which the Team might have to deal and give initial assignments to the Team members. In the beginning, the Team

appeared to set itself the task of dealing, at least in a preliminary way, with virtually every aspect of the portfolio which required adjustment in order to adapt to the new Ministry System. Under the all-encompassing title of "organization", the goals of the implementation process were painted with a wide brush: objectives for each Administration (as well as the Canadian Meteorological Service and the Transportation Development Agency) were to be 'derived' from the revised Ministry objectives; the relationships among the various elements of the Ministry were to be established, and implementation plans and schedules were to be drawn up for each element; activities to be transferred to and from other portfolios and activities to be reallocated within the Ministry were to be identified; operating Authorities were to be established; the role of Advisory Boards was to be defined; the National Harbours Board, St. Lawrence Seaway Authority and D.O.T. Marine Services were to be amalgamated under the new Marine Transportation Administration; and, finally, certain department Headquarters activities were to be decentralized. The Team also saw the need to concern itself with questions related to the proper relationship between the new Ministry and the Central Agencies. On the personnel side, the new Ministry had still not received authority to classify and appoint in positions below the executive category. Moreover, the question of authority to transfer people during the reorganization period and the long-run problem of converting National Harbours Board and St. Lawrence Seaway Authority personnel to public servants had not really been raised. With respect to financial administration the outstanding issues were even more numerous and complex. There was a fundamental need to establish a new relationship with Treasury Board, revise the program structures of the Ministry and gain approval for a Ministry budget system. Revolving Funds for the proposed Authorities and a new form of financial interaction

between the Ministry and the Crown corporations would also require Treasury Board approval. In addition, the issues of rate-setting and other forms of delegation of authority in the general areas of property management, real estate purchases, services and construction from the Treasury Board and the Privy Council Office were still to be finally resolved. Finally, some attempt might have to be made to rationalize the split in subsidy control between the C.T.C. and the D.O.T.⁸ Throughout the implementation process, as all of these issue-areas were attacked and concrete changes were made, the problems of internal and external communications would be increased and the Team was expected to deal with these as well.

While the Intertrans Team was not in a position to cope with all of these issues during its short span of existence, its exact mandate - with the exception of the initial demand for the preparation of the Cabinet memorandum - was never very clear. The problem of the mandate was exacerbated by the appointment of the new Administrators and Senior Ministry Executives at the beginning of May. The division of labour between the Team and the individual components of the Ministry was never properly clarified, with the result that the implementation of the Ministry System within these components often went ahead without the benefit of the final recommendations of the Intertrans Team. The Team's problems were also accentuated by the unfortunate inclination of the Ministry Executive to suggest still further issues that the Team might explore during the course of its investigation. On other occasions, directions from above indicated that an issue on which the Team was not concentrating much attention should instead be considered a major priority.⁹ While this sporadic input technique appears to have worked well with the Task Force, it does not seem to have evoked a positive response from the Intertrans Team. In retrospect, it seems reasonable to conclude that either the

Implementation Team ought to have been given a "higher profile" as the Task Force suggested, including a more visible centre of operations and an overarching control of the whole implementation process, or it should have been given a more flexible leadership capable of adapting the Task Force recommendations to changing circumstances and making a valuable practical contribution to the implementation of an integrated Ministry System.

Instead, the efforts of the Team fell between two stools. By the end of April it had settled on a course of preparing "management guides" and "program description" for each component of the Ministry, and conducting seven special studies of the following subjects: subsidies, legislative needs, financial delegation, personnel delegation, decentralization, a Ministry organizational chart, and an implementation schedule. Each management guide set out the objectives, sub-objectives, authority and relationships of each component so that each would be provided with a formal source of clear understanding and guidance in the objectives and cooperative relationships for which it was responsible and the authority which it had been delegated. The guides were intended to form individual records of accountability between the Ministry Executive and each of the principal managers, on the basis of which Administrators and Agency Heads would be able to proceed with the detailed planning of the components of the organization structure. The program description provided a set of derived objectives and activities for each component of the Ministry. They were intended to aid the Ministry Staff and Administrators in precisely identifying the activities coming within their areas of responsibility under the new Ministry organization. The descriptions, it was felt, would also be helpful in the preparation of program statements for inclusion in the annual Estimates submissions for 1971-72, the first fiscal year in which the vote structure reflecting the reorganization of the

Ministry would be used for the Treasury Board presentation. The Team also prepared a series of implementation network diagrams and 'task lists' indicating the logical sequencing of significant events to serve as a guide for Administrators and Senior Ministry Executives for implementation scheduling purposes. All of this material was finally drawn together in a 163 page Implementation Report and submitted to the Deputy Minister on July 31, 1970.¹⁰

In fact, the Project Manager had presented a draft of the Report to the Deputy Minister at the beginning of June, recommending that the Implementation Team be disbanded and its members revert to participation in the implementation actions within their respective Ministry components with the understanding that they might be brought together again on an ad hoc basis if necessary. The Manager also suggested that a small group of 2 or 3 staff experts, possibly drawn from Management Services, be designated to expedite action within the Ministry Executive and Staff, and maintain liaison with Administration Officials. One of the major concerns of the Project Manager was that action be taken on those matters (such as the alteration of the vote structure for the portfolio to reflect the organizational and program changes) which would have a bearing on the preparation of the 1971-72 programs and estimates before the end of June. However, the Ministry Executive was far more concerned about the fact that the Report appeared to skate over most of the difficult practical implementation issues and avoid giving precise answers to troublesome 'nuts and bolts' problems which were bound to arise in the course of the implementation. These problems included:

- the exact nature of the legal changes required to implement the Ministry System across the portfolio.
- the need for decentralization guidelines and time frames for the

common services.

- the nature of the proper relationship between

(1) financial operations of the Administrations, the Assistant Deputy Minister - Finance, and the Treasury Board.

(2) personnel services in the Administrations and the Senior Ministry Executive - Personnel.

(3) operations research in the Ministry Staff and the Administration.

(4) the existing legal services in the various entities making up the Marine Administration and the Senior Ministry Executive - Legal.

These issues were not new. All of them had been raised in March when the Implementation Team had been established and most had surfaced for discussion on several subsequent occasions. Clearly, the Implementation Team, in the Ministry Executive's view, had not accomplished its purpose. Instead of attacking the practical problems, it had developed a set of rather ethereal guidelines and prepared individual studies which in some cases did little more than restate the findings of the Task Force. The Program Manager was instructed that the Team was not to be broken up, but rather it was to concentrate its attention on the 'nuts and bolts' issues and attempt to come up with some practical answers.

Despite this attempt to revitalize and redirect the efforts of the Intertrans Team, the importance of this centralized implementation activity, from this point on, was perceptibly diminished, and the initiative gradually shifted to the individual components within the portfolio. The Intertrans Team continued to operate officially until late August and some additional work was done to respond to the request for more practical answers. On the basis of a study by the Department of Justice, the Team was able to give the Deputy Minister a clearer idea of the legislative action which would be

required, both in the short and long term, to establish the new Ministry System on a firm legal footing. However, as I shall argue later, this advice came too late to be of much use.¹¹ With respect to the decentralization or realignment of support administrative services, a study was initiated at the Team's request by the Director, General Management and Administrative Services, but no practical course of action was ever recommended by the Team. In the final Report, the Team was more successful through its special study reviewing the delegation of financial authority from the Central Agencies, in outlining how relationships with the Treasury Boards the Privy Council Office could be simplified in an administrative sense. However, the lack of responsiveness was most evident with respect to the specific problems of the division of responsibility between components of the Ministry Staff and the Administrations which had been raised within the Ministry Executive. Apparently, the Team was unable to offer any suggestions or plans of action which were more concrete than the references contained in their management guides for the various components of the Ministry.

On the whole, the work of the Implementation Team was not a success. It provided neither dynamic inspirational leadership nor detailed 'nuts and bolts' instructions on the implementation of the complex concepts recommended by the Task Force. For the most part, the Team's work demonstrated little evidence of progress beyond the degree of operational sophistication implicit in the Task Force's discussion of these concepts. As a result, the major task of working the Ministry System out in practice was pushed on to the new Administrators and Senior Ministry Executives under the leadership of the Deputy Minister and the Senior Assistant Deputy Minister. It is worth noting that this is what the Intertrans Program Manager had intended all along. It was his view that on-going implementation actions could best be undertaken

under the immediate direction of the senior officers in the Ministry Staff and the Administrations. For guidance they would have the Team's management guides, program statements, implementation network diagrams and task lists of outstanding implementation items, which the Manager believed set matters out in sufficient detail for the senior officers to proceed smoothly. To facilitate this aspect of the implementation process, he envisaged the establishment of separate implementation groups within each Ministry component to which individual Intertrans Team members could be attached when the Team broke up. The major point of contention was the practical value of the material in the Intertrans Report. The most common feeling throughout the Ministry was that the opportunity to provide some clear central direction for the implementation process had been lost and that a more flexible approach based on the efforts of several smaller implementation teams would have to begin pretty well from the beginning.

Throughout most of the portfolio, the implementation of the Ministry System was a reasonably straight-forward process. The two major Crown corporations, C.N.R. and Air Canada, were unaffected by the implementation process, and their formal relationship with the Minister was unchanged by the reorganization despite the Ministry Executive's intention to consider structural ways of further integrating the two corporations into the planning and policy-making mechanism of the Ministry once the initial implementation stages were completed.¹² The transfer of the Northern Transportation Company Limited to the Transport portfolio, which had been approved by Cabinet on February 19, 1970, was effected by an Order-in-Council at the end of April.¹³ Except for some controversy with respect to the proper disposition of the shares of the Company, the transfer was not really a significant part of the implementation process. Components such as the Air Transportation Administration

and the Canadian Meteorological Service established small, in-house task forces to aid in their amalgamation, and seemed to unearth few problems in adapting their communication and operating procedures to the demands of the Ministry System. The Canadian Meteorological Service was separated from Air Services as the Task Force had recommended, and on November 26th, 1970, it was divorced from the Ministry of Transport by Order-in-Council, and attached to the new Department of the Environment as the Atmospheric Environment Service.¹⁴ Within the Ministry Staff, little difficulty was encountered in establishing the Finance, Legal Services, Personnel, and Public Affairs Branches on the foundation of similar components making up the original D.O.T. Headquarters. The Bureau of Coordination was essentially unchanged by the reorganization. Among the newly-created components, the Surface Transportation Administration and the Transportation Development Agency were started up without running into serious jurisdictional or operational roadblocks. With respect to the establishment of the Transportation Development Agency, the Canadian Transport Commission proved reasonably cooperative in transferring to the Agency the personnel, funds, and programs relevant to developmental research without any change in legislation or even the use of the Public Service Rearrangement and Transfer of Duties Act (R.S.C. 1969-70, c.227). The Task Force Report had proposed a further study of the whole technical regulatory process following a suggestion that the Canadian Transport Commission, which already administered rail safety regulations, might assume a similar role relative to the air and marine modes. The Implementation Team reversed the trend of this thought by suggesting that, on the basis of a study scheduled for early 1971, the rail safety regulation role would probably be transferred to the Surface Transportation Administration. This delay tactic succeeded in removing the whole question of regulation from the implementation process,

and in the long run the Commission retained its rail safety regulatory role. Overall, the Commission was undisturbed by the implementation process except for the transfers to the Transportation Development Agency and the restriction of its authority in the area of strategic planning.

However, while the implementation process was relatively untroubled in most components of the Ministry, there were several specific areas in which the attempt to operationalize the Task Force proposals did not prove to be simple. The remainder of this chapter will focus largely on these particular problems and the manner in which they were handled by the Inter-trans Team and the senior management of the Ministry, in an effort to further illustrate in detail the enormous problems inherent in reorganizing a complex bureaucratic organization.

Implementing a Planning Structure for the Ministry

Integrated strategic planning was a key feature of the Task Force's Ministry System, and the establishment of the new central planning unit within the Ministry Staff caused considerable difficulty during the implementation process. According to the Task Force Report, the central planning unit would be concerned with the total transportation policy of the Ministry. It would also advise on program targets and goals, and, in a general way, evaluate attainment of results by the components in the Ministry.¹⁵ This total continuing planning action was designed to integrate both overall government policy with Ministry policy planning, and program planning within the various components of the Ministry itself. The attempt to guarantee responsiveness through integration and centralization had the effect, however, of making the role of the planning unit extremely broad and demanding. One of the major concerns during the implementation period was to define the responsibilities

of the planning unit so that it was not overburdened to the point of paralysis. In fact, paralysis may have been sidestepped at the expense of effective strategic planning.

The Intertrans Team responded to the emphasis which the Deputy Minister had place on the problem of Ministry planning by attempting to develop a total planning system for the Ministry which was designed to act in support of general Government planning. In its initial discussions, the Team perceived the central planning function in the broadest terms, linking together management systems planning, computer services, economic and technological forecasting, program planning and program evaluation into one integrated 'Planning and Systems Coordination' component within the Ministry Staff. Probably the most extraordinary aspect of this component would have been the combination of management systems planning and program planning. The thinking was that increasing entrepreneurial decentralization within the portfolio (due to the establishment of Administrations geared to cost-recovery) would encourage uncoordinated systems development and diverging practices throughout the Ministry. This obstacle to integration and coordination would be increasingly difficult to correct as these systems stabilized. Such fragmentation could be avoided by rejecting the traditional organizational approach which advocated the separation of management systems planning and program planning, and integrating them - along with the program monitoring function - so that program planning became based on comprehensive strategies for determining and accomplishing management goals. One important advantage of this combination was increased centralized control. Control under this planning model would be exercised through financial reviews both of the management system to measure the efficiency of the implementation of a project, and the program system to measure the effectiveness of the project in relation

to the policy goals of the Ministry. Centralized control would only be possible if management and program evaluation or monitoring became an integral function of the planning unit.

Under this 'total planning system', program planning would continue to be based on the general concepts of PPBS. The Ministry Planning Unit would collate all the program plans for the Ministry and would be required to coordinate closely the planning activities of the individual Administrations. The Ministry Finance and Personnel units would maintain their own planning liaison with their functional counterparts in the Administrations, and would be required to advise the Ministry Planning Unit in the assembly of program plans. The Ministry Finance Unit would handle the financial aspects with Treasury Board, but the Planning Unit would advise the Ministry Executive on trade-offs and priorities. They would be better equipped to do this because they had participated in the actual planning process and would have a more effective appreciation of the impact on program plans in incorporating any revisions requested by the Ministry Executive. A special relationship would be established between the Planning Unit and the Transportation Development Agency, mainly in the area of long-range planning. However, the clear implication of this planning system was that as soon as clear modal priorities could be determined, responsibility for implementing projects would be re-assigned, generally to the appropriate modal Administration. This would confine Ministry planning to the policy and program levels and ensure that operational planning would be developed closer to the environment most affected by the project.

As a result of the general acceptance by the Team of the idea of a total planning system, a management guide was drawn up for a position known as Senior Ministry Executive - Economic Planning (S.M.E.E.P.) which would

encompass the program planning, management review and program monitoring functions outlined above.¹⁶ In addition to these over-arching functions, it was specifically set down that S.M.E.E.P. would also be responsible for planning any specific projects which the Ministry Executive might request, and for representing the Ministry in negotiations with Central Agencies, other departments, other levels of government, and foreign countries where there were economic planning implications at the policy level. With respect to the private sector, S.M.E.E.P. was to maintain a continuing perspective on new development in the field of planning and disseminate this information throughout the Ministry.

As an ideal Planning Unit, S.M.E.E.P. was flawed in a number of ways. First, it amalgamated three highly complex and different roles under one roof. Second, it appeared to muddle the distinction between program and normative planning, seeming to imply that the establishment of long-run goals for the Ministry would be a relatively straight-forward exercise of little consequence relative to the design of specific programs.¹⁷ Finally, as envisaged by the Intertrans Team, S.M.E.E.P. would not be available to the Ministry Executive as a problem-solving component within the Ministry Staff. There seemed to be a strong feeling with the Ministry Executive that some Ministry-level unit should be available to deal with the many transportation-related problems and questions brought forward for opinion or decision which could not be appropriately referred to specific Administrations or functional Ministry Staff components. Generally speaking, the Ministry Executive had two types of matters in mind: those problems which do not directly relate to the operations, role or objectives of a particular Ministry component, and those in which proposals are presented to the Ministry Executive by organizations with a vested interest in the matter to protect.

Typically, such problems involve political implications, economic considerations, policy questions and relations with other federal agencies or other governments. The initial response of the Intertrans Team had been, in cooperation with the Personnel Branch, to recommend the establishment of a Special Advisory Secretariat comprising a small group of professional problem solvers to advise and assist the Ministry Executive in the resolution of these matters. In addition to its problem solving role, it was recommended that the Secretariat be given the responsibility, in conjunction with the Legal Branch, of assessing appeals to the Minister in accordance with Section 18 of the National Transportation Act (1967), based on non-technical and primarily economic grounds, against decisions rendered by the Canadian Transport Commission with respect to applications for or suspension, cancellation or amendment of licences or certificates.¹⁸ This role would involve the assessment of evidence from appellants and interested parties in light of government policies; the appraisal from a policy viewpoint of judgements drafted by legal counsel for the Minister's signature and the resolution of conflicts between legal and policy viewpoints; and the identification of patterns and trends in appeals.

While the implementation of S.M.E.E.P. and the Special Advisory Secretariat would have covered the full range of functions contained in the Ministry's planning role, the Ministry Executive was dissatisfied both with the proposed division of responsibilities and the prospect of the creation of a planning complex of vast proportions. It was decided, first, to discard the Intertrans idea of a total planning system. This would allow the separation of management systems planning and computer services from program planning and program monitoring.¹⁹ It also allowed the Deputy Minister to insist that in further developing the Ministry planning unit, the Intertrans

Team and the Personnel Branch should stress the need for normative planning at the Ministry level, and make it clear that program and operational planning would largely be carried out by the Administrations. The Deputy Minister also made it clear that of the roles outlined to date, he attached most importance to normative planning and problem-solving at this point in the Ministry's development. On the basis of discussions on this subject, the Personnel Branch drew up job descriptions for two positions: Senior Ministry Executive - Policy, Planning and Major Projects, and Senior Ministry Executive - Program Planning and Evaluation. The former combined the normative (strategic) planning, problem-solving and appeals roles within one unit; the latter, as the title indicates, was a unit designed to provide policy guidance and assistance to the administrations and agencies in the development of program plans, and to monitor the progress of programs on behalf of the Ministry Executive. After reviewing these proposals, the Ministry Executive decided to proceed with the implementation of the Policy Planning and Major Projects Branch and leave the development of a program evaluation unit until a later date.²⁰ The Intertrans Team's continued insistence that normative and program planning be combined in one unit was ignored, and the management guide for the position of senior Ministry Executive - Policy and Program Planning, which the Team included in its final draft of the Intertrans Report, did not reflect the direction in which the Policy Planning and Major Projects Branch was in fact being developed under the new Senior Ministry Executive who was appointed in late July, 1970. Built initially on the basis of the former departmental Transportation Policy and Research Branch, the Economics Division of Air Services and the Urban Transportation Development Division, the Policy Planning and Major Projects Branch was established to deal primarily with normative, long-run planning, problem-

solving and appeals from the C.T.C. The Branch was to be oriented towards the 'project' approach to problems and planning, to make it compatible with the developments within Transportation Council - the Ministry policy-making forum into which much of the output of the Branch would be streamed.²¹

The Arctic Transportation Agency - An Extremely Difficult Birth

The tortured process by which the Arctic Transportation Agency (A.R.T.A.) was brought into existence illustrates the additional difficulties involved in implementing an organizational proposal within a portfolio when the Treasury Board, other departments, and other levels of government are involved in the implementation. Literally all of the Ministry's efforts with respect to Arctic transportation planning and policy-making between January, 1970, and September, 1971, were devoted to breathing some form of life into the Task Force's proposal that a separate intermodal agency would be required to provide a single focus for the operation, adjustment and development of all modes of way and terminal activities in the North. This basic proposal had been approved in principle by Cabinet, and Treasury Board and assented to the organizational relationship of A.R.T.A. inside the Ministry - albeit with reservations.²² As the implementation process proceeded, the reservations and problems multiplied with the result that A.R.T.A. in its final form was significantly different from the Task Force recommendations. These differences have made A.R.T.A. a difficult component to categorize within the Ministry system concept.

In the aftermath of the Task Force Report, the Ministry Executive accepted the need to establish the 'federal' role in transportation in the Arctic within the Ministry in much the same manner that the 'provincial' role was the responsibility of the Department of Indian Affairs and Northern

Development. To accomplish this satisfactorily, it would be essential for the Ministry to absorb the limited planning responsibilities being exercised by the Department of Public Works. Within the Ministry, it was central to the whole philosophy of the reorganization that a strong component responsive to the Ministry Executive be created to set the tone of the Ministry's presence in the Arctic and counteract the effect of the C.T.C.'s growing role with respect to arctic transportation.²³ However, during the approval process the exact geographical boundaries of the prospective Administration's responsibilities had been questioned and there had been some concern expressed about how a regionally-based Administration would relate to the rest of the Ministry.²⁴ In addition, as the implementation process began and components such as the Air and Marine Administrations began operating within the Ministry System, doubts began to arise about the advisability of dividing operational responsibilities between A.R.T.A. and the two major operating Administrations on the basis of an arbitrary boundary between 'north' and 'south'.²⁵

The Intertrans Team reacted primarily to the latter problems and recommended a different status for A.R.T.A. from that proposed by the Task Force. It argued in its final report that since the management of national transportation roles was generally assigned in relation to the modal operation involved, a separate operating Administration in the North would undoubtedly involve duplication, possible confusion and even conflict. For this reason it proposed that A.R.T.A. should become an agency with the role of influencing other elements of the Ministry in promoting the extension of transportation systems in the Territories. The Team also recommended that the component be designated the Arctic Transportation Agency on the grounds that it would not be an operating unit, but rather, would assume the role of

"Champion of the North". In this role A.R.T.A. would not be competing with the Transportation Development Agency because it would be more concerned with "causing" rather than "doing" development. It was specifically noted that A.R.T.A. might serve initially as a special witness or advocate before the C.T.C. when this body considered economic regulations of transportation in the Territories. The Team also suggested that, in addition to self-initiated actions, as this "Champion" role became effective, operators and other levels of government would seek its help and so expand its role. With respect to organization, the Team proposed the immediate establishment of a small dynamic unit to provide an initial focal point. As the situation matured, it was anticipated that A.R.T.A. would begin to build a large structure of its own, possibly based on multi-modal expertise. It would then be in a position to play a progressively stronger role in Ministry affairs and external relationships as an authoritative source of policy planning advice. Concluding its argument, the Intertrans Report stressed the need to proceed with the appointment of the Agency director.

Apparently, the Ministry Executive did not respond positively to the idea of A.R.T.A. as "Champion of the North". The problem was simply that it would be extremely difficult to sell the establishment of A.R.T.A. to the other federal agencies already involved in transportation planning in the north if the proposal was presented in this manner. The most critical agency in this respect was the Department of Indian Affairs and Northern Development (D.I.A.N.D.) which Cabinet had indicated in February should be closely involved in the development of A.R.T.A.²⁶ Consultations between D.I.A.N.D. and Transport at the deputy-ministerial level on the question of Transport's proposed involvement in northern transportation planning had been initiated in April, 1970. D.I.A.N.D. had indicated its desire to cooperate in the

formation of A.R.T.A., but it had objected to the idea of transferring responsibility for the Alaska Highway to A.R.T.A. from the Department of Public Works and had insisted that the creation of A.R.T.A. should not effect D.I.A.N.D.'s quasi-provincial role with respect to northern roads and airstrips. Transport successfully defused the latter issue by insisting that the Task Force model was not going to be closely followed and that A.R.T.A. would only be concerned with national system roads and airstrips in line with the Ministry's responsibilities vis a vis the provinces in southern Canada. Stressing the positive, it tried to present A.R.T.A. as a mechanism to facilitate coordination between the two departments on matters of joint interest. While these consultations did clear up some basic issues and set the stage for further cooperation, it was clear to the Ministry Executive that the whole idea of A.R.T.A. would have to be looked at much more carefully before implementation could proceed. Pre-empting the Inter-trans Team's proposals for A.R.T.A., the Deputy Minister suggested to the Minister towards the end of May that a conference on northern transportation be organized in Yellowknife to provide a catalyst for properly defining the terms of reference for A.R.T.A. It was proposed that the conference be sponsored by the Ministers of Transport and Indian Affairs and Northern Development, with the cooperation of the Commissioners of the Territories and the support of the Prime Minister - to ensure that no jurisdictional problems be allowed to delay its implementation. The actual planning of the conference would be taken on by a special Ministry project team which would also become responsible for rethinking the nature of A.R.T.A. after the conference. This package of proposals was recommended to the Prime Minister by the Minister on the grounds that they were essential to ensure that the Ministry be in the best position to respond effectively and quickly to the

transportation challenges of the north and to make sure that these are effectively related to resource development, questions of foreign ownership, as well as ecological considerations.

It would appear, then, that the Intertrans Team's "Champion of the North" proposal was literally swallowed up by the passage of events at the ministerial level. By the time the Intertrans Team reported, the implementation initiative had been placed in the hands of the new project team, under the Senior Assistant Deputy Minister, with the expectation that the Conference (to be held in December, 1970) would be a critical mile-post in the development of thinking on A.R.T.A. In fact, even before the Conference, the project team presented some preliminary ideas about the nature of A.P.T.A. which seemed to find more ready acceptance than those put forward by the Intertrans Team. Instead of stressing the "champion" or advocacy role, the project team implied that A.R.T.A. should be directed towards a more low-key management function of coordinating the Ministry's Arctic programs and presenting budgets so that the programs could be evaluated objectively in relation to programs in the south. The project team agreed with the Intertrans proposal that it would be counter-productive to allow A.R.T.A. to act as an operator. However, it was suggested that A.R.T.A. should establish a separate Arctic operating budget through which operating Administrations could be paid for services rendered. In addition, the project team proposed that A.R.T.A. have a strong program selection and monitoring role. These centralized functions would necessitate A.R.T.A.'s location in Ottawa but it would be linked to the northern environment by a regional officer in each Territory.

The fate of A.R.T.A. as an operating body had been further sealed by new consultations between M.O.T. and D.I.A.N.D. at the deputy-ministerial

level during September, 1970. During this exchange, the operations issue arose as a result of a discussion of the proper title for the proposed new component. By this time arguments for and against 'Administration' and 'Agency' had been voiced within the Ministry. In the view of the senior officials at D.I.A.N.D. the word 'Agency' seemed unacceptable because it was usually used in relation to a body that has a degree of organizational independence and has operational functions.²⁷ The implication was that A.R.T.A. would be a small component without operational functions and, therefore, could probably be more accurately entitled a 'unit' or 'division'.²⁸ D.I.A.N.D. stressed the size of the prospective component, arguing that as long as it was small, it would be unnecessary for the Minister of Transport to clear its establishment through Cabinet.²⁹ It is difficult to know whether or not D.I.A.N.D. used the implied threat of Cabinet submission in an attempt to persuade the Ministry to adapt the role of A.R.T.A. to the demands of D.I.A.N.D. Clearly, the Ministry was coming around on its own to the idea of A.R.T.A. as a small non-operational component. For the benefit of D.I.A.N.D. it reiterated the original Task Force position that A.R.T.A. would report through the Ministry and would be an integral part of it. It was explained that 'Agency' was preferred because it served to distinguish A.R.T.A. from the 'Administrations' and also because 'Agency' had already been used for the development component - the Transportation Development Agency - and therefore would be consistent with the established terminology of the reorganized portfolio.³⁰

The project team, on the basis of the improved perspective obtained from the Conference and almost one year of consultations and study, presented its final proposals for A.R.T.A. to the Deputy Minister in late February, 1971, with the expectation that they would be laid before Trans-

portation Council for discussion and approval.³¹ However, before this policy-making forum examined the document, there was another series of consultations with D.I.A.N.D., Treasury Board and the Privy Council Office in an attempt by the Deputy Minister to remove any roadblocks to speedy implementation after the Minister accepted the proposals.

The proposals themselves did not stray in spirit from the earlier suggestions of the project team. In a planning sense, A.R.T.A. was to fulfill the same role for the Arctic that the Ministry Staff was designed to carry out for the entire portfolio.³² It was to be responsible for the initiation and development of new policies and strategic plans for the Ministry with respect to transport in the Arctic and to be the focal point within the Ministry for all problems relating to Arctic transportation. A.R.T.A. was also to be responsible for the preparation and presentation to the Ministry Executive of an annual program forecast and estimates submission relating to all transport activities of the Ministry in the North. Only operational planning was to be left to the Administrations, and A.R.T.A. was to have the responsibility of monitoring the implementation of all programs. Finally A.R.T.A. was to serve in an advisory role with respect to the establishment and enforcement of safety and technical regulations, but all reference to a possible advocacy role with respect to the C.T.C. was deleted. In the course of its work it was expected that A.R.T.A. would develop close liaison with D.I.A.N.D., the Territorial Commissions, Regional Offices of the Air and Marine Administrations and other relevant departments.³³

In the further consultations with D.I.A.N.D. at the deputy ministerial level, there seemed to be general agreement with the organizational approach taken, and an acceptance of the prospect that A.R.T.A. would provide a practical channel for consultation on planning northern transportation

programs. However, there still remained a good deal of apprehension about the impact of A.R.T.A. on D.I.A.N.D.'s 'territory'. For instance, some concern was expressed that A.R.T.A.'s regional officers might become channels of communications between the Territorial Commissions and the M.O.T. with respect to transportation proposals - thus bypassing D.I.A.N.D. In addition, D.I.A.N.D. again stressed its resistance to the idea of consulting with the M.O.T. on the subject of roads and local airstrip planning. Finally, it was suggested that A.R.T.A.'s priorities might have to be adjusted to correspond with the overall northern objectives for the Government which D.I.A.N.D. was about to recommend to Cabinet. One important result of this consultation was D.I.A.N.D.'s agreement that there would be no need to place the document before Cabinet after it had been approved by Transportation Council, the Minister of Transport, the Minister of Indian Affairs and Northern Development, and the Treasury Board. A similar position was taken on this latter issue by Treasury Board and the Privy Council Office.³⁴

Prior to the submission of the proposals to Transportation Council in late April, 1971, there was also some feedback from within the Ministry. Concern expressed about the adequacy of A.R.T.A.'s limited manpower resources (7 man-years proposed) by the Policy Planning and Major Projects Branch appears to have led to the transference of A.R.T.A.'s problem-solving role to the Branch. The acceptance of a regional policy planning unit was also questioned in the light of the Ministry's apparent commitment to modal divisions and it was suggested that it might be extremely difficult to develop proper working relationships between modal and regional units. The Air Administration also expressed some reservations about losing its prerogatives in recommending Arctic aviation priorities to the Ministry Executive. Nevertheless, the proposal was only marginally revised before its acceptance by

Transportation Council and the Minister. On the basis of the positive response of the Minister of Indian Affairs and Northern Development to the approved proposals the Prime Minister was informed of the new proposals for A.R.T.A. and the Minister of Transport's intention to proceed with its establishment. A submission to Treasury Board was also made to gain approval for the detailed organization and an establishment.

With approvals from the Prime Minister and Treasury Board in hand by mid-June, 1971, the worst was over and the Agency began to operate on the basis of the project team personnel. However, before A.R.T.A. was truly in place within the Ministry, several further hurdles had to be surmounted. The Air and Marine Administrations proved quite resistant to 'intrusions' by A.R.T.A. and the Ministry Executive had to expressly insist that both Administrations begin providing A.R.T.A. with the information it needed. A great deal of difficulty was encountered in determining the proper form of presenting A.R.T.A.'s program - activity and vote structures to Treasury Board. The Finance Branch was opposed to the practice of consolidating the Administrations' Arctic expenditures in A.R.T.A.'s Estimates, thus giving it a vote structure that did not reflect its actual control over expenditures and a program - activity structure which implied that A.R.T.A. would be providing services. Another hard knock was the extremely critical reaction of the Commissioner of the Northwest Territories to the organizational structure of A.R.T.A. as it was coming into place. The basic complaint was that A.R.T.A.'s headquarters were in Ottawa rather than in the North. It was felt that the Regional Officers would become little more than 'post office' operations and that the Commissioner would want to deal directly with the Regional Administrators for Air and Marine who had the actual construction and operating powers in the Territories. It is a reflection of the rather exhausting

nature of the whole implementation process that the title issue came up yet again, with the "Administration" forces losing a decisive and final battle in the long war with the "Agency" forces in early October.

The final result of this seemingly endless round of consultations and rethinking was a rather peculiar hybrid in the context of the Ministry System. The Arctic Transportation Agency was left with no operational responsibilities and, therefore, it would be unreasonable to classify it as a semi-autonomous operating unit and lump it in with the two major operating administrations - Air and Marine. At the same time, it is no easier to try to see it as merely a planning unit within the Ministry Staff. The fact that it is regionally based and combines financial, strategic, and program planning with program monitoring makes it almost a microcosmic Ministry Staff unto itself focusing on the Arctic rather than all of Canada. The perceived need for a particular concentration of attention on the transportation problems of the Arctic led to the implementation of a unit which sits uneasily between the operating Administrations and the financial and strategic planning branches of the Ministry Staff, and requires particular categorization within the boundaries of the Ministry System model.

Incomplete Implementation - The Case of the Marine Administration

Despite numerous difficulties and seemingly endless negotiations and revisions, the Arctic Transportation Agency emerged as a viable organizational unit with established internal lines of authority and communication. The same cannot be said of the Marine Administration. The simple fact is that the implementation of the Marine Administration proposals has never been completed and, as a result, doubt has been cast on the ability of the Administration to fulfill its proper function within the context of the

Ministry System.

The Task Force recommended and Cabinet approved the establishment of a Marine Administration through the integration of the St. Lawrence Seaway Authority, the National Harbours Board and the Marine Services Branch of the Department of Transport.³⁵ In retrospect, it certainly appears to have been somewhat unrealistic to have attempted to proceed with the implementation of the Administration without legislation which would have altered the independent legal status of the Seaway Authority and the National Harbours Board and made them accountable to the Marine Administrator.³⁶ Both the Ministry Executive and the relevant Central Agencies were aware that inevitably extensive legislation - particularly with respect to the National Harbours Board - would be required to bring the two Crown corporations into a line relationship with the Marine Administrator, the Ministry Executive and the Ministry Staff. However, the expectation on the part of the Ministry Executive - an expectation apparently shared by the Cabinet and the senior officials of the Central Agencies who approved the Task Force recommendation - was that a form of integration could be achieved, in the short run, through more immediate means than legislation. The announcement on May 1, 1970 of the appointment of the President of the Seaway Authority as the new Marine Administrator was to set the stage for the practical integration of the Seaway Authority and the Marine Services Branch. It was also suggested at this time that the subsequent appointment of the same officer as Chairman of the National Harbours Board would enable the Board to be drawn into this form of integration.³⁷ However, it was shortly after decided that the integration of three completely different administrative units within the Marine Administration would not be resolved even in the short run through the simple device of resting leadership in one person, and, in the event, the Adminis-

trator was never named as Chairman of the National Harbours Board. The decision to wait for legislation which never materialized meant that the Marine Administration has virtually remained to this day a continuation of the D.O.T. Marine Services Branch with a shadow of integration provided by the cross-appointment of the Administrator.

While no legislation which would have altered the status of the Board or the Authority has ever been introduced in the House of Commons or presented to Cabinet, there was good reason to expect in early May, 1970, that legislation with respect to the National Harbours Board would be introduced during the 1970-71 session. In line with the requirements of the reorganization of the Ministry, the Minister of Transport sought Cabinet's approval, in February, 1970, for the principle of a new ports policy which would establish a Federal Ports Authority as part of the Marine Administration. The purpose of the Authority would be to provide overall planning for the development and administration of port facilities which serve the commercial shipping needs of Canada. The jurisdiction of the Authority would extend to about 500 existing ports and harbours, and it would include all of the facilities under the control of the National Harbours Board, all the Commission Harbours reporting to the Minister of Transport, as well as all public harbours and wharves administered directly by the Marine Services of the Department of Transport. It was proposed that the Authority should be composed of a sufficient number of members to be regionally representative (approximately 15); these members were to be appointed by the Governor-in-Council. For individual ports and harbours, it was proposed that, where appropriate, Local Port Authorities or Management Boards be established with the assistance of part-time Managers and with memberships being drawn from residents of the region.³⁸ The Federal Ports Authority would delegate to

the Local Port Authorities as much responsibility as possible consistent with its overall control function. Thus the Local Authorities were to be given virtually complete freedom to administer the day-to-day operations of the ports.

If the Cabinet Committee on Economic Policy and Programs and Cabinet agreed to the proposals, it was recommended that a White Paper on Ports Policy be prepared as a basis for legislation which would have brought the functions of the National Harbours Board under the control of the Marine Administrator and opened up a direct line of communications between the Administrator and the private and public sectors using Canadian commercial port facilities. However, significant opposition to the proposals developed on the grounds that they were not particularly compatible with the new Ministry System. Treasury Board argued that if the Administrator was Chairman of the proposed Ports Authority and held a veto power he could be held accountable for the ports, but little responsibility would then accrue to the Regional Directors who were supposedly the keys to the decentralization of Marine responsibility within the Ministry.³⁹ The Intertrans Team also argued that if the Ministry System principles were followed, the individual ports should become units of the respective Regions of the new Marine Administration. The establishment of a Federal Ports Authority, in other words, would solve the integration problem presented by the National Harbours Board at the expense of orderly regional decentralization.

Perhaps responding to criticisms of this nature, Cabinet approved the new ports policy proposals in principle, but instructed the Minister of Transport to discuss them thoroughly with local groups before submitting a further policy memorandum to the Cabinet Committee on Government Operations setting out details of the form and makeup of the Port Authorities (both

local and federal) and the process by which the National Harbours Board would be phased out. As a result of this decision public meetings were held in Vancouver and Montreal during the Summer of 1970 and some 230 briefs were received. In addition, within the Marine Administration the proposed Ports Policy was reviewed in the context of the overall organizational needs of the Administration. Without waiting for the Intertrans Report, a small group within the Administration - including senior representatives from the National Harbours Board, and the St. Lawrence Seaway Authority - began work on the implementation of the Ministry System across the entire Administration. In their report, presented to the Administrator in November, 1970, they recommended the division of the Administration into three units - St. Lawrence Seaway Authority, a National Ports Authority and Marine Services. The reverse twist was that they apparently proposed the retention of Crown corporation status for both Authorities so that this National Ports Authority would become a Crown corporation within the Administration, similar to the existing National Harbours Board. The Administrator would have a small policy unit at his disposal and would become the Chairman of an interlocking Board of Management which would have as members the two senior persons in each of the three units. The emphasis in these proposals was on decentralization, and the creation of Local Port Authorities under the National Ports Authority was again recommended. However, it was not made clear how acceptance of these proposals would increase the Administrators control of all the facets of the Administration's activities.

By the beginning of 1971, the whole legislation issue with respect to the new ports policy and the National Harbours Board was badly bogged down in internal squabbles within the Ministry and it seemed certain that legislation would not be forthcoming in the immediate future. There was

increasing concern on the part of the Ministry Executive that to continue pressing for legislative change would force the delay of desperately needed alterations in the management of major Canadian ports until the nature of the legislation was decided upon. In order to speed the needed reforms at the local level, it was decided to drop, for the moment, the idea of legislating the National Harbours Board out of existence in favour of a body without Crown corporation status under the Marine Administrator. Therefore, the proposal to establish Local Port Authorities within the framework of the National Harbours Board was accepted by the Minister and ten local authorities were created. However, the original National Ports Authority idea was watered down so that the Authority was to become merely an internal planning committee of the National Harbours Board and to be renamed the Ports and Harbours Planning Committee. Advisory bodies for the local and federal authorities were also proposed, but only the federal body, a National Ports Council, was finally implemented in 1972.⁴⁰

The overall result has been that the Marine Administration remains a fragmented component of the Ministry System with an uneven degree of decentralization across its breadth and an uneven degree of responsiveness to the demands of the Ministry Executive and the Ministry Staff insofar as these are transmitted through the Administrator. This integration problem has been primarily manifested in occasional resistance to what are regarded as intrusions into the affairs of the St. Lawrence Seaway Authority and the National Harbours Board by members of planning and management resource centres within the Ministry Staff.

Implementation, Integration, and the Need for Legislation

In the case of the Marine Administration, I have tried to demonstrate that it was neither naivete nor attempted deception on the part of the Minister of Transport and his senior officials which prompted them to begin implementing the Task Force proposals in early May, 1970 without immediate legislation. The implementation began with the consent of Cabinet and the Central Agencies on the understanding that legislation arising from the new Ports Policy proposals, placed before Cabinet in February, 1970, (and still awaiting Cabinet's decision at the beginning of May), would also clear up the problems related to the position of the National Harbours Board within the Administration.⁴¹ However, the situation with respect to other legislative changes required to complete the implementation of the Ministry System is more confusing. At the beginning of May, 1970, the Ministry officials were still insisting to the concerned P.C.O. officials and the Prime Minister that no immediate legislation would be required to bring the implementation into effect.⁴² This was the message implicit in the final Memorandum to Cabinet with respect to the approval of the detailed implementation plan and schedule.⁴³

It seems clear, in retrospect, that this position with respect to the overall legislative needs of the reorganization was a product of poor judgement and bad advice. During the period of the Task Force investigation, based on legal advice obtained within the Department, it was widely believed that no legislation would be required at all to implement the Ministry System throughout the portfolio. However, it is worth noting that the Task Force members did not appear to pursue the issue further despite the surprising nature of the legal advice received. While this legal advice was challenged by the Implementation Team during the preparation of the final

Memorandum to Cabinet in March and April, 1970, the issue remained confused until after the implementation began in May. From that point on the situation began to deteriorate as the need for other legislation became clearer and the uncertainty with respect to the Ports Policy grew. It is undoubtedly one of the major failings of the implementation process that the more immediate legislative demands of the new Ministry of Transport were not determined prior to the final Memorandum to Cabinet. The Privy Council Office seemed content to accept the statement of legislative needs contained in the Memorandum; however, it was less than enthusiastic about entertaining revisions of these demands when Ministry officials began to get a clearer picture of their immediate needs.

One legislation issue which arose shortly after the implementation began was related to the basic question of the identity of the portfolio. For an organization to be effective it needs a symbolic presence, a sense of solid identity and established boundaries. One of the most curious anomalies of the long process of implementing the Ministry System was the ambivalence evident within the Ministry, and the sheer confusion in the Press and among the general public, with respect to the identity of the organization. Newspaper articles still refer alternately to the Ministry of Transport and the Department of Transport within the space of a few column inches. To a large extent this is a result of the inadequacy of the M.O.T. external communications campaign within the transportation industry, the universities and even the Federal Government during the time that the shift was made to the Ministry System. Despite the fact that many plans and ideas were aired about how best to establish the identity of the M.O.T., in the community and within the Government, very few of these programs were ever implemented.⁴⁴ With regard to the Task Force's conception of a Ministry,

there is no doubt that the M.O.T. is a legitimate Ministry.⁴⁵ Legally, however, the status of the Minister's portfolio remains unchanged. No legislation has been introduced altering the Department of Transport Act, (R.S.C. 1970, c. 15.) to reflect both the new title of the organization and the enlarged responsibilities which the Minister and his Staff now handle in practice.

Despite the assurances which had been given to the Cabinet and the Privy Council Office during the initial approval process that no legislation would be required immediately to implement the reorganization proposals effectively, pressure built up within the Intertrans Team and the Ministry Executive beginning in June, 1970, to take legal steps to change the name of the portfolio to the Ministry of Transport.⁴⁶ The Intertrans Team had commissioned a study in the legislative needs of the reorganized portfolio from the Department of Justice.⁴⁷ On the basis of this advice the Team recommended to the Ministry Executive that several de facto alterations in the portfolio could be given legal recognition through the simple expedient of amendments to the Department of Transport Act.

The Act remained essentially in the same form and terms as when originally enacted by Chapter 7 of the Statutes of 1879 as the Department of Railways and Canals Act, except for the amendments made in 1936 which brought within the Act the powers and duties of the Department of Marine and of the Department of National Defence with respect to Civil Aviation.⁴⁸ The proposed amendment of the Act would be for the purpose of bringing it in line with the duties and functions now exercised by the Minister of Transport and to delete from the Act certain provisions which have not been applied for several years.⁴⁹ In line with the recent reorganization, the name of the Department would be changed to the Ministry of Transport and

the provisions with respect to the authority of the departmental Secretary would be altered. Finally, it was suggested that references be included in the Act to the powers of the Minister in respect of surface transportation, motor vehicle safety and meteorology.⁵⁰

When these suggestions were transmitted to the Ministry Executive by the Intertrans Team, it was also noted that legal counsel had recommended that the most convenient way of proceeding with these amendments to the Department of Transport Act would be to have them included in the Government's 1970-71 omnibus Government Organization Bill.⁵¹ The Ministry Executive appeared to agree with the view that the suggested amendments were innocuous enough to be included in the Bill without endangering its passage in any way. With the agreement of the Minister, and after discussion of the legislative proposal in Transportation Council, the amendments were forwarded to the Privy Council Office - prior to the July 15 cut-off date for legislation to be introduced in the next session - with the suggestion that if Organization Bill was forthcoming they should be included. Unwittingly, this request raised the whole issue of the use of the term 'Ministry' at the Privy Council Office and after considerable debate it was decided to reject Transport's request that the portfolio's name be officially altered.

Within the Privy Council Office there were apparently two primary considerations. First, it was felt that despite its restructuring, the Transport portfolio could not really be considered a 'Ministry'. The Privy Council Office was not persuaded that, even after all the proposed changes were implemented, the organization of the D.O.T. would differ fundamentally - except in management terms - from the Department of the Solicitor General or the Secretary of State. Second, it was very pragmatically argued that the title 'Ministry' was wanted by the Prime Minister to describe an organ-

ization which differed significantly from the reorganized Transport portfolio. In other words, after Cabinet had approved the reorganization of the Transport portfolio without registering any qualification with respect to title, it had gone on to agree to the creation of new Cabinet-level portfolios referred to as Ministries of State.⁵² The Privy Council Office indicated that when the Prime Minister decided to have a system of Ministers of State, the need for providing for the establishment of Ministries of State became clear. One of the important characteristics of these bodies is that they would be relatively small policy-oriented groups, with no program responsibilities in the conventional sense of the term.⁵³ Therefore, it was argued, the name 'Ministry' was particularly appropriate.

On these grounds, no amendments with respect to the Department of Transport Act were included in the Government Organization Bill which the Government placed before the House of Commons in December, 1970.⁵⁴ The Privy Council Office did indicate that the name issue, along with the other questions covered by the proposed amendments, could be raised again, following a more extensive review of the legislative needs of the portfolio. However, the whole name question gradually began to change complexion during 1971-72. The Privy Council Office never went so far as to forbid the use of the title 'Ministry' with respect to the Transport portfolio, and by the time the Organization Bill was presented to the House, the name Ministry of Transport was already finding a limited acceptance in Ottawa which the Transport officials have done little to discourage. While the ambiguity was further heightened by the establishment of the Ministries-of-State, there was no pressure placed on the Ministry of Transport to revert to the title of Department. It would appear that while the Privy Council Office carried the day on the legal level, the Ministry of Transport may be quite difficult to

dislodge in practice. Nevertheless, the confusion engendered in the public mind, especially in regional areas such as the Arctic where the Ministry is struggling to establish a new image, can only be detrimental to the overall ability of the Ministry to become a responsive focus of policy-making. People and organizations cannot make demands on a government body which they cannot readily identify.⁵⁵

As the dilemma of the Marine Administration illustrates, the demand for legislative change reaches beyond the issues of identity and symbolic presence into areas which might conceivably in the long run prove crucial to the successful operation of the Ministry as an integrated policy-making body. If the Ministry's de facto responsibilities must be closely correlated with its legal powers, then there are two other important areas of the Minister's new portfolio which eventually will require legislative redefinition of some sort:

1. The transference from the Canadian Transport Commission to the M.O.T. of much of the former's research and policy-making role.
2. The attempted integration of the C.N.R. and Air Canada, two large Crown corporations, into the Minister's portfolio.

These two issues are of fundamental importance due to their impact on the scope of the M.O.T.'s policy-making and planning functions. As a result of the Task Force recommendations and in line with the felt need to make the new Ministry Staff an effective central planning and monitoring body, much of the research capability of the C.T.C. has been transferred to the Transportation Development Agency and the Policy, Planning and Major Projects Branch of the Ministry Staff.⁵⁶ The fostering of these new resource centres within the Ministry Staff, without resort to legislative change, raises some questions about the C.T.C.'s long run research and policy-making role as

outlined in Section 22 of the National Transportation Act.⁵⁷ This section appeared to place a rather remarkable research and policy-making function in the hands of an agency principally designed to regulate. However, the C.T.C.'s sphere of policy authority has narrowed substantially in the face of the organizational and policy renaissance across the breadth of the Transport portfolio. A seemingly simple solution to the increasing gap between the C.T.C.'s de facto and de jure policy authority would be to alter the National Transportation Act to recognize the new innovatory role of the Minister and his Staff with respect to the whole portfolio. However, it appears unlikely that the Government would be prepared to consider a revision of the Act in the near future because of the various allocative and regulatory policy questions which would be raised.

Another avenue of official recognition was cut off when legal counsel advised the Intertrans Team in June, 1970, that the transfer of research functions from the C.T.C. to the M.O.T. could not be carried out under the provisions of the Public Service Rearrangement and Transfer of Duties Act as the Act covers only transfers from one Minister to another - not from Commission to Minister. There had also been some discussion of including a reference to the transfer from the C.T.C. to the M.O.T. of the necessary functions to enable the Ministry to fulfill its new planning and policy-making roles in the proposed amendments to the Department of Transport Act. This idea was also rejected because it was felt that such an amendment would be insufficient due to the limited scope of the Act, and would lead inevitably to the question of revising the National Transportation Act.

Because of the perceived difficulties inherent in any legislative change, two lines of action are open to Ministry officials. First, every effort must be made to cooperate closely with the C.T.C. on an informal

basis in an effort to keep economic regulatory policy moving in the same direction as overall Ministry Policy.⁵⁸ At the same time, the question of the correct role of a regulatory body inside a wider Ministry System policy-making framework must be studied closely so that when the proper moment comes to re-establish the authority of the C.T.C. through legislation it can be done with some confidence that the new division of powers between the regulatory and investment agencies within the portfolio will lead to the development of an integrated national transportation policy. This extremely difficult issue was sidestepped by the Task Force and the Implementation Team. The former did suggest the possibility of giving all regulatory power - both economic and technical - to the C.T.C. However, to date, no large-scale study of the proper role for the regulatory agency inside the portfolio has been conducted.⁵⁹

The problem with respect to Air Canada and the Canadian National Railways is somewhat similar.⁶⁰ Despite the fact that Canadian proprietary corporations are under tighter legal control by the Minister to whom they report than public corporations in many other countries, they are certainly far from being integrated into portfolio policy-making structures.⁶¹ Under existing legislation, the Minister is unable to deal with the two large Crown corporations within the portfolio in a manner compatible with the basic premises underlying the Ministry System. This legislation is based on the principle that a Crown corporation is "an essentially commercial undertaking, which should be run relatively free from government and political interference and with the same managerial freedom as similar undertakings in private hands".⁶² Proprietary corporations (such as Air Canada and the C.N.R.) are subject to the additional constraint under the Financial Administration Act, (R.S.C. 1969-70, c.116) of being "normally expected

to pay for their operations out of their revenues".⁶³ As a result, present legislation does not give the Minister the means of control and coordination to ensure that Air Canada and the C.N.R. cooperate in an integrated policy-making mechanism, the needs of which are largely foreign to the limited commercial objectives of the two corporations.

Under the Air Canada Act (R.S.C. 1964-65, c.2) the Minister has no specific powers with respect to Air Canada except that the Governor-in-Council has the authority to appoint four of the nine directors. In addition, the annual report of the corporation is submitted to Parliament through the Minister of Transport, and the Minister is empowered under the Financial Administration Act to approve the corporation's estimates of capital expenditure prior to laying it before Parliament.⁶⁴ The Canadian National Railways Act (1955), lays down the organization of the C.N.R. and spells out the powers of the Governor-in-Council and the Minister of Transport in relation to the corporation. The Act gives the Minister the following powers

1. to sign expropriation plans (Section 17);
2. to sanction the location of railway lines and branches to be constructed by the National Company (Section 22);
3. to recommend to the Governor-in-Council the entering into of agreements for amalgamation, sale, lease, etc. (Section 23);
4. to recommend, together with the Minister of Finance, the approval of the budgets of the National Company to the Governor-in-Council (Section 37);
5. to lay before Parliament the budgets of the National Railways and the Annual Report of the Board of Directors (Section 37);
6. to cause inquiries to be held regarding matters affecting the

National Railways (Section 45).⁶⁵

In terms of policy-making, there is one important area over which the Minister has significant control. That is the area of budgets, operating and capital. It is through the budgets, particularly the capital budgets, that the Minister, with the cooperation of the Cabinet, can most easily and effectively direct the long term future of the Canadian National Railways in a manner complementary with overall national transportation policy.

The fundamental difficulty in terms of the Ministry System is that these powers really allow no official scope for the policy coordinating activities of the Ministry Staff. On a legal basis, the corporations relationships are with the Governor-in-Council and with the Minister of Transport and there is no provision for a formal planning and policy-making relationship with the Ministry Staff. As this sort of relationship is critical to the long-run success of the Ministry System as an integrative organizational device, the Ministry Staff has been forced to rely on informal linkages with the corporations, sponsored and encouraged by the Minister. While informal methods of coordination between Ministry Headquarters and the corporations have proved invaluable in supplementing the legal methods, they do not always provide the kind of cohesiveness necessary to support and implement sweeping national policies with respect to air and rail transportation.⁶⁶ It is sometimes argued that these two major Crown corporations should be locked into the Ministry in much the same manner as an operating Administration such as Air. However, a change in relationship of this nature would obviously require legislation and would certainly be strongly opposed by both Crown corporations. Moreover, it is not necessary for the success of the Ministry of Transport as a responsive, innovative and effective policy-making institution that these Crown corporations become more closely assimilated into

the bureaucratic structure. What is necessary - particularly in the interests of responsiveness - is that a legal basis be established for interlocking the planning and policy-making processes of the Ministry and the corporations. Despite the initial resistance of the Senior Officials and the Cabinet Committee on Priorities and Planning to any alteration in the relationship between the corporations and the Minister, there are indications that the Cabinet may be prepared in the near future to consider legislation which would have the effect of facilitating the Minister of Transport's attempts to use these Crown corporations as legitimate instruments of national transportation policy. It is quite likely that such legislation would allow for the establishment of cohesive planning and policy-making relationships between the Ministry Staff and the corporate structures of Air Canada and the C.N.R. The use of these Crown corporations to deliver, or aid in the delivery of, major thrusts of national transportation policy might well have adverse implications for their goal of profitability and would reflect a new attitude on the part of the Government to the traditional status and role of Crown corporations.

This concludes a brief review of the major legal problems standing in the way of the complete implementation of the Ministry System within the Transport portfolio. Some of these complex issues will undoubtedly be cleared up before too long through new legislation or extensive revisions of existing legislation.⁶⁷ However, the shape of any future legislation is surely complicated by the two meanings which can now be attached to the term Ministry. The Ministry of State sense has been established through legislation and the creation of two such Ministries. The Ministry of Transport sense has only the strength of common usage, but it is quite firmly embedded. In the face of this clash of definitions and remembering the debacle of the

last Government Organization Bill, it is quite unlikely that the Privy Council Office would seriously consider the prospect of using a future Organization Bill as the vehicle for the several legislative changes required to place the Ministry of Transport on a solid legal foundation.

Even if legislation is forthcoming, taking into account the inability of the House of Commons to deal with the present rate of demand, it would be several years before all the de facto relationships could be translated into law. Despite the inability of Ministry of Transport officials to define these legislative issues carefully at an early stage of the approval process, it is unthinkable that this dilemma should be allowed to stand in the way of a Minister's attempt to reorganize his portfolio for more responsive, innovative and effective policy-making.

Notes for Chapter Six

¹ See pp. 187-90.

² 'Intertrans' is a compression of the expression 'integrated transportation'.

³ A similar recommendation along these lines was part of the Task Force's initial thoughts on the implementation and communication programs. See p. 190-94.

⁴ The Project Manager began his work unofficially on February 20th and the news release concerning his appointment and the establishment of the Implementation Team was circulated on March 12, 1970, the date of the Deputy Minister's first meeting with the Team.

⁵ The Members included one senior officer from each of the following units within the portfolio: Management Service, D.O.T.; the St. Lawrence Seaway Authority; Air Services, D.O.T.; Marine Services, D.O.T.; Operations Review, D.O.T.; National Harbours Board; Personnel, D.O.T. The Project Manager was the Director of the Meteorological Branch, D.O.T. The Deputy Minister rejected Marine Service's attempt to name its Task Force representative to the Intertrans Team. He wanted a fresh look at the Task Force ideas in the light of actual operating requirements. In the end, however, the Management Services and Operations Review representatives were ex-Task Force members.

⁶ This Advisory Council was apparently never formed with the result that consultations with the P.C.O. and P.S.C. were achieved through informal direct channels.

⁷ See Chapter Four, p. 149.

⁸ Many of these issues involved complicated legal and jurisdictional problems which added to the burden of their resolution.

⁹ The issue of the consolidation of common services throughout the Ministry is one example. This issue, which was being given some attention by the Team was made a high priority issue by the Deputy Minister towards the end of May. The Deputy Minister was particularly concerned that the decentralization of administrative staff services away from Headquarters not result in the establishment of duplicate services for each Administration especially in regional headquarters where consolidation opportunities existed.

¹⁰ Ministry of Transport, "Implementation Report, Project Intertrans, Concerning the introduction of the Ministry System in the Ministry of Transport" (Ottawa, July 31, 1970). (Mimeographed).

¹¹ See p. 258 ff.

¹² Cf. p. 268 The implementation of the Task Force recommendation that Air Canada should report directly to the Ministry of Transport rather than through the C.N.R. was also delayed.

- ¹³ See Chapter Four, p. 166.
- ¹⁴ See Chapter One, p. 16.
- ¹⁵ See the discussion of the Task Force proposals; p. 122.
- ¹⁶ Program monitoring, with the exception of the review of financial expenditures, had not been a recognized activity of the D.O.T.; management review was done by the Personnel Branch.
- ¹⁷ See pp.26-28 ; and M. Rowan, "A Conceptual Framework for Government Policy-Making," Canadian Public Administration, Vol. 13, No. 3 (Fall, 1970), p. 286.
- ¹⁸ The National Transportation Act (R.S.C. 1970-71, c.N-17).
- ¹⁹ In the event, management systems planning and computer services were attached to the Finance Branch of the Ministry under the Assistant Deputy Minister, Finance.
- ²⁰ The existing financial audit and review group and the operations review group were attached to the Finance Branch, but it was generally accepted that a further program monitoring capacity would have to be established sometime in the future.
- ²¹ See the discussions on this 'project' orientation and the role of the Transportation Council in Chapter Seven.
- ²² See Chapter Four.
- ²³ It was the feeling of senior officials within the portfolio that hearings held in the Arctic by the C.T.C. on specific transportation issues had resulted in misunderstandings concerning the Government's northern transportation policy.
- ²⁴ See Chapter Five.
- ²⁵ This boundary was to be 60° latitude.
- ²⁶ See p. 166. Other federal agencies involved in northern transportation planning included the Departments of Public Works; Energy, Mines and Resources; and the Department of National Defence - all of which were represented on the transportation sub-committee of the Advisory Committee on Northern Development.
- ²⁷ The D.I.A.N.D. officials had in mind a usage of the word that would have an 'agency' carrying out the functions of a department like Public Works. This body would be an 'agent' of the government and would have a greater degree of operational detachment than would any component within a departmental structure.
- ²⁸ Within the Ministry it had been argued that A.R.T.A. should be an 'Administration' because it would give the head of the unit a clear

administrative responsibility in formulating the entire Transport program in the Arctic.

²⁹ Cabinet had instructed the M.O.T. that specific proposals for implementing the reorganization of the transportation were to be submitted to Cabinet unless they were the kinds of changes that a Minister would normally make without consulting Cabinet.

³⁰ In April, 1971, when the plans for A.R.T.A. were being finalized by Transportation Council, the title 'Agency' was chosen in order to avoid confusion in the public mind particularly in the North where other Ministry Administrations would be operating and regulating.

³¹ It is almost too cruel to note that this proposal reverted to titling A.R.T.A. an 'Administration'. The argument in this case seems to have been that 'Agency' was, as a result of Intertrans, too closely identified with the 'champion' role and, therefore, would not reflect A.R.T.A.'s coordinating and policy planning role.

³² Arctic was now more loosely defined as all the territory above 60° latitude, and occasionally territory below that point if individual cases strongly suggested inclusion.

³³ Such liaison would be facilitated by the appointment of regional officers and the establishment of an Advisory Board. See pp. 301-303.

³⁴ The proposals were also reviewed by A.C.N.D. but the Ministry Executive, on the basis of Cabinet's orders, did not consider itself bound by the views of any department other than D.I.A.N.D.

³⁵ See Chapters Three and Four.

³⁶ This particular legislation problem is further examined in the context of the overall legislative needs of the reorganization attempt on p. 261 ff.

³⁷ Within the terms of the St. Lawrence Seaway Authority Act (R.S.C. 1969-70, c.242) the Seaway Authority is required to comply with any direction of the Minister of Transport that is not inconsistent with the Act. In addition, the Act enables the Governor-in-Council to entrust management and operation of related Marine works to the Seaway Authority thereby opening up the possibility of amalgamating the functions of the Marine Services Branch and the Seaway Authority to form the Central Region of the Marine Administration. However, the National Harbours Board Act (R.S.C. 1969-60, c.187) offers none of these advantages, and features the added liability of limitations as to the disposition of revenue from individual ports.

³⁸ It was estimated that of the approximately 500 ports to be retained under the jurisdiction of the Ministry of Transport, 32 ports were of sufficient importance to warrant being governed by Boards.

³⁹ Three regions (Atlantic, Central and Western) were proposed initially, with the Atlantic Region later being divided into two - the Maritime

and Laurentian Regions - and then into three with the identification of Newfoundland as a separate region.

⁴⁰The National Ports Council, composed of members of the **National Harbours Board**, the Chairmen of each of the ten local ports authorities and the various Harbour Commissions and representatives of provincial government as well as several federal government officials was set up to advise the Minister of Transport. The Administrator of the Marine Administration was named Chairman of the Council. M.O.T. News Release, No. 109-72, September 29, 1972.

⁴¹See p.-257.

⁴²The concern within the executive arena is outlined on p. 174.

⁴³See pp. 174-75. Except for legislation involving the new Ports Policy which was expected to be put before the House during the 1970-71 Session, it was argued in the Memorandum that no legislation would be required before the 1971-72 Session.

⁴⁴See Chapter Five.

⁴⁵See the discussion of the Task Force Ministry System model in Chapter Three.

⁴⁶This pressure was partly due to the simple identity issue and also a result of confusion which had arisen with respect to the proper name of the portfolio for contractual purposes.

⁴⁷See pp. 236-37.

⁴⁸See pp. 55-57.

⁴⁹For instance, it was pointed out that despite the provisions of the Act, the Minister of Transport no longer had the management charge and direction of the Government Railways and Canals. The Government Railways had been entrusted to the C.N.R. in 1923, and the Main Route Canals - the Welland, Lachine, Beauharnois, Sault Ste. Marie, and the Ontario - St. Lawrence Canals - had been entrusted to the St. Lawrence Seaway Authority in 1959.

⁵⁰This proposal also suggested that the Act be amended to legalize the transfers from the C.T.C. to the M.O.T. of the research functions of the former under the National Transportation Act. In the event, the Minister rejected this particular suggestion. The legal problems with respect to the C.T.C. are outlined on pp. 266-68.

⁵¹See pp. 12-19, for a discussion of the use of omnibus organization Bills.

⁵²See Chapter One, pp. 15-19.

⁵³See the President of the Treasury Board's discussion of the nature of a Ministry of State, House of Commons, Debates, April 5, 1971, pp. 4931-32.

⁵⁴ While the P.C.O. never admitted to it, there may have been some concern even before the Bill was introduced in the House that there would be an adverse reaction to it because it contained so many unrelated items. Such a suspicion would have increased the P.C.O.'s resistance to any further last-minute additions by the Minister of Transport.

⁵⁵ The problem of the identity of M.O.T. policy-making activities in the Arctic is further complicated by the fact that the M.O.T. is competing within various inter-departmental committees for a reasonable priority for its northern programs. This competition may be decided in part by the strength of the different departments' constituencies' in the North. The confusion with respect to 'Ministry' and the new entry of the Arctic Transportation Agency into the field do little to create a solid "demand constituency" for the M.O.T. in the North.

⁵⁶ See p.122 and pp. 240-46.

⁵⁷ The National Transportation Act (s.22(1)). See the discussion of this problem in Chapter Two.

⁵⁸ There are numerous lines of communication between the C.T.C. and the Ministry Staff already available; these are explored in Chapter Seven.

⁵⁹ See p.239 and Chapter Three p. 122.

⁶⁰ These comments apply to a lesser extent to the Northern Transportation Company Limited. Because of its membership on Transportation Council and the limited scope of its overall operations with respect to the national transportation framework, the question of its integration within the portfolio is not a particularly serious issue.

⁶¹ See J. R. Mallory, The Structure of Canadian Government (Toronto: 1971), pp. 123-129; and C. A. Ashley and R. G. H. Smails, Canadian Crown Corporations (Toronto: 1965).

⁶² J. R. Mallory, op. cit., p. 123.

⁶³ Ibid., p. 125.

⁶⁴ See D. C. Corbett, Politics and the Airlines (Toronto: 1965) especially pp. 269-285.

⁶⁵ See the Canadian National Railways Act (R.S.C. 1969-60, c.29). Other powers, including the authority to appoint the directors, president and the chairman of the C.N.R. Company, the central corporation within the C.N.R., are vested in the Governor-in-Council by the Act. Obviously, the Minister of Transport would be extremely influential in the exercise of such powers.

⁶⁶ The problems involved in this method of coordination are further discussed in Chapter Eight.

⁶⁷ It is generally estimated to take upwards of three years from the statement of a demand for legislative change to the granting of royal

assent to the legislation itself, due largely to the increasing backlog of demand for a place in the House of Commons' legislative schedule. See Gordon Robertson, "The Canadian Parliament and Cabinet in the Face of Modern Demands," Canadian Public Administration, Vol. 11, No. 3 (Fall, 1968), pp. 272-279.

CHAPTER SEVEN

THE MINISTRY OF TRANSPORT AS A
PLANNING AND POLICY-MAKING INSTITUTION

Introduction

In the preceding chapters I have examined and analysed the factors leading to the reorganization of the Transport portfolio under a Ministry System, and the nature of the administrative reform process itself. The remaining two chapters are essentially devoted to determining how successful the application of the Ministry System has been in terms of the organizational concepts which dominated all major administrative reform during this period and the particular problems faced by this portfolio prior to its reorganization. Clearly the intention of these reforms has been to strengthen and extend the policy-making potential of the Federal Government with respect to the entire national transportation framework. Both the Glassco Commission and the Task Force stressed the need for centralized planning and policy-making within the Transport portfolio and this is precisely what the recent administrative reforms offer. However, in order to come to some tentative conclusions concerning the success of the Ministry System as an organizing concept, one must have a clear view of how it operates within the Transport portfolio. This chapter will attempt to fill this need. First, the Ministry Executive and the components or resource centres within the Ministry Headquarters Staff are examined briefly and an attempt is made to outline the nature of the involvement of these structures in Ministry policy-making. This is followed by a detailed analysis of the policy-making forums in which these components interact and a discussion of the roles of the Deputy Minister

and the Minister. The overall intention is to explain the complex conversion process by which an idea or demand is translated into policy within the portfolio.

In a sense, the analysis appears to be shifting its focus somewhat in this chapter from positional to allocative policy-making.¹ The concern is not so much with the process by which the allocative policy-making process is restructured (positional policy-making or metapolicy-making), as it is with the outcome of positional policy-making -- a different allocative policy-making process from the model that was previously thought to hold sway.² While this distinction may appear to be - and probably is - somewhat illusory, it may help to emphasize the fact that this chapter is primarily designed to provide an account of the structures and process involved in making allocative policy with respect to the national transportation framework.

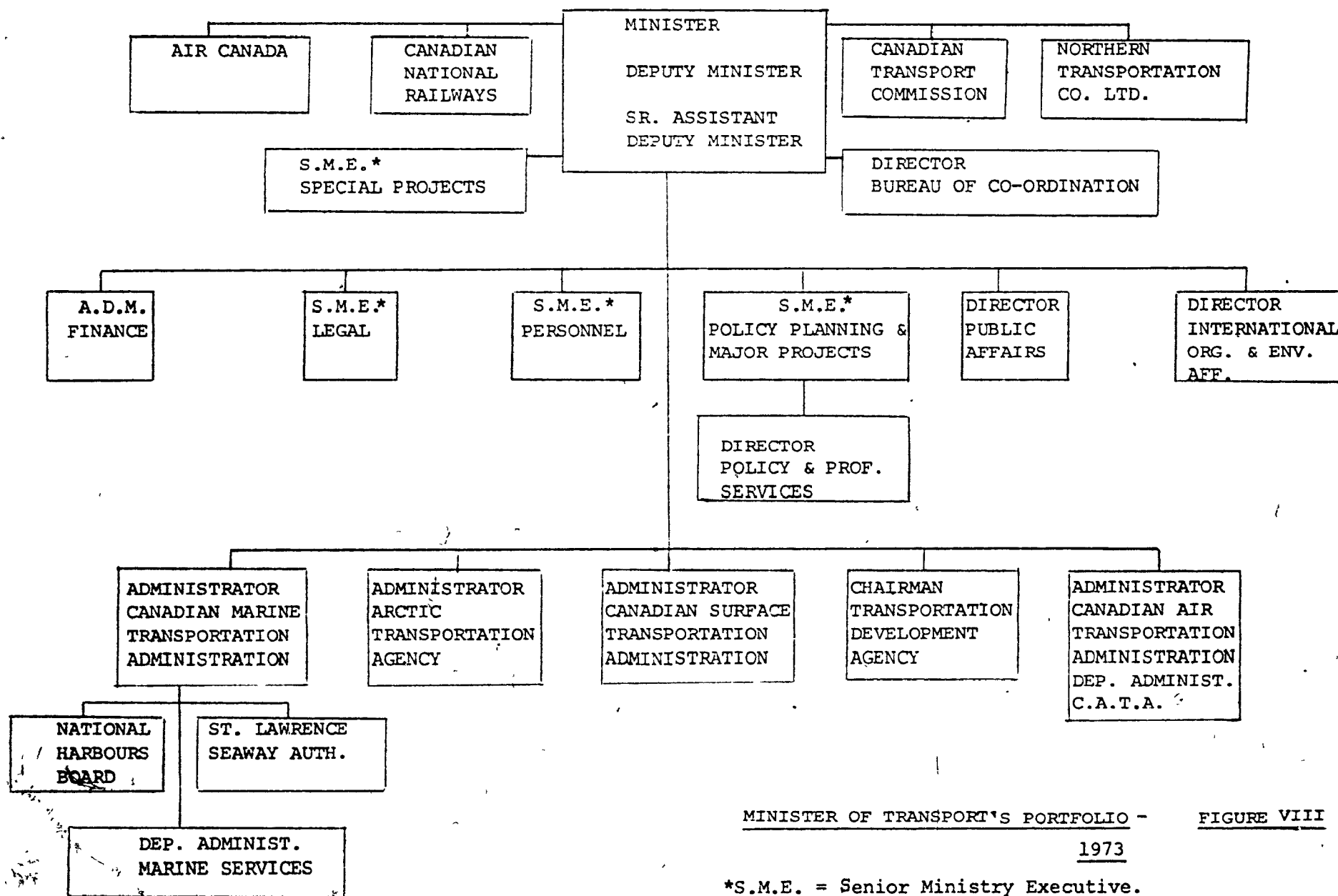
There are, however, some outstanding gaps in the analysis. The process within the Canadian Transport Commission whereby economic and technical regulatory policy is made has been completely ignored.³ The C.T.C. is only seen as an actor in this chapter inasmuch as it plays a role in that part of the allocative policy-making process which is primarily concerned with "investment in transportation infrastructure..., the payment of grants and subsidies, special tax concessions, or the award of contracts on favourable terms..., taxation, especially user charges...", and certain forms of technical and safety regulations.⁴ In addition, the Minister's Office Staff is virtually ignored, not because its role in the allocative policy-making process is any less significant as a result of the application of the Ministry System, but precisely because it was aloof from the reorganization and outside the boundary of my research from the outset. Finally, this chapter provides no further insights into the relationship - in allocative policy,

matters - between Air Canada and C.N.R., on the one hand, and the Ministry Executive and Ministry Headquarters Staff. The legal relationship between these two Crown corporations and the Minister (and the rest of the portfolio) remained unchanged as a result of the reorganization, and information on the increased informal planning and policy-making interaction between the senior management of both corporations and the senior officials and Minister of Transport is not plentiful.⁵

The Ministry Executive

The Ministry Executive consists of three men (Minister, Deputy Minister and Assistant Deputy Minister) who direct the activities of the corporate-like structure created by the reorganization. The arrangement does nothing to disturb the distinction between the legal and constitutional responsibilities of the Minister and the Deputy Minister. In other words, the corporate overtones do not invalidate the traditional rule that "the powers of the Department are vested by law in the Minister, who is constitutionally responsible to Parliament and the public for everything that his Department does".⁶ However, the corporate language may have the advantage of putting to rest the tedious debate about "who actually makes policy". To a large extent the academic distinction between policy-making and day-to-day administration of present policy is meaningless. Lord Bridges makes this point clearly.

Most of the work of Ministers and their senior staffs is concerned with the continuous task of keeping the policies of departments in line with the needs of the day: changing what is becoming out-of-date, or looking ahead and attempting to forecast the changes which will have to be carried out in the ensuing months or years. In this kind of work the traffic in Government affairs moves both up and down.



MINISTER OF TRANSPORT'S PORTFOLIO -

FIGURE VIII

1973

*S.M.E. = Senior Ministry Executive.

The Ministry Executive amalgamates politics and bureaucracy in a way which makes it somewhat pointless to attempt to distinguish precisely between the two activities with respect to the role of the Minister and his Deputy. Inside the Ministry Executive, the Deputy Minister works closely with the Minister in directing the total Ministry complex, and integrating national transportation programs with the activities of other departments and sectors.

Probably the most important feature of the Ministry Executive is that it increases the scope of the Deputy Minister's powers to include the whole of the Minister's portfolio. Previously, the Deputy Minister of Transport was seen to be merely the head of the Department of Transport despite the fact that the Minister of Transport's portfolio included the Department, the C.T.C. and various Crown corporations. The reorganization was supposed to place the Deputy Minister in a 'line' relationship with all of the Minister's portfolio so that in practice, rather than merely in title, the Deputy Minister "deputizes for the Minister in respect of the whole portfolio".⁸ In fact, while the Deputy Minister's coordinative and advisory powers have definitely been increased by the reorganization, the full extent of the increase has not yet been realized largely due to the legislative problems associated with the implementation process.⁹

The Ministry Executive trinity is completed by the Senior Assistant Deputy Minister. His primary responsibilities are to represent the Ministry in negotiations with industry and government and to coordinate priorities, program planning and monitoring throughout the Ministry. This latter responsibility involves the difficult task of ensuring that the semi-autonomous Administrations and the Agencies coordinate their activities very closely with the policies and programs of the Ministry as a whole. To this end the Senior Assistant Deputy Minister has played a large role in the initiation

of the Advisory Boards for the Agencies and Administrations and is the Ministry Executive representative on each Board. The Senior Assistant Deputy Minister also participates with the Assistant Deputy Minister, Finance, in the review of the program plans of the Crown corporations. Finally, his office is involved in the development of special in-house projects such as the on-going attempt to develop a Ministry-wide comprehensive planning system.

The Ministry Headquarters Staff

The Ministry Executive is supported by a Ministry Staff which concentrates on general administration and planning, and provides a central point for coordinating the flow of information between the Ministry Executive, the operational Administrations, and the Central Agencies of the federal government. It was intended that the Ministry Staff would be a small, highly qualified group with a wide range of capabilities in the areas of finance, personnel, secretariat, public affairs, and planning. The expectation was that the Staff would number approximately 100; both Laframboise and the Task Force postulated that this would be sufficient to perform the tasks for which it was designed. This expectation has not been met. Presently the Headquarters Staff numbers about 700, including approximately 350 "common services" personnel who may eventually be relocated perhaps through the creation of an Administration of Common Services within the Ministry. Such large numbers without doubt reduce the integrated character of the Staff and create communication and information flow problems which handicap the Staff in its attempts to coordinate planning and policy-making. On the other hand, large planning groups reflect greater expertise across a wider range of transportation issue-areas and also encourage the development of diverse and competing policy

proposals on any one issue.¹⁰

The Ministry Staff is divided into seven basic units of which four are directly involved in the transportation planning process.¹¹ The principal planning role rests with the Policy, Planning and Major Projects Branch which, although a product of the reorganization, has its roots in the D.O.T.'s Transportation Policy and Research Branch.¹² The basic task of the new Branch is to develop and recommend to the Ministry Executive long-range goals, priorities, policy and program plans. The Branch must ensure that the policies and programs are not only consistent with general government policy, and integrated with each other on an intermodal basis, but are also coordinated with policies and strategies of other federal departments which are influenced by or influence transportation needs (e.g., the Departments of Industry, Trade and Commerce; Indian Affairs and Northern Development; and Regional Economic Expansion). The Branch also has an important role in establishing working relationships at senior levels with the Ministry Crown corporations. As the corporate strategic plans of the Crown corporations are not directly controlled by Ministry policies, there is a distinct need to secure their cooperation and encourage their acceptance of the Ministry's long-range policies, strategies and assumptions with respect to the national transportation framework through informal methods.¹³

The Policy, Planning and Major Projects Branch is also cast as the problem-solver for the Ministry Executive. The Branch, primarily through its Policy and Professional Services Division, provides staff assistance to the Ministry Executive in solving problems and answering questions presented to it for resolution or opinion where the matter is not directly related to the operation or role of one component of the Ministry. Short-range issues involving relations with other governments usually end up being dealt with by

the Branch. This 'right-hand man' role is not particularly compatible with the Branch's primary responsibility as the corporate planning body within the Ministry. If the Ministry Executive is truly serious about encouraging innovative planning it must resist the temptation to raid its 'brain-trust' whenever a problem arises. A planning group cannot possibly devote adequate time and effort to future planning and the preparation of policy proposals adaptable to a rapidly changing environment if it gradually becomes immersed in the action of day-to-day administration.

Finally, the Branch has the responsibility for assessing appeals to the Minister against C.T.C. decisions with respect to applications for an operating licence under the Aeronautics Act, (R.S.C. 1969-70, c.2). In conjunction with the Ministry Staff Legal Branch, the Policy, Planning and Major Projects Branch recommends the manner of their disposition.¹⁴ The primary importance of this activity is that it allows assessment of the evidence constituting the basis for C.T.C. decisions and evidence from appellants and interested parties in light of government policies, thus providing a possible check against divergent policy lines both within the Transport portfolio and between the C.T.C. and some other Government agency (e.g. Prices and Incomes Commission).

The Policy, Planning and Major Projects Branch, while the pre-eminent corporate planning body, shares the task with other planning-oriented branches within the Ministry Staff. The Finance Branch, under the leadership of an Assistant Deputy Minister, among other responsibilities (namely-budget preparation, accounting, expenditure control and the provision of management services), provides the financial input into Ministry policy planning. With the importance attached by the Task Force and the Central Agencies to such concepts as resource allocation, cost-benefit analysis, and user and benefici-

ary charges, financial policy guidance has become an integral part of the planning process. In addition, the Finance Branch exercises a financial overview of the activities of the Crown corporations which fall under the Minister's portfolio. This overview represents another avenue, albeit of limited value, for corporate control over the whole portfolio.¹⁵

A fledgling unit within the Ministry Staff, the Bureau of International Organizations and Environmental Affairs has been given a two-fold planning task.¹⁶ First, it is designed to coordinate the dissemination of policies and the formulation of objectives and positions relating to M.O.T. participation in international organizations. Second, and in the long-run probably more important, it is to contribute to the development and implementation of M.O.T. national environmental policies and goals and the effective integration of air, marine and surface anti-pollution programs.

The Bureau of Coordination also has a support function with respect to policy-making and planning - but it is a function which is far more immediately related to the success or failure of the Ministry as a policy-making body. The Bureau, in a sense, performs largely the same function within the Ministry as the Privy Council Office does with respect to the federal government as a whole. The Bureau of Coordination is a focal point for the policy-making activities of the Ministry; in fact, the M.O.T. is the only federal government department to have such a coordinating body.

The Bureau's primary function is to provide a secretariat for the Ministry's central policy-making forums - the Deputy Minister's Staff Meeting, Transportation Council and the Advisory Boards - whose activities will be examined in the following section. This gives the Bureau what might be described as an interface role. It was instrumental in the establishment of the Advisory Boards and it shares the responsibility with the Senior

Assistant Deputy Minister for ensuring that they continue to serve the screening and communicating functions for which they were designed. The Bureau also plays a major role in establishing priorities for the Ministry and translating these priorities into agenda and schedules for the Ministry's policy-making forums. To play a responsible part in this phasing process it is absolutely essential that the Bureau personnel be well informed about the nature of the Canadian transportation framework and the range of policy options available to the Ministry.

To some extent the Bureau's coordinating or interface role goes beyond merely servicing the official forums. It also has the responsibility of knowing enough about the policy issue in question to be able to disseminate information about it to the proper units within the Ministry, and then see that these units coordinate their activities (especially if the question has intermodal implications) so that a balanced policy emerges. This coordination activity involves the Bureau not only in the process of providing a two-way flow of policy information between the Administrations, the Ministry Staff units and the Ministry Executive, but also in the process of coordinating the two-way flow of documents and information between the Ministry and the Privy Council Office and other departments of the Federal Government. While the Bureau has radically improved the flow of information between the Ministry and other Government agencies, it does not appear to have enjoyed as much success in establishing a comprehensive network for information flow within the Ministry. The Bureau does not seem to have sufficient personnel to provide communication and information services comparable to those provided by the Privy Council Office for the Cabinet and the Cabinet Committees.

The fact that the Bureau touches all levels of the Ministry, reaches upward to the Privy Council Office and attempts to relate Ministry

officials at the middle-level to their counterparts in other Departments, makes it a key information 'junction' within the Ministry. In this capacity, it acts as one of the Ministry Executive's set of antennae, providing the top management with information on the workings of the Ministry System, particularly with respect to problems of coordination, establishment of priorities and difficulties in relationships between units within the Ministry. This briefing role extends beyond the boundaries of the Ministry in that the Bureau is also responsible for informing the Ministry Executive (and especially the Minister) of any policy or legislative proposals put before the various Cabinet Committees (through the Privy Council Office) by other departments which may be relevant to the Ministry of Transport.

The Administrations and Agencies

The Ministry System calls for centralized planning and policy-making, but it also lays considerable emphasis on decentralized operations. To achieve the latter aim, the operational responsibilities of the Air and Marine Services of the D.O.T. have been transferred to two semi-autonomous units, the Canadian Air Transportation Administration and the Canadian Marine Transportation Administration.¹⁷ The structure and operations of the latter Administration are complicated - as I have already noted - by the consolidation, without legislative change, of the way and terminal activities of the National Harbours Board and the St. Lawrence Seaway Authority under the Marine Administrator. Despite the centralization of planning and policy-making under the Ministry System, it was never intended that these Administrations would be excluded from the Ministry policy process. In fact, significant operational and program planning is being done within both Administrations. Problems have arisen, however, with respect to the division of planning

responsibility between the Ministry Staff (especially the Policy, Planning and Major Projects Branch) and the operating Administrations. These jurisdictional difficulties have been exacerbated by the project method employed in the Ministry whereby one officer in one planning group is given the responsibility of drafting a policy proposal. As a result, on occasion a Ministry Staff officer has been given the task of preparing a proposal which one of the operating Administrations feels is within its modal 'territory'. Competition at this level is certainly counter-productive. Either the Ministry Executive should reject the project method and encourage the development of competing policy proposals, or the planning jurisdiction of the Administrations should be clearly restricted to operational planning under the umbrella of existing Ministry policy.¹⁸

This jurisdictional tug-of-war does not seem to be as critical an aspect of the relationship between the Ministry Headquarters Staff and the other Administration and Agencies within the portfolio. However, none of the latter components are as powerful or self-contained as the two major operating Administrations. Confusingly entitled an Administration, despite the fact that it has few operational responsibilities in contrast with the Air and Marine Administrations, the Canadian Surface Transportation Administration is engaged in policy formulation, long-range planning and specific program development for all phases of surface transportation. This includes the planning and conduct of the federal government road and motor vehicle safety program; the planning, operation and administration of all aspects of ferry services and road, highway, bridge and tunnel facilities within the M.O.T. jurisdiction; and inputs into rail transportation policy matters in cooperation with the railways. The latter aspect of the Administration's work will help the Ministry develop the capacity to oversee the program

aspects of the C.N.R. budget. The responsibilities of the Administration will undoubtedly be expanded by the implementation of Part Three of the National Transportation Act.¹⁹

More aptly titled, the Canadian Arctic Transportation Agency is the only unit within the Ministry Staff which is regionally rather than functionally oriented. The Agency is responsible for developing, recommending and administering policy related to M.O.T. - supported transportation facilities and services in the Northern Territories (north of 60° latitude). Programming of all M.O.T. operations in the north is also the responsibility of the Agency, but operational responsibilities, including the implementation of approved programs, remain under the control of the respective Administrations. Similarly, the Agency is supposed to advise on the application of transportation regulations as they relate to the North, but the responsibility for establishing and enforcing these regulations rests with the Administrations and the C.T.C. Despite its formal responsibility for northern transportation policy it seems clear that the Agency is sharing the planning load in this "new" area with the Policy, Planning and Major Projects Branch which is quite heavily committed to priority and strategic planning with respect to the North. Nonetheless, the Agency is designed to provide a focus for policy and planning of the Arctic transportation program in the Ministry. Clearly, transportation is seen by the present government as a key variable in the social and economic development of the North. Moreover, it is seen to be an important prerequisite for any attempt on the part of Canada to demonstrate its sovereignty in the Arctic. Add to these considerations the special ecological factors encountered in developing transportation facilities in the North and a strong case develops for a special approach to the planning of transportation in the Arctic as distinct from that in southern Canada.

All of the transportation planning units or resource centres within the Ministry gain support from the activities of the Canadian Transportation Development Agency, despite the fact that the Agency itself is somewhat aloof from the policy-making process. The Agency's task is to identify, influence and support major scientific and technological improvements in transportation systems in Canada.²⁰ To a large extent, then, the Agency is involved in the "pre-policy stage", stimulating, coordinating and undertaking research and development projects beyond the resources of those units inside the Ministry which are preoccupied with planning or operations.

The Conversion Process: Policy-Making Forums

In this section the policy-making process will be considered at four levels beginning, in a sense, at the bottom of the policy-making pyramid and proceeding to the top. This is not to imply that the policy initiation process is necessarily upward in direction. To generalize about the "source" of policy ideas is a difficult business. As Lord Bridges has reminded us, the traffic in policy is both up and down.

Sometimes it is the Minister who makes the first move. He will tell his Permanent Head (Deputy Minister) that some quarters in Parliament are becoming restive about what is being done in some part of his field of responsibilities. He will ask for an appreciation of the position, or for a scheme to be devised to meet the situation. But much of the traffic comes up from below. The staff of the Department responsible for administering some branch of policy may report that they are finding increasing difficulties in their work. A report will be made through the Permanent Head to the Minister, suggestions may be put forward for remedial action, and instructions sought.²¹

Lord Bridges perhaps overestimates the suggestive power of Parliament in the Canadian context, but he does capture the spirit of the diversity of initiation. The question at hand is not where policy suggestions come from,

but what kind of an airing they receive when they have been introduced into the Ministry. As a result of the reorganization, four formal levels of discussion are available:

1. The Advisory Boards
2. Transportation Council
3. Management Committee (also referred to as the Deputy Minister's Staff Meeting)
4. The Minister and Deputy Minister in Conference

The Advisory Boards: Screening and Communication

The Task Force on the Objectives and Structure for the Portfolio of the Minister of Transport suggested that horizontal coordination throughout the Ministry would be improved by the establishment of interlocking Boards, representing complementary interests of Ministry operating and central units, and possibly including representatives of other government agencies, business, industry and other interests such as the university communities. There was to be an Advisory Board for each Administration and Agency with the following roles:

- to recommend the annual capital and operating budgets to the Ministry executive;
- to approve broad policies for the Administrations compatible with delegated authority;
- to advise the Administrator on problems; and
- to provide an interchange of information of importance to transportation among Administrations, the Ministry Staff and other outside interests.

In the course of the implementation of the Task Force's recommendations on

the reorganization of the Minister's portfolio, the Bureau of Coordination presented a paper to Transportation Council in November, 1970, redefining the concept, terms of reference, composition and organizational arrangements for establishing the M.O.T. Advisory Boards. These recommendations were approved and their implementation began in early 1971.

In its revised form, the purpose of an Advisory Board is to provide a forum of M.O.T. officials to advise the Administrator (the manager of an Administration or Agency) on matters that he decides to review with the Board. The primary concern of the Boards is with matters of broad policy rather than with the organizational and administrative problems of the Administration. Virtually all matters dealt with would require consideration at Transportation Council and ultimately would be referred to the Cabinet or Treasury Board.²² The Advisory Board forum is also designed to have a significant impact on the flow of information within the Ministry. As a result of these discussions of broad policy matters, Administrators would be made more aware of the priorities of both the M.O.T. and the Government, and other components of the Ministry would become more conscious of the operational or program constraints faced by the Administrators. On the whole, the accepted general plan for the Advisory Boards deviated in two important respects from the model proposed by the Task Force. First, a discretionary power was given to the Administrator with respect to the scope of the Board's power. This in effect meant that the Advisory Board stage might be by-passed and policy proposals from the Administrations and Agencies sent straight up to the Transportation Council for approval, thereby increasing the demand on the Transportation Council's time and forcing it to provide the initial vetting of proposals with respect to the priorities and policy criteria of the Ministry. Second, it would appear that it was decided at this time to

discard the Task Force recommendation of broad membership for the Boards and limit participation to members of the M.O.T. - excluding Air Canada, the C.N.R. and the C.T.C. - at least until the Boards become established forums within the Ministry.

The dilution of the Advisory Board's role as a policy-making body was reflected in the establishment of the Boards for the Air and Surface Administrations in early 1971. In both cases the Administrator was named Chairman of the Board and it was made clear that he was to retain the sole responsibility for deciding which policy issues were to be placed before the Board. The Surface Administration Advisory Board membership represents an excellent illustration of how useful the Boards might be for coordinating Ministry policy-making and exchanging information. As well as the Administrator, the membership includes:

- the Senior Assistant Deputy Minister
- the Administrator, Canadian Marine Transportation Administration
- the Administrator, Canadian Air Transportation Administration
- the Director, Transportation Development Agency
- the Assistant Deputy Minister, Finance
- the Senior Ministry Executive, Policy, Planning and Major Projects Branch
- the Administrator, Arctic Transportation Agency

It was also suggested that at a later date representation from the C.T.C., national transportation associations, and the universities might be added to the Board.

The membership question did not proceed as smoothly in the establishment of the Advisory Board for the Air Administration. In the long-run, the membership mix closely resembled that of the Surface Administration

Board, but there appears to have been an initial attempt to 'pack' the Board with four senior managers from the Air Administration. As this was not in accordance with the Advisory Board model put forward by the Bureau of Coordination and, moreover, it would have made the Board rather unwieldy (especially if outsiders were added later), the membership from the Air Administration was limited, after discussions with the Senior Assistant Deputy Minister, to the Administrator - with the proviso that other managers could attend if necessary.

Another anomaly in the set-up of the Air Administration Advisory Board has to do with the role of the Bureau of Coordination with respect to the Board. In line with the desire to centralize the secretariat services for policy-making forums, the Bureau provides this service for all the Advisory Boards. Normally this role includes responsibility for scheduling and agenda-setting but in the Air Board the agenda-setting power rests with the Director of Corporate Planning for the Air Administration. Finally, the Air Board's role as a policy-making forum is further reduced by the particular proviso that the Board is not allowed to make recommendations as a body. In other words, the Administrator may or may not take notice of suggestions contained in the discussions held during Board meetings, but no policy recommendations are to be made in the name of the Board.

Despite these initial difficulties, both the Air and Surface Advisory Boards have been in place since the beginning of 1971 as forums where Ministry policy questions can be discussed on a fairly informal and open basis before being passed on to Transportation Council and the Minister for final approval. While the Surface Administration Advisory Board has probably been the more successful, both Boards show undeniable promise as forums for communication and coordination between Ministry Executive,

Ministry Staff and Administrations. Meetings have rarely been held without appropriate background material being made available to Board members well in advance of meetings. This material includes the policy proposal in question, which is usually prepared in the "Memorandum to Cabinet" form and, on occasion, other supporting documents.²³ These policy papers have in all cases been prepared within the Administration in question despite the fact that the policy 'idea' may have originated elsewhere. The Deputy Minister is kept in touch with the proceedings of the Boards by the Bureau of Coordination which sends him the agenda and documentation (as well as a précis of this material) for each meeting and a report on the discussions which took place at the meeting.

Despite the fact that the Advisory Boards have been by-passed on numerous occasions, clear benefits appear to have accrued from the instances where the two Boards have been allowed access to the policy-making process. The most obvious advantage has been with respect to inter-modal questions, largely due to the presence of Administrators concerned with other modes. Regional implications of a proposed line of policy have been clarified on occasion by the presence of the Director of the Arctic Transportation Agency e.g.: during a Surface Advisory Board discussion of a policy proposal on railway development in Western Canada, the implications of the proposal for the transportation system in the Yukon were clarified. The contributions of the Assistant Deputy Minister, Finance, have on occasion clarified the implications of a policy proposal for the attainment of the M.O.T.'s user and beneficiary pay objective. This sort of intervention also aids the Administration in developing a policy in which program costs are identified and resource allocation becomes an integral part of a policy proposal at an early date. These are all considerations which help to make a policy proposal

consistent with overall M.O.T. and Federal government objectives, and, consequently, more responsive to the total environment as it is defined by the Ministry. The Boards have no power to send proposals back to the Administrations for re-working but if a policy proposal is seen to have very little merit - particularly if it shows little sign of having been thought out in terms of the widest corporate objectives of the Ministry - it is possible for the Deputy Minister, if he is properly informed by the Bureau of Coordination or the Senior Assistant Deputy Minister, to raise these issues with the Administrator in question before the policy paper reaches Transportation Council.

Initially, the intention in both the Air and Surface Administrations was to have their Advisory Boards meet on a regular basis (i.e.: a meeting each month). Unfortunately, this sort of regular schedule has not been maintained during the first year of the Advisory Board's existence. Often there have been gaps of weeks and months between meetings. While this irregularity has not helped the Boards to take root, these two Boards have established a limited amount of history and tradition which encourages their acceptance as part of the policy-making process.

The three other Advisory Boards - for the Marine Administration, the Transportation Development Agency and the Arctic Transportation Agency - are just getting off the ground; a state of affairs which is lamentable in view of the fact that the intention to establish these Boards has been a Ministry objective since the acceptance of the Task Force Report by Cabinet in December, 1969. While there appears to be some reasonable excuses for the lack of action on the part of the Transportation Development Agency and the Arctic Transportation Agency, the situation with respect to the Marine Administration is harder to explain. Both the Marine and the Air Adminis-

trations have long lineages, stretching back into the pre-history of the D.O.T. and Marine seems incapable of matching Air's dynamism in meeting the demands of the present and future. This may be due to the fact that the Air Administration is involved with an inherently more dynamic mode of transportation. Nevertheless, the Marine Administration Advisory Board, with the normal sort of membership roster except for the inclusion of the Senior Ministry Executive-Legal and the Vice-Chairman of the National Harbours Board, appears to be moving into place. But its role in the policy process is yet to be determined.

The delay in the establishment of the final two Advisory Boards was due entirely to organizational problems which required a great deal of bureaucratic unravelling to solve. Despite the fact that the Transportation Development Agency has been functioning since Spring, 1970, its Advisory Board just began to function in mid-1972. This delay was certainly not due to lack of effort on the part of the Agency. The main issue was the nature of the membership of the proposed Advisory Board. Although the Transportation Council opted for in-house membership for the Advisory Boards in November, 1970, to some extent this decision didn't apply to the Transportation Development Agency. Because of its major role as a stimulating and coordinating agent with respect to transportation research and development in Canada, it had been decided at an early date that the Advisory Board would have to contain members from outside the Ministry if it were to be of any use in advising the Agency. This decision was buttressed by a strong representation on the subject from the Science Council of Canada through the Cabinet Committee on Science Policy and Technology. The Science Council recommended the establishment of a strong national research and development Advisory Board to be made up of representatives from government, industry and the

universities. It would appear that the Science Council may have gone further in the course of discussions with the Ministry and advised the establishment of two or more Advisory Boards (or different panels under the umbrella of one Board) to cover different modes or distinct research and development programs. After two years the issue has been settled and an advisory body called the Transportation Development Council was established with the following functions:

- to set down the ground rules, or "philosophy" of the Agency's involvement in transportation research
- to establish criteria for the selection of research and development projects
- to assist in the selection and ranking of projects
- to act as a review body for on-going projects and the overall activities of the T.D.A.

The Council is made up of approximately 20 members with the Chairman of the Agency, the Senior Ministry Executive - Policy, Planning and Major Projects, and the Director General of Civil Aeronautics (Air Administration) being the only M.O.T. representatives. These three individuals and representatives from the National Research Council, the Ministries of Urban Affairs and Science and Technology, the Department of Industry, Trade and Commerce, C.N.R., C.P.R. and Air Canada make up the "ex officio" core of the Council's membership. In addition, individuals representing municipalities, the provinces, transportation users, carriers, and the universities have been invited to serve for two year terms on the Council by the Minister of Transport. The Council meets twice each year on a rather informal basis. Obviously, this group does not fit into the normal Ministry conception of an Advisory Board designed to coordinate the activities of the Agency with the

overall objectives of the Ministry. To fill this gap, an in-house Advisory Board has been created for the Transportation Development Agency with a membership and role similar to other Boards within the Ministry. In keeping with the centralized secretariat principle, the Bureau of Coordination will provide the secretariat and agenda-setting services for the Advisory Board.

The problems with respect to the establishment of the Advisory Board for the Arctic Transportation Agency have been somewhat different. For the most part, the Advisory Board delays can be traced to the delays in finalizing the nature and responsibilities of the Agency itself. The same sort of organizational and jurisdictional issues which plagued the attempt to establish the Agency also militated against the rapid development of an Advisory Board. Federal policy-making with respect to the North suffers horribly from the intense anxiety of the agencies involved that they might lose "their piece of the action". The worst manifestations of this fear are generally to be found in the tedious workings of the Advisory Committee on Northern Development (A.C.N.D.) and its innumerable sub-committees.

It was initially proposed in early 1971 that an Advisory Board of the Arctic Transportation Agency be established on the basis of the model approved by Transportation Council, with the exception that, because of the number of Government agencies involved in the Arctic, membership of the Board be opened immediately to representatives from the Department of Indian Affairs and Northern Development (2 members), the Canadian Meteorological Service, the Department of Communications, the Department of National Defence, and the new Department of the Environment.²⁴ Including the Chairman (the Administrator of the Agency) and the Ministry representatives, this would have given the Advisory Board a membership of fifteen. The expectation at this point was that the A.C.N.D. sub-committee on northern transportation

would be disbanded, allowing the Arctic Transportation Agency Advisory Board to take over its duties of coordinating transportation policy in the North. Initially, this was agreeable to the Department of Indian Affairs and Northern Development (which is the prime mover within A.C.N.D.) as long as the new Advisory Board would be prepared to regard itself as an "associate" member of the A.C.N.D. committee system. Despite the fact that this consultative arrangement was acceptable to the M.O.T. management it was rejected by A.C.N.D. because of the fear of some of its members that if the transportation sub-committee disappeared, A.C.N.D. would lose its overall coordinating function with respect to northern development. It was agreed that the duplication of function between the Arctic Advisory Board and the A.C.N.D. sub-committee on transportation was inevitable, but it was felt that the situation could be reviewed at a later date.

However, within the M.O.T., the top management finally decided by September, 1971, that in the face of the stubbornness of A.C.N.D. it would be pointless for the M.O.T. to set up an Advisory Board with wide outside representation. A request from the Department of the Environment to be included was denied, and the Advisory Board was created as an in-house institution with the exception of two members from the Department of Indian Affairs and Northern Development (D.I.A.N.D.). It was the feeling of the Deputy Minister and the Director of the Arctic Transportation Agency that the Arctic Advisory Board would be able fairly quickly to prove its effectiveness as a coordinating body and that the duplication issue could then be resurrected.

As a result of this lengthy process of clarification with D.I.A.N.D. and A.C.N.D., the Arctic Advisory Board finally began to operate in early 1972. Within the Ministry and with respect to D.I.A.N.D. its coordinating, communication and screening functions should operate without impairment.

However, the frustrating experience of attempting to introduce some flexibility into the creaking committee structure of A.C.N.D. does not augur well for the rapid development of coordinated transportation policy for the North.²⁵

It seems clear that, while two of the Advisory Boards have been introduced into the policy process with some success, the Boards have not yet lived up to their full potential. The Ministry Executive should not hesitate to do all in its power to ensure that the Boards be given an opportunity to test their usefulness as forums for screening and communication. Any needless limitations which have been placed on the powers of individual Boards by Administrators or Agency heads should be removed so that as a matter of course policy proposals will come before the proper Board before being considered by Transportation Council.

In addition, consideration might be given to the possibility of expanding the role of Advisory Boards in the policy-making process. To date, all the proposals put before the existing Boards have been developed in their respective Administrations. There is no reason why proposals from the Policy, Planning and Major Projects Branch should not be funnelled through one or more of the Advisory Boards relevant to the content of the proposal. This practice would provide the operating Administrations with a meaningful opportunity to contribute to important Ministry policy issues very early in the policy-making process. It has also been suggested that the creation of some form of Advisory Board for each of the three Crown corporations within the portfolio (Air Canada, C.N.R. and the Northern Transportation Company Limited) might be a useful method of locking the corporations into the Ministry policy process since the Ministry Executive appears to have discarded the Task Force proposal to include Air Canada, C.N.R. and Northern

Transportation Company representatives on the existing Advisory Boards.

Such Boards would not have the power to alter corporation policy, but they might be helpful in pointing out where the policies of the Ministry and the corporations were diverging.

Transportation Council: The Cabinet of the M.O.T.

In the very limited sense that they are both policy-making and policy-coordinating bodies, Transportation Council can be seen as the Cabinet of the Ministry of Transport. Under the tight grip of the Minister, fed from below with policy proposals by the Advisory Boards, operating Administrations, and Ministry Staff, scheduled and recorded by the Bureau of Coordination, and programmed by the Deputy Minister and his Management Committee, Transportation Council is the core of the policy-making machinery in the Ministry of Transport. Prior to the introduction of Transportation Council, there had been no centralized forum inside the D.O.T. in which senior management and the Minister could discuss policy questions.²⁶ The Council began to operate in January, 1969, as the first concrete manifestation of the present Deputy Minister's continuing efforts to move the Department of Transport away from an unstructured ad hoc approach to policy-making. Acting under the direction of the Minister (then Mr. Hellyer), the Deputy Minister quickly moved the Council into place, indicating that it would meet once a week to discuss important policy questions and to provide effective first-hand exchanges of views between the Minister and the senior officials of the Department.

Initially, the membership was to include all the members of Management Council and the Minister, but shortly after its inception, an invitation was also extended to the President of the Canadian Transport Commission to attend the meetings from time to time, so that some coordination

could be developed between regulatory policy and the rest of the policy spectrum represented by the D.O.T.²⁷ Also on the basis of the need for coordination, a similar invitation was sent to the Chairman of the National Harbours Board and the President of the St. Lawrence Seaway Authority. Later in the year, the Director of the new Bureau of Coordination was added. The reorganization of the portfolio on a Ministry basis, which began in early 1970, one year after the initiation of Transportation Council, had a significant impact on membership. The situation has now stabilized at 18 members who regularly attend or send an alternate representative: the Minister and his Parliamentary Secretary; the President, C.T.C.; the Deputy Minister; the Senior Assistant Deputy Minister; the President, Northern Transportation Company Limited; the Chairman, National Harbours Board; the Administrators of the Air, Marine, and Surface Administrations; the Chairman, Transportation Development Agency; the Director, Arctic Transportation Agency; the Assistant Deputy Minister, Finance; the Senior Ministry Executive, Policy, Planning and Major Projects; the Senior Ministry Executive, Legal; the Director, Personnel; the Director, Public Affairs; and the Director, Bureau of Coordination.²⁸ In addition, meetings are attended by certain assistants to the most senior officials, specific Ministry officials who are advising the Council on specific proposals before it, and the Secretary to the Council. Although it was intended that the Council should meet once a week this has not turned out to be the rule, largely because of the extensive demands on the Minister's time.²⁹ Nevertheless, in the three years since it began, the Council has met on the average every other week for about one and a half hours. There is no rule stating that Council should not meet without the Minister, and it has done so on occasion. Normally, however, the Minister's presence is considered to be crucial to

the workings of the Council.

The Council still has two basic functions: to review and discuss all Ministry policy issues which would finally require a decision on the part of the Minister or the Cabinet, and to encourage a two-way flow of information between the Minister and his senior officials. In attempting to fulfill these roles, the Council has brought significant advantages to the Ministry System. It has increased the responsiveness of the Ministry by meshing the political and bureaucratic systems, and encouraged innovative policy-making by focusing attention on active and exogenous policy proposals.

In line with the dictates of the Treasury Board and the Privy Council Office with respect to long-range planning by governmental agencies, the Council from the outset has been a forum for the discussion of future planning. Almost the first item tackled at its inception was the question of a coordinated five-year plan for the Ministry based on groups of major projects. Since that time, discussions have occasionally been held on the problems and prospects of developing a national transportation plan and flexible criteria for determining the long-run policy requirements and priorities of the Ministry in the contexts of the national transportation framework and the public and private sectors as a whole. Reasonably sophisticated sessions on the future environment and policy needs depend almost entirely on the contributions of the Transportation Development Agency and the Policy, Planning and Major Projects Branch, the two Ministry components largely responsible for developmental and policy planning. While the Council has taken the necessary first steps in this area and might soon be in the position to devote regular attention to more specific discussions of future transportation needs, it is clear that more of the Ministry Staff's resource will have to be devoted to questions of future planning before any

sophisticated results can be expected.

The Council also devotes time every few months to developing and revising priority lists of policy issues with which it should deal over the following year. However, the greater part of the Council's policy discussions are devoted to items involving a decision by the Minister and Cabinet or Treasury Board in the more immediate future. Like Cabinet, the Transportation Council attempts to determine whether or not a policy proposal is in line with Ministry and government objectives and represents a clear and specific statement of both the policy and its implications (i.e., for resource allocation, intermodal development, regulatory structure, regional development, federal-provincial relations, beneficiary-pay, etc.). When Council concludes its final discussions of a policy item it should be ready for the Minister's approval and, if necessary, for submission to the appropriate Cabinet Committee through the Privy Council Office.

To expedite the examination of the widest implications of the policy proposal and its possible presentation to Cabinet, all proposals are put before Council in the form prescribed by the Privy Council Office for documents which require Cabinet approval.³⁰ This form dictates that the memorandum not exceed three pages in length and that the nature of the problem, the objectives of the proposed program, and the criteria for measuring the attainment of the objectives be clearly stated. Alternative program possibilities are to be outlined, and a cost/benefit analysis for a five-year period is to be included for each proposal.³¹ Finally, the policy memorandum must clarify the nature and result of any consultations about the proposal with other agencies of the federal government, and indicate any need which may arise for coordination and consultations with the provinces. The use of this form of presentation by no means automatically

guarantees that a coordinated and well-thought-out policy proposal will emerge at the Transportation Council level. Nonetheless, it does encourage the exploration of the widest implications of policy proposals by the Ministry unit. On the whole, the level of communication in both directions has been high, but it would seem to be the case during Mr. Jamieson's three and a half year tenure that the Minister did more "communicating" at Council meetings than the senior officials. It may be that Transportation Council is somewhat too formal and intimidating a forum for senior and middle-level officials to assert themselves in a discussion. Nevertheless, the effect of the Minister entering into the spirit of the communications function has been threefold; first, the policy-making function of the Council has been immensely strengthened; second, the senior officials have become "politicized" to a degree uncommon in the average federal department or agency; third, the Council has drifted into the bad habit of spending too much time on operational matters.

The problem of stressing operational questions is one that could easily be dealt with by the Minister and his senior officials if they felt the policy-making function of the Council was suffering as a result. Despite the fact that the Minister is not directly responsible generally for setting the agenda for the Council meetings (although he has been known to outline at the end of one meeting the issues which he would like to talk about at the next), the Minister chairs the Council meetings and is free to alter the agenda on the spur of the moment. The tendency would appear to be for the Minister to discuss "other business" first leaving the prime policy issues to a later stage of the meeting. To take a hypothetical example, the Minister might pass over a policy issue to bring up the question of the progress on the question of the second Toronto airport because a reporter

has just launched yet another savage frontal attack on M.O.T. 'mis-management' of the issue in the Globe and Mail. From the point of view of those administering projects the Minister's intervention may be terrifying yet most valuable. The Minister may be reflecting the opinion of Cabinet colleagues; he may ask questions that have been ignored by the officials in question; he may give them his interpretation of the significance of this issue with respect to "public opinion"; he may push the project leader to implement his program more quickly for quite obvious and important political reasons. In other words, this sort of program review or progress monitoring may be just what is needed to keep the implementation and operations side of the policy-making equation humming. But if this informal style of program monitoring is achieved at the expense of reducing the policy-making and planning function of the Council then it may be dysfunctional. It is conceivable, for example, that a Minister of Transport from a western province might downgrade Transportation Council as a policy-making forum by using the meeting primarily to prod Ministry officials about the operational problems of moving grain to Canadian ports for export.

The merits of limiting the time devoted in Council to operational matters are worth considering especially in view of the fact that the flow of communication between the Minister and his managers on policy issues appears to have had a most salutary effect on the policy-making function of the Council. The presence of the Minister has radically altered the style and the process of policy-making at the upper levels of the Ministry. The Minister brings the Cabinet atmosphere into the Council. The nature of the forum dictates that the senior officials can no longer think about a policy proposal merely in the context of its benefits with respect to the narrow environment of the transportation framework; the Minister, as the medium of

feed-back from Cabinet, and its committees, may make the members of the Council consider a policy proposal in terms of larger government problems, such as unemployment and inflation. Through the prodding of the Minister the Council may bring out the interdepartmental implications of a policy (e.g. the need for liaison between Industry, Trade and Commerce and the M.O.T. in developing the STOL policy). The Minister also forces Council to deal with federal-provincial problems created by policy proposals (e.g. the need to coordinate the new Toronto airport location with the regional development plans of the Ontario Government).

The result of the Minister's participation in the policy-making process at this level has been to increase the overall responsiveness of the Ministry as a policy-making body to a wider environment. In a sense, senior officials in the Ministry have become "politicized". It is no longer possible to present to Transportation Council policy proposals based on a narrow inadequate view of the environment in which they will be implemented. Ministry officials are being jolted by participation in Transportation Council into a more "real" world -- the world of political bargaining, federal-provincial trade-offs, and the fight against inflation and unemployment.

Management Committee, The Deputy Minister, and the Minister:
Coordination, Policy Leadership and Decision-Making

The Management Committee which meets every Monday morning under the title of the Deputy Minister's Staff Meeting is only partially concerned with the Ministry policy-making process. One of the primary functions of the Committee is to deal with problems related to the efficient operation of the Ministry as an administrative unit of government. As its title suggests, the Committee, made up of senior Ministry Staff officials, is concerned with

management issues ranging from questions of overtime pay and collective bargaining to the implementation within the Ministry of the government's policy on bilingualism in the Public Service.³²

Prior to the inception of the Transportation Council and the creation of the Bureau of Coordination in 1969, the Management Committee apparently had a more diversified role. It was often used as a forum for the discussion of policy proposals which were then forwarded up to the Minister by the Deputy Minister. In addition, it appears to have played a major role in the preparation of briefing material for the Minister. The latter role is now entirely in the hands of the Deputy Minister and the Bureau of Coordination, while the policy-making activity has shifted to Transportation Council. Occasionally policy proposals or questions with a substantive policy element are discussed by Management Committee during its ~~weekly~~ meetings but this appears to be becoming a fairly rare occurrence. It would be speculating to suggest that the difficulties inherent in discussing certain policy proposals frankly in front of large and diverse membership of Transportation Council might tempt Ministry senior officials to opt for the Management Committee as an alternative forum. As such a practice would do little to nurture the Council's roots in the policy process, it would be far more advisable to take whatever steps are necessary to make the Council an acceptable forum for all policy proposals.

While the Management Committee, then, is not generally in a "line" role with respect to policy-making, it does have what might be described as a policy "staff" role which is quite distinct from its concern with administrative issues. This role can be usefully divided into two parts. First, the Committee engages in a relatively informal brand of program monitoring.³³ The progress of projects and programs in which the Ministry is involved is

discussed and suggestions are made with respect to possible improvements in the implementation of Ministry policies. This review procedure is helpful in highlighting matters which should be brought to the attention of the Minister and Transportation Council under the general heading of 'Program Reports' or 'Other Business' at the next meeting of the Council. It also serves the more general function of increasing communications between the senior officials of the Ministry Staff and whichever Administrator happens to be present, thus complementing the activities of the Transportation Council and the Advisory Boards in this respect. The communication function is enhanced by the fact that the Deputy Minister may use the occasion of the Management Committee meeting to report to the senior officials on recent discussions he has had with the Minister. In this manner the Minister's line of communication with his senior officials is kept open during the periods between Transportation Council meetings.

Second, the Committee is an important forum for discussing and deciding upon the priority list and schedule for the consideration of major policy items by Transportation Council. In this vital coordinating role the Management Committee depends heavily on the support of the Bureau of Coordination.³⁴ If Transportation Council is thought of as the "Cabinet" of the Ministry System and the Bureau of Coordination as the "Privy Council Office", then it is not far from the mark to view the Management Committee, in this specific role, as the "Cabinet Committee on Priorities and Planning". To understand the complexity of this coordinating role it is imperative that one begin to think of the planning and policy-making activity with respect to a time-frame rather than in terms of a vertical up and down process.

Policy-making and planning are really carried on at three levels by Transportation Council:

1. Strategic (long-range) planning aimed at the development of a five-year plan
2. Strategic (middle-range) planning designed to clarify the Ministry's priorities over the next year
3. Discussions of specific policy items prior to their formal presentation to the Minister and the Cabinet.

The Management Committee is the central forum for the coordination of the activities of the Transportation Council and the phasing of a policy proposal from its initiation, through the three levels of planning and policy-making, to its final acceptance as Ministry policy.

With respect to long-range planning, Management Committee does not play an important coordinating role. On the advice of the Bureau of Coordination and the Deputy Minister, the Committee merely arranges for the question of long-range plans for the Ministry to appear as a Transportation Council agenda item. Apparently, such discussions are scheduled whenever there is a felt need to review the overall direction in which the Ministry is proceeding, or when an individual member of the Council raises some substantive or normative issues with respect to the long-range planning question which are judged by Management committee (or, indeed, by the Minister) to be worthy of a formal discussion in Council. It might be expected that long-range planning would be a cyclical activity occurring with more intensity every four or five years as the existing five-year plan came to an end. Although this may eventually become a discernible pattern, since 1969 - and the initiation of formal long-range planning at the Ministry level - the question of future planning has appeared in one form or another on the Transportation Council agenda on several occasions.

Guided by long-range normative planning, the different Ministry resource centres continually engage in what is known as middle-range strategic

planning - the preparation of a program of activity for a fiscal year which may include specific policy initiatives requiring the approval of the Council, the Minister and perhaps even Cabinet. It is at this point that the Management Committee with the support of the Bureau of Coordination plays a significant role. The Bureau initiates the coordination process by requesting each planning resource centre to put forward a list of policy items which will require some form of approval at least at the Ministry level before they can be implemented. The items on these lists are then divided into major policy items (those which will require Cabinet approval because they are related to basic Ministry objectives which are themselves closely linked with overall government objectives) and minor policy items (those which can be approved at the Ministry level because they fall under the umbrella of broader policies which have already been approved at an earlier date). Only major policy items go before Transportation Council; the others are usually approved by the Minister and the Deputy Minister.

Since its inception, Transportation Council has been overwhelmed with policy questions largely because of initial optimism about its capacity to process proposals quickly. The problem has been brought under control to some extent as the Bureau of Coordination learns more about the difficulties which can beset a policy-making forum like the Council. Taking a lesson from Cabinet experience and from its observations of the Council's performance, the Bureau is making an attempt to limit the major policy list to twelve or fourteen items on the premise that it is almost impossible for a policy-making body like Cabinet or Transportation Council to adequately deal with more than a dozen or so major policy questions in the space of one year.

This concern is shared by the Deputy Minister and the Management Committee. The procedure seems to be that the Bureau of Coordination sub-

mits its lists of major and minor policy items to the Deputy Minister who may alter the order of urgency of certain items on the lists in consultation with the Director of the Bureau before allowing the Bureau to place the lists on the agenda of the weekly meeting of the Management Committee. The discussion at the Management Committee level is designed to produce a set of priority policy items which the Deputy Minister can then take to the Minister for final revision and approval. The Deputy Minister's task at this point is extremely delicate, in that he must walk a fine line between his senior officials and the Minister. He must remain absolutely loyal to the Minister while at the same time arguing a good case in front of him for a list of priority items which represent the considered views of the senior Ministry officials including himself. It is at this vital leverage point that the potential for communication within the Ministry System can be of great importance. Prior to assembling their priority lists for the Bureau of Coordination, members of Transportation Council have had ample opportunity to understand the Minister's perception of the long-range planning issues facing the Ministry and his overall sense of what is a priority. In addition, the Deputy Minister is constantly in touch with the Minister and, to a certain extent, is in a position to reflect the Minister's views during priority discussions at the Management Committee level. It is worth remembering that priority-setting is an on-going process conducted in an atmosphere of day-to-day administration, future planning, programming and "fire-fighting". Therefore, when the Deputy Minister and the Minister sit down to discuss a priority list of policy items upon which the Ministry's work program for the next several months will be based, they may to some degree represent different "value systems", but they are not conducting their dialogue in a vacuum.

A high level of communications notwithstanding, the views of the Minister and the Deputy Minister are not likely to coincide exactly on the issue of priorities. The Minister is likely to attach greater importance to policy problems which have a high public profile - either because they are extremely controversial and he wants to make sure that the issues are defused as soon as possible or because they affect a large number of Canadians in many areas of the country. In addition, the Minister may favour pushing to the top of the lists certain issues which, because they are easy to solve, would help to buoy up public confidence in the Ministry and the Government. Decisions are more politically identifiable assets than long difficult investigations and discussions which may in the long-run lead to the shelving of a policy issue or a piece of lengthy legislation with little public impact. If the Minister feels that an election is likely within the next several months he may be reluctant to place on the priority lists new issues with a distant target date. The Deputy Minister, on the other hand, may argue that if all such issues are given a low priority then at some point in the future the Ministry will have to go through a dry spell during which few policy proposals will be ready for submission to Transportation Council. He may argue for a balance or mix of issues with long and short target dates. After all, the Deputy Minister is responsible for keeping the Ministry policy-making machinery running smoothly and to ignore difficult or time-consuming problems in favour of non-controversial, high profile policy proposals is to invite organizational lethargy in the present and overload at some point in the future. As the chief executive within the Ministry, the Deputy Minister might also argue for a priority list which does not unduly favour the needs of one Administration or Agency over another. Lord Bridges concludes that

these two points of view may not be at all easy to reconcile. But consideration of both of them is essential to a wise decision, and it is right, therefore, that they should be brought together and argued about before any decision is reached. ³⁵

Should agreement appear to be impossible it is the clear duty of the Deputy Minister to accept the ruling of his Minister. One of the singular advantages of the Ministry System, orbiting as it does around the Transportation Council, is that priority-setting at this level has not become a difficult task. Despite the fact that since 1969 the M.O.T. has been expanding its active and exogenous policy role at a rate beyond the capacity of Transportation Council to absorb and process the proposals, a high level of communications between senior officials and the Minister appears to have made priority-setting a subject of reasoned discussion rather than conflict.

In the usual order of events, after the Minister and Deputy Minister have refined the Ministry's priorities to the satisfaction of the former, the Deputy Minister discusses the Minister's decision with the Management Committee. The Bureau of Coordination then places the Minister's major priority list on the agenda of the Transportation Council and a wide discussion of the Ministry's work program is conducted in that forum with the Minister presiding. At this point an attempt is made to assign a responsible project officer from one of the Ministry Staff resource centres or an Administration, and to block out a preliminary time schedule for the phasing of the project over the next few months. The scheduling involves the establishment of critical target dates for each policy proposal as it is readied for presentation to Transportation Council in the form of a Cabinet Memorandum. On the whole, this activity, which is undertaken by the Bureau of Coordination on behalf of the Management Committee and the Deputy Minister, has not been very successful. Any attempt to totally program the activities of an organ-

ization as large and as complex as the M.O.T. is bound to run into problems. Initial policy proposals take longer to prepare than expected; negotiations with Treasury Board and the Department of Finance on proposals that involve resource allocation often are delayed; coordination with other departments and governments drags on; an Advisory Board might have to consider the proposal; and even when it is ready, the Transportation Council agenda may be full for some weeks to come. Few of these adverse possibilities can be foreseen, with any clarity at the time the proposal is assigned to a project officer and, as a result, the phasing is in many cases little more than organizational window dressing.

The coordinating roles of Management Committee, the Deputy Minister and the Minister are also evident in the last stages of the policy-making process. When a policy proposal is declared ready for Transportation Council consideration by the project officer and the resource centre or Administration in which he is working, it goes through a procedure very similar to the approval process for priority lists before being presented to Transportation Council. In the course of being examined by Management Committee or the Minister, it may be decided to refer the proposal back to the project officer with the recommendation that certain aspects of it be reworked. When it is finally ready, Management Committee, with the advice of the Bureau of Coordination, fits it into the agenda of Transportation Council. There is a good deal of flexibility at this point as the Council's agenda is normally decided upon at the Deputy Minister's Staff Meeting two days before Council meets.³⁶ The Bureau of Coordination is then responsible for circulating the agenda and copies of the policy memoranda to be considered to all members of the Council.

The policy approval process at the Transportation Council level

and particularly the role of the Minister have already been outlined in the preceding section. Some policy items are referred back to their project officers at this point because of some inadequacy discovered by the Minister or other members of the Council. Unless dropped completely or shelved, reworked items find their way back to Council by the normal route and are considered again. Accepted policy proposals are put before the Deputy Minister and Minister for final approval. It is not unusual for the Minister or the Deputy Minister to make small changes in a policy memorandum at this point before sending it on to the Cabinet. Alterations may be inspired by some last minute interdepartmental or intergovernmental discussions or perhaps by a discussion between the Minister and a Cabinet colleague interested in the question at hand. There is no indication that such alterations cause the proposal to be re-examined by Transportation Council. These major policy items are joined at this level by minor policy items which bypass Transportation Council and go straight to the Deputy Minister or Minister for final consideration. These latter proposals are usually on rather specific topics and are often resolved by the Deputy Minister and Minister in conference after the Deputy Minister has thoroughly discussed the issue with the responsible officer or officers. Sometimes, the Minister takes part in these discussions.

There appears to have been a fair amount of experimentation at this level designed to squeeze the most in terms of actual decision-making out of the precious time allotted by both men to decision-making conferences. However, there have been no alterations in the policy-making process at this uppermost level to compare with the changes in resource centres and policy-making forums throughout the Ministry as a whole. Decision-making has always been the responsibility of one man and it remains so under the Minis-

try System. The Minister decides what policy will be. But policy-making is a lot more than decision-making.³⁷ Inside the Ministry of Transport a complex centralized policy-making process has been developed in order that the Ministry might pursue objectives significantly more expansive than those of the pre-1969 Department of Transport.

Notes for Chapter Seven

¹ Aucoin distinguishes between positional policy, "those outputs which affect the structuring of influence in the conversion system" and allocative policy which is related to "securing (at least in the short run) an allocation of desired values"

P. Aucoin, "Theory and Research in the Study of Policy-Making." in The Structures of Policy-Making in Canada, ed. by G. B. Doern and P. Aucoin (Toronto: 1971), p. 25.

² Metapolicy-making is an expression popularized by Dror which appears to be a synonym for positional policy-making, i.e.: restructuring the policy-making process. See Y. Dror, Public Policy-Making Re-examined (San Francisco: 1968), pp. 164-176.

³ Some discussion of the specific roles of the C.T.C. and the problem of the division of policy roles between the C.T.C. and the D.O.T. is presented in Chapters Two and Three.

⁴ K. W. Studnicki-Gizbert, "Regulatory Policy Options in Transport," Transportation Research Forum Proceedings, Vol. 12, No. 1 (1971), pp. 1-2.

⁵ See pp. 268-71 and pp. 334-35. The Northern Transportation Company Limited has a more visible planning and policy-making relationship with other Ministry components due to its membership on Transportation Council. See p. 305.

⁶ Lord Bridges, The Relationship between Ministers and the Permanent Departmental Head, The W. Clifford Clark Memorial Lectures, 1964, pp. 5-6.

⁷ Ibid., p. 8.

⁸ H. L. Laframboise, "Portfolio Structure and a Ministry System: A Model for the Canadian Federal Service," Optimum, Vol. 1, No. 1 (Winter, 1970), p. 33. See also pp. 32-42 and 110-112. "Deputize" may be an unfortunate usage in this case as it could be seen to imply more than Laframboise intended. While the intention was that the Deputy Minister be in a position to "advise his chief on all the numerous responsibilities which the minister has assumed with his portfolio," the Ministry System carries with it no implication that the Deputy Minister should have "the power to act in place of the Minister" in the manner of an acting Minister. J. R. Mallory, The Structure of Canadian Government (Toronto: 1971), pp. 120-121.

⁹ See p. 255ff.

¹⁰ Laframboise, op. cit., p. 43. On the expertise question see F. E. Rourke, Bureaucracy, Politics and Public Policy (Boston: 1969), Chs. 3 and 4. The need for divided planning responsibility is argued in V. A. Thompson, Bureaucracy and Innovation (Edmonton: 1969), Ch. 3.

¹¹ They are: 1) Policy, Planning and Major Projects Branch; 2) Finance Branch; 3) Bureau of Coordination; 4) International Organization and Environmental Affairs Branch; 5) Arctic Transportation Agency; 6) Surface Transportation Administration. See Figure VIII.

¹² The Branch also inherited most of the research roles of the C.T.C. where they related to questions of allocative (as opposed to regulatory) policy. Over the past three years it would appear that the C.T.C.'s policy research role has further declined with the establishment of duplicate research and planning facilities within the Ministry Staff in the areas of future planning, forecasting and policy review. See pp. 343-345.

¹³ See pp. 334-35.

¹⁴ Such appeals are allowed under the National Transportation Act (R.S.C. 1969-70, c.N-17).

¹⁵ See pp. 268-71.

¹⁶ The Bureau, while in existence since late 1971, has not yet received Treasury Board approval for its program.

¹⁷ For further information on the roles of the two Administrations, See Chapter Two.

¹⁸ A further method of coordinating the planning activities of the Ministry Staff and the operating Administrations is suggested in the following section on the Advisory Boards.

¹⁹ Part Three of the National Transportation Act relates to federal control of inter-provincial trucking. See H. L. Purdy, Transport Competition and Public Policy in Canada (Vancouver: 1972), ch. 17.

²⁰ At its inception, the Transportation Development Agency took over much of the scientific research being carried out by the C.T.C. To augment its ability to stimulate transportation research, the Agency has recently been granted authority over the funding of teaching and research programs in Canadian universities. Previously, this was a C.T.C. responsibility.

²¹ Lord Bridges, op. cit., p. 8.

²² This screening or 'gatekeeper' function is formally conceptualized in David Easton, A Systems Analysis of Political Life (New York: 1965), pp. 93-97.

²³ The 'Memorandum to Cabinet' form will be outlined in the following section on the Transportation Council.

²⁴ In addition to the Senior Assistant Deputy Minister, Senior Ministry Executive-Policy, Planning and Major Projects, Assistant Deputy Minister - Finance, and the Administrators of the Air, Surface and Marine Administrations, it was suggested that the President of the Northern Transportation Company Limited and the C.T.C. be represented.

²⁵ The interdepartmental role of A.C.N.D. has been supplemented recently by a new network of committees attached to the Task Force on Northern Oil Development.

²⁶ Management Council in the D.O.T. had considered policy questions but much of its time was spent on questions of management and administration. Its membership was made up of 8 senior managers; the Minister never attended. For an examination of the policy role of Management Council under the previous Deputy Minister, see Chapter Two.

²⁷ Despite the fact that the C.T.C. has regularly sent a representative to Transportation Council meetings since 1969, the exact nature of the C.T.C.'s relationship to the Council has never been established. It seems clear, however, that the C.T.C. is not obliged to attend Council meetings and, therefore, is not bound by policy proposals which emerge from Council discussions. However, the C.T.C. has put policy proposals in front of Council which have subsequently become Ministry policy.

²⁸ The only components of the Ministry which are not represented on Council are Air Canada and the C.N.R. While their presence at Council meetings would provide another avenue of contact between them and the Ministry it would not automatically result in more coordination on policy questions.

²⁹ Largely due to the expansion of each Cabinet member's commitment to Cabinet Committee work after 1968, the regular weekly commitments of the Minister to Cabinet, Cabinet Committees and the House on an average week were enormous. Cabinet demanded four hours on Thursday. As a member of four Cabinet Committees, a Minister would spend approximately thirteen hours attending meetings. Three hours on Wednesday devoted to caucus, three hours per week attending question period in the House and an additional three hours on 'duty day' in the House round out the commitments of an Ottawa work week which begins often at mid-day on Monday and ends after the early question period on Friday (noon).

³⁰ A new Cabinet Memorandum form geared to the demands of the Program, Planning and Budgeting approach and the changes in the Cabinet Committee structure, was introduced in early 1970. Prior to that time, proposals were to be presented in a short memorandum supported by detailed appendices. The memorandum was supposed to state the main issues, outline clearly the policy options open to the Ministry and include a phased program of action. See also Chapter Four, footnote 1.

³¹ Some policy proposals contain no program. Basically, four sorts of policy proposals pass through Transportation Council:

- (1) Policy-legislative items. These become more rare as the Government's legislative schedule becomes increasingly congested. It generally takes about three years from the inception of a 'policy-legislative item' to its passage into law.
- (2) Policy-program items. Such items, often referred to as 'allocative policy' involve the initiation of a program or project and the expenditure of public funds.

- (3) Policy-information items. These proposals do no more than state the Government's position on an issue, although they may imply the intention of the Government to actively intervene in this area in the future. Pushing these items through to Cabinet has the advantage of entering the policy into the record and giving it formal approval as Government policy after it has been seen and discussed by other interested Cabinet members.
- (4) Policy-positional items. These proposals, such as the Cabinet submissions with respect to the approval of the reorganization, are related to the policy-making process and structure rather than to allocative policy outcomes.

³²The membership of the Management Committee is as follows: the Deputy Minister, his Executive-Assistant and Special Adviser; Senior Assistant Deputy Minister; Assistant Deputy Minister, Finance; Senior Ministry Executive, Personnel; Senior Ministry Executive, Legal, Senior Ministry Executive, Policy Planning and Major Projects; Director, Public Affairs; Director, Bureau of Coordination. In 1972, the practice was begun of having one of the four Administrators (Air, Marine, Surface and the Arctic) attend the Management Committee meeting each week on the premise that although the Management Committee deals mostly with Ministry-wide issues occasionally the problems discussed fall within the scope of the management authority of the Administrations.

³³Program monitoring, unlike financial auditing, is a rather under-developed activity within the Ministry. Informally it is carried out at several levels within the Headquarters Staff (including Transportation Council, Management Committee and the Deputy Minister's Office), but the reorganization did not bring forward a component directly responsible for watching over the implementation of Ministry policy. The omission is unfortunate in view of the increasing emphasis on cost/benefit analysis and the need to be able to determine the effectiveness of a program at different stages of its implementation. It has been suggested that a program monitoring unit be attached to the Deputy Minister's Office. The success of such a unit would very much depend on the development of a more coordinated information system within the Ministry and a more sophisticated approach to cost/benefit analysis. See also pp. 345-47.

³⁴The Bureau of Coordination began to function in this area in mid-1969.

³⁵Lord Bridges, op. cit., p. 14.

³⁶The Bureau of Coordination is continually projecting the Council's agenda for several weeks in advance. But even these short-run projections have to be revised constantly, particularly in response to the specific demands of the Minister or the Deputy Minister.

³⁷On the differences between the two, see T. Lowi, "Decision-Making vs. Policy-Making: Toward an Antidote for Technocracy," Public Administration

Review, Vol. 30, No. 3 (May-June, 1970), pp. 314-325; and G. Robertson,
"The Canadian Parliament and Cabinet in the Face of Modern Demands,"
Canadian Public Administration, Vol. 11, No. 3 (Fall, 1968), pp. 272-279.

CHAPTER EIGHT

THE MINISTRY OF TRANSPORT AS A RESPONSIVE,
INNOVATIVE AND EFFECTIVE POLICY-MAKING STRUCTURE

Introduction: Administrative Reform Re-examined

Over the course of the preceding seven chapters, I have examined the reorganization of the federal Transport portfolio against the background of several questions concerning policy-making and administrative reform at the departmental level since 1968.¹ The first chapter was devoted in part to a review of relevant literature and events since the Glassco Commission Report (1962-63) which provides a two-dimensional backdrop to the rest of the study.² More important, an attempt was made in this chapter to look beyond the over-worked notion of a "rational policy-making philosophy" which dominated Ottawa conversation in 1968 (and much of the literature on federal policy-making since), and to crystallize the organizational concepts - or goals - which were pushed on to the federal political and bureaucratic structures (particularly between 1968 and 1972) in the name of this "philosophy".³ It was argued that the concepts which dominated this recent wave of organizational renaissance were responsiveness, innovation and effectiveness. The chapter closed with a discussion of how these organizational qualities might be fostered within a diversified federal portfolio (such as Transport) through the application of a Ministry System - a means of portfolio organization which was receiving some attention in the Canadian public administration literature around the time that Prime Minister Trudeau and his advisors began extensive administrative reforms throughout the federal bureaucracy.⁴

Discussion moved from the general to the particular with an explanation of why, after the passage of major transportation policy legislation in 1967 (the National Transportation Act), transportation policy-making was seen to be unsatisfactory in content and method during the following year.⁵ The sanguine views from inside the Department of Transport were compared with the widespread dissatisfaction within the executive arena. The priorities of the entire Transport portfolio, it was argued within the executive arena, bore no relationship to the changing national priorities of the Cabinet. Because of the increasing emphasis on transportation infrastructure investment, most of the disapprobation was directed at the Department and its bureaucratic leadership which was seen to be unimaginative in the development of policy and slow to respond to the demands of the Cabinet and the P.P.B. System.⁶ The appointment of a new Deputy Minister from the Privy Council Office, the role of the Prime Minister's Office in advising the new Deputy on how to approach the problems of the Department, the involvement of the senior organization analyst from the Treasury Board Secretariat, and the appointment of Donald Jamieson - a Cabinet Minister with a background of successful departmental reorganization - were all prominent indicators of the continuing concern within the executive arena that the D.O.T. and the whole Transport portfolio adhere to the organizational philosophy and guidelines laid down by the Trudeau Government.

Chapter Three is primarily devoted to an examination of the operations of the Task Force on the Objectives and Structure for the Portfolio of the Ministry of Transport and the Report which it submitted to the Minister. Task Forces became quite common investigatory tools after 1968 and little is known about how they conducted themselves in relation to the normal fact-finding and advisory apparatus of the federal bureaucracy. In

this particular case, the Task Force proved to be a far more flexible and inventive body than the individuals, small departmental groups and consulting firms that had looked at departmental organizational problems in the past.⁷

Several features of the Task Force study process were noteworthy, including: the advantages which appeared to flow from the mix of outsiders and insiders on the Task Force, the comprehensive data-gathering technique of the Task Force, the strong leadership role of the Deputy Minister, and the sheer amount of effort put into the Task Force work in the later stages by the Minister and the Deputy Minister. A striking feature of the Report itself was the extent to which the document appeared to internalize the organizational concepts implicit in Trudeau's rational policy-making philosophy.⁸

The Task Force's recommendations, in the simplest terms, represented an attempt to force the Transport portfolio to become a responsive, innovative and effective policy-making institution through the application of a Ministry System and the adoption of new objectives with a national policy orientation.⁹

The following chapter on the approval of the Task Force recommendations further demonstrates the continuing concern within the executive arena that this particular administrative reform not lose sight of its original objectives, particularly during the implementation process. There was no formal approval process, as such, at the departmental level because of the continued involvement of the Deputy Minister and Minister in the revision of the Task Force's original draft report. The "matured" Task Force recommendations, however, were put through a series of demanding Cabinet and Central Agency screening procedures including two sessions with the Cabinet Committee on Priorities and Planning, one session with Treasury Board, and one with the Cabinet Committee on the Public Service. The recommendations were also examined at three meetings with the Ad Hoc Committees of Senior Officials

and received a full-dress review by the Treasury Board Secretariat. During the course of this approval process, these screening agencies made the expected sorts of inquiries about the compatibility of the proposed structure and objectives for the Transport portfolio with the responsibilities and organization of other federal portfolios. However, far more effort was invested in trying to determine the likelihood that the application of this particular Ministry System would lead to the development of a responsive, innovative, and effective policy-making process within the portfolio. At this stage, the advantages to the portfolio of having a Deputy Minister with established informal lines of communication throughout the executive arena and a Minister with a rapidly developing reputation for organizational ability manifested themselves in the fact that, despite sometimes serious reservations, the Task Force recommendations were approved for implementation virtually intact.

In contrast to the professional smoothness and overall success of the study process under the Task Force and the approval process under the Minister and Deputy Minister, the implementation and communication of the Ministry System were not particularly successfully accomplished. Chapters Five and Six examine the planning and execution of these two phases of the reorganization and attempt to point out where the organizations and techniques employed by senior management within the portfolio encountered difficulties. One overwhelming factor both in the implementation and internal communications efforts was the sheer size of the portfolio and the geographical dispersal of the employees across the country. There seems to have been no resolution at an early stage of the importance to be attached to communicating the nature of the new objectives and organization to all the employees with the portfolio. In the face of the limited impact of the

reorganization- it might have been better to have severely limited the communications campaign to those employees whose positions were immediately affected, than to make a half-baked attempt to give all employees a genuine sense of participation in the reorganization. Another disturbing feature was the insularity of the external communications effort and the failure to involve relevant "outsiders".¹⁰ On the implementation side, the lack of success of the Intertrans Implementation Team and the resulting uncoordinated implementation process carried on within individual components of the new Ministry were explored in detail. In retrospect, it seems possible that if the Implementation Team had been given the wider mandate and more sophisticated structure recommended by the Task Force, some of the serious implementation problems resulting from the lack of central guidance and leadership could have been avoided.¹¹

The discussion of the implementation process not only provides an analysis of the techniques and structures employed by the Minister and the Deputy Minister, but it also sets down the first empirical evidence concerning the results of the application of the Ministry System to the Transport portfolio. This initial evidence relates particularly to the problems encountered in adapting the various components within the portfolio to the structural model provided by the Task Force. In Chapter Seven, the issue of the actual impact of the reorganization is pursued further with an attempt to analyze the Ministry of Transport as a policy-making institution. The completion of this analysis opens the way to an examination of the major pre-occupation of this study: has the application of the Ministry System to the Transport portfolio led to the development of a responsive, innovative and effective planning and policy-making structure?

The Ministry System and the Ministry of Transport

The reorganization of the Ministry of Transport was begun in 1969 as part of the overall effort of the present Government to streamline and rationalize the policy-making process throughout the federal government to meet the demands of what was convincingly portrayed as a rapidly changing social and technological environment. Dror captures the spirit of this drive for reform:

The scientific revolution, and the transformations it has caused in the social structures and in the heights to which men can aspire, together with other changes in culture and society have made continual improvement of public policy-making necessary if such policy-making is to lead to satisfactory results and progress, or, perhaps, is even to assure survival.¹²

This thesis lay behind the reorganizations of the Cabinet committee system, the Prime Minister's Office and the Privy Council Office, in which emphasis was placed on the urgent need to integrate, coordinate and control planning and policy-making from the centre. The Secretary of the Cabinet has painted a black picture of the consequences of ignoring these needs:

Integrated planning would be the easiest thing to shove aside. It would probably not show in the immediate future. Where it would show, in the longer term, would be in allowing drift and accident, the ad hoc, the technological jungle and the opportunity for individual profit to determine the shape of our national and social future.¹³

In the view of the Central Agencies, ministerial portfolios such as Transport were subject to the same demands as Cabinet. It is not surprising then, particularly as the present Deputy Minister came to Transport in 1969 from the Privy Council Office, that organizational reforms similar to those being attempted at the centre were rapidly adapted to use at the departmental level. The superficial structural similarities between Transportation Council and Cabinet, the Bureau of Coordination and the Privy Council Office,

and Management Committee and the Cabinet Committee on Priorities and Planning have already been noted. It would not be stretching a point to compare the policy screening roles of the Advisory Boards to those performed at the centre by the five functional Cabinet Committees. What is particularly noteworthy is that these new or reorganized structures and policy-making forums were adapted for use at the departmental level within the framework of the Ministry System - a new method of organizing the Transport portfolio. The long run expectation was that these formal alterations of the policy-making process and the portfolio would blend together to create a responsive, innovative and effective corporate policy-making structure.

Before commenting on the success of the experiment, it is worth considering the extent to which the Ministry of Transport in fact represents an application of the Ministry System. The primary point of comparison, in this case, is the Laframboise Ministry System which was largely imitated by the Task Force.¹⁴ Most of the structural deviations have already been noted. The Ministry Executive is not a feature of the Laframboise Ministry System. However, in the model developed by the Task Force the prominent role accorded to the Ministry Executive had important ramifications for the individual role of the Deputy Minister within the portfolio.¹⁵ While the concept was approved and implemented along the lines recommended by the Task Force, in practice a strict division of labour has been developed between the Deputy Minister and the Senior Assistant Deputy Minister so that the Deputy Minister's role within the Ministry of Transport appears to vary little in conception from the original Laframboise recommendation. In some respects, in fact, the Deputy Minister has a more powerful position than Laframboise outlined. For instance, Laframboise seems to be recommending a clear line of communications and authority between the Minister and the Administrators; but in

the M.O.T. the Administrators are responsible to the corporate Ministry Executive which means in effect that they are responsible to the Deputy Minister.¹⁶ However, they still have a strong line of communication with the Minister through the medium of Transportation Council.¹⁷ In another sense, Laframboise's Deputy Minister is more powerful because Laframboise envisaged no difficulties in having the Deputy Minister deputize for the whole portfolio. In fact, as I have pointed out, this overall deputization does not work completely smoothly within the M.O.T.¹⁸

Structurally, the Minister of Transport Headquarters Staff very closely resembles the model briefly described by Laframboise.¹⁹ The main emphasis of the Staff is on centralized planning and coordination, and the facilities and manpower available far exceed those available under the previous form of portfolio organization.²⁰ However, the Staff structure does not provide for an organized program monitoring activity outside of the financial auditing and control exercised by the Assistant Deputy Minister, Finance. Laframboise and Yeomans were vague as to the structural form the monitoring activity would take, and even less helpful on the subject of what kind of monitoring the Staff would be expected to do.²¹ The Task Force was hardly more explicit on this subject, but some guidelines were discussed during the implementation process when it was suggested that the Ministry Staff should have a Program Planning and Evaluation Branch.²² This unit was to engage in program monitoring (effectiveness evaluation) of the type prescribed by Treasury Board in the P.P.B. Guide.²³ However, such a structure was never created.²⁴

As I have already noted, the Ministry satellite components are neither uniformly structured nor uniformly integrated into the Ministry. Laframboise did not appear to envisage the addition of new satellite com-

ponents such as the Surface Administration, the Transportation Development Agency and Arctic Transportation Agency which were established without significant operational responsibilities, and without the financial and personnel units necessary to make them self-contained. The Marine Administration and Air Administration are self-contained and they bear a reasonable resemblance to the autonomous structures that the Laframboise model seemed to demand.²⁵ However, the Marine Administration has not yet been integrated into the portfolio in a way that allows it to act as a corporate unit with respect to all marine way, vehicle and terminal activities of the federal government.²⁶ These are varying levels of integration on the parts of the other satellite components. Both the C.T.C. and the Northern Transportation Company Limited (N.T.C.L.) are members of Transportation Council which allows them adequate exposure to the policy process within the Ministry.²⁷ However, neither the N.T.C.L. and the C.T.C. nor Air Canada and the C.N.R. have altered their status, structure or legal reporting relationship in the Ministry as a result of the reorganization. None of these four components have been invited to send representatives, as yet, to sit on the Ministry's Advisory Boards, and the Minister does not appear to have taken any formal initiative (where he or the Governor-in-Council has the power to do so) to place Ministry Headquarters personnel on boards of directors of the three Crown corporations in question.²⁸ Nonetheless, it would be wrong to conclude that the reorganization has not led to an overall increase in integration between the Minister and his officials and these four components. The level of liaison between the Minister and Deputy Minister, on the one hand, and the senior executives of the Crown corporations and the President of the C.T.C., on the other, has risen sharply by all accounts since 1970. Moreover, through the initiative of the Policy, Planning and Major Projects Branch of the Ministry Staff

a higher degree of informal planning coordination has grown up between Ministry Headquarters and the planning and research groups particularly within the C.T.C., Air Canada, and the C.N.R. In particular, the capital budgets of the Crown corporations have been examined far more carefully - in terms of their likely ~~impact~~ on national transportation objectives - by the Policy, Planning and Major Projects Branch and the Finance Branch since the reorganization took effect. There are indications that the Ministry Executive remains dissatisfied with this state of affairs, however, and may attempt to alter the policy relationship between the Ministry Headquarters and these more autonomous components (particularly Air Canada, the C.N.R. and the C.T.C.) through legislation so that they might become more effective arms of national transportation policy.²⁹

It does not seem to be the case that Laframboise envisaged an ideal Ministry System in which each satellite component was structurally the same and had a similar formal relationship with the Ministry Staff, the Deputy Minister and the Minister.³⁰ However, the first draft of the Task Force report appeared to recommend a system in which the corporate idea was taken to its logical conclusion and every satellite agency (excluding the C.T.C.) became a Crown corporation.³¹ In the end, the Task Force retreated from that idea, with the encouragement of the Minister and Deputy Minister, to a more practical Ministry System in which there were a variety of satellite components with different formal relationships with the centre and varying levels of autonomy.³² It was a variation on this theme which dominated the implementation process and which is in evidence within the Transport portfolio today. Obviously the establishment of strong integrated links within the portfolio - particularly between the Ministry Staff and the satellite components - is one of the primary attractions of the Ministry

System. While the Ministry of Transport remains somewhat deficient in this respect, it is still far more tightly integrated as a policy-making unit than the Transport portfolio ever was in the days prior to the reorganization. Neither the Transport Task Force nor the Ontario Government's Committee on Government Productivity (both of which advocated the application of Ministry Systems) attached enough importance to the need to clearly establish the exact type of integrative mechanisms required in linking together various kinds of components within a portfolio. As a result there is bound to be a good deal of tinkering in the name of integration with their respective Ministry Systems for some time to come.³³ In the course of these adjustments some serious attention will have to be paid to the perennial issue of the proper sort of relationship to be established between satellite agencies such as Crown corporations and regulatory bodies and the central coordinating staff of the portfolios in question.³⁴

The argument as to whether or not the Ministry of Transport is, in fact, a Ministry System could be continued at greater length but the return on the investment would be small. When it was in the interest of the Privy Council Office to do so, it implied that the M.O.T. did not deserve the title "Ministry" because it was not a "real" Ministry. This is nonsense. More to the point was the fact that the P.C.O. and the Prime Minister wanted to use the title to describe another form of portfolio organization altogether.³⁵ This sort of argument can easily degenerate into a semantic stand-off. I have tried to demonstrate that while the Ministry System applied to the Transport portfolio varies in some respects from the models put forward by Yeomans and Laframboise (and in still further respects from the Swedish model), it still has the necessary ingredients of a Ministry System of these types. The M.O.T. has an increasingly powerful Ministry Staff

"headed by a Deputy Minister and responsible to the minister for advisory coordinative and monitoring responsibilities over all the agencies in the Minister's portfolio"; it also has a "staff responsible to the Minister for Party and constituency matters"; and, with the qualifications I have noted, it has "a number of agencies, each self-contained in respect of operating and administrative resources and each headed by an administrator responsible directly to the Minister".³⁶ Furthermore, the senior officials within the Ministry Executive, Ministry Staff and the various satellite agencies perceive themselves to be operating within the framework of a Ministry System and have generally adjusted their behaviour and lines of communications and authority accordingly. A more critical issue in terms of the purpose of this reorganization is the ability of the Ministry to formulate and effectively implement responsive and innovative policy with respect to the national transportation framework.

The Ministry of Transport as a Responsive, Innovative and Effective Policy-Making Structure

In Chapter Seven, a good deal of emphasis was placed on the way in which the M.O.T. policy-making process successfully blends politics and technological planning, sensitizing the Minister and his senior officials to each others needs and demands with respect to policy-making. The structure of the Ministry Executive and the Bureau of Coordination, and the policy-making process within Transportation Council and the Advisory Boards epitomize this commitment of the M.O.T. to a responsive policy system. The policy process has been rationalized under pressure from the Central Agencies without losing sight of the crucial fact that

the fundamental nature of political policy-making is not

just the making of a decision after considering several alternatives; it also inherently and fundamentally involves the mobilization of support and the selection and application of sanctions and/or rewards for various groups and individuals.³⁷

Anyone who considers this a mundane achievement need only reflect on the overall attempt to rationalize the total federal government policy process through the application of the Planning-Programming-Budgeting System. Reading the Treasury Board's P.P.B. Guide could lead one to believe that after priorities are established, the rest of the policy planning process can be reduced to a complex, rigid, machine-like exercise.³⁸ The proponents of the system, in their enthusiasm, tended to ignore the complexity of the continuing relationship between the political and bureaucratic systems at the federal level. However, the reforms pressed on the M.O.T. by the Ministry Executive recognized the importance of this relationship. The policy process sponsors and encourages direct and indirect contact between the political system, in the person of the Minister, and the bureaucratic support system. This contact by no means guarantees successful policy-making, but it does go a long way towards insuring that transportation policy-making will be responsive on a continuing basis to the wider demands of the public and private sector, insofar as these demands are represented and articulated by the Cabinet and, in particular, the Minister.³⁹

During the approval process, the Ad Hoc Committee of Senior Officials expressed doubts about the potential of the proposed Ministry of Transport to respond to broader federal government objectives outside of the transportation framework. They argued, essentially, that the goals of government were always poorly defined and that the M.O.T. would be too management-oriented to adjust well to the "top-down" approach.⁴⁰ This fear has not been borne out both because of the ability of the sophisticated policy process

within the Ministry to continually focus attention on ministerial priorities, and because of the tendency during and after the implementation of the Ministry System to downplay the so-called management orientation. Instead of the operating administrations moving towards greater autonomy and the Crown corporation model, the movement has been in the opposite direction, in favour of centralization and the increased hegemony of the Ministry Staff particularly in the area of policy and program planning.⁴¹ The planning role of the Policy, Planning and Major Projects Branch has tended to increase to reflect a wider definition of what is a Ministry as opposed to an Administration issue.⁴² This movement was to some extent predictable on the basis of the presentation made to Treasury Board during the approval process; it was implied, at this time, that it would be in order for the Ministry Staff planning unit to take responsibility for a project which would normally be assigned to one of the decentralized components if the interests of the government would be better served by keeping the planning process under the direct control of the Ministry Executive.⁴³ While this tendency towards centralized planning has not upset the basic Ministry-style relationship between the operational Administrations and the Ministry Staff, it does demonstrate the continuing commitment of the Ministry Executive and Ministry Staff to the goal of responsive policy-making.

This centralization of planning and policy-making has not been achieved without costs - most of which have already been noted. The intensity of the centralization pressure has made it extremely difficult for the Ministry Executive and the Ministry Staff to maintain their distance from the day-to-day operational problems confronted by the Administrations.⁴⁴ The impact of the reorganization on the policy advisory role of the C.T.C. has led to a certain amount of bad blood between the Ministry Staff (which

took over most of the C.T.C.'s policy planning activities) and the regulatory agency.⁴⁵ To some extent this has frustrated the attempts of the Ministry Executive to insure that not only allocative but also economic regulatory policy would be blended together after the reorganization to provide a coordinated national transportation policy.⁴⁶ As I have already pointed out, the reorganization also left the legal and structural relationship between the three Crown corporations outside of the Marine Administration and the Ministry Staff unchanged thereby reducing the likelihood that the investment policies of these three agencies would necessarily be responsive to the demands of national transportation policy as perceived by the Minister and the Ministry Staff. However, these formal shortcomings have to some extent been overcome by the informal activities of the Policy Planning and Major Projects Branch, and (particularly with respect to Air Canada) will probably soon be dealt with through new legislation redefining the formal relationship between the Crown corporation and the Minister.⁴⁷

Centralization has also tended to cut the Ministry Staff planning efforts off from the operational environment in which the programs which eventually emerge will have to be implemented. There have been occasional complaints from operating Administrations that the relevant operational and program planners within the Administrations are not being consulted about policy proposals which they will have to implement, with the result that the policy proposal is naive or short-sighted with respect to the operational environment despite the fact that it may be responsive to Cabinet demands. This kind of problem can be handled within Transportation Council, but it adds enormously to the work load of the Council to transform it into the forum in which the planners and the operators first compare their views on a particular proposal. I suggested in the preceding chapter that this coor-

dination problem could best be overcome by increasing the level of consultation between the Administrations and the Policy, Planning and Major Projects Branch.⁴⁸ One formal way to achieve increased coordination would be to screen Ministry Staff policy proposals through the appropriate Advisory Board (or Boards if the proposal had significant multimodal implications). This solution has the disadvantage of adding time-consuming steps to a policy-making process which is already quite lengthy. Also, it is probably only of limited value in terms of bringing the proposals in touch with the operational environment due to the fact that the Advisory Boards (except for the Transportation Development Agency Council) still do not count industrial and public users among their members.⁴⁹

Transportation policy-making in Canada has always been characterized by an extremely close relationship between transport industries and industrial associations, and the bureaucracies of the various agencies involved in the policy-making process. There are indications that the centralization of policy-making, coordination and control within the portfolio has facilitated the access of the industry to the process.⁵⁰ The responsiveness of the Ministry to Cabinet decisions with respect to development in areas like northern resources and the aerospace industry has tended to lock the Ministry planning and policy-making process into the activities of individual firms or consortiums of firms.⁵¹ This inter-relationship is often marked by the development of steering committees at the inter-departmental level which include representatives from industry. There are also indications of the development of a more routinized process of consultation between the senior Ministry Staff officials and the interest groups representing the transport industry or industrial users of transportation facilities.⁵² Research in this area might lead to disturbing conclusions concerning the comparative

access of the general public and transport-oriented industrial groups to the allocative policy-making process within the Ministry.⁵³ While this avenue of speculation does not negate the earlier findings with respect to the ability of the Ministry to respond to Cabinet priorities, it does tend to raise doubts about the wider issue of the limits of responsiveness.

As I have pointed out, policy innovation was an integral element of the "rational policy-making philosophy" espoused by the Prime Minister and his advisors and it was a concept which was seen by the Task Force to be particularly relevant to the Transport portfolio as it struggled out from under the railway ideology which had dominated the Canadian transportation framework until the McPherson Commission Report.⁵⁴ The increased emphasis on multimodal transportation presented the portfolio with a unique opportunity to apply advanced technology to transportation policy, but the Task Force recognized that to be in a position to take advantage of this opportunity, the portfolio would have to be equipped with planning and research structures far superior to those available to the D.O.T. in 1968.⁵⁵ The reorganization resulted in the creation of the Policy, Planning and Major Projects Branch within the Ministry Staff which, although built on the foundation of pre-existing D.O.T. structures, represented a far more significant commitment to strategic planning than would have been possible in the D.O.T. in 1968.⁵⁶ The innovative potential of the portfolio was further enhanced by the creation of the Transportation Development Agency which was to devote itself to the stimulation of transportation research and development and the injection of the applicable technology into the planning and policy-making process of the Ministry.⁵⁷ In building up the Policy, Planning and Major Projects Branch, the Transportation Development Agency and the several other planning groups within the Ministry Staff and Administrations (and the Arctic Trans-

portation Agency), a particular attempt has been made to create conditions under which bureaucratic organization and innovation do not become mutually exclusive. Large numbers of new personnel have been recruited into the Ministry planning groups in order to increase the general level of expertise and the quality of leadership, and guard against the possibility that routinized, bureaucratic behaviour will rob the new components of their innovative potential. Some of the new personnel who joined the Policy, Planning and Major Projects Branch and the Transportation Development Agency came from the C.T.C. - which lost most of its role as the major planning and policy advisory body within the portfolio.⁵⁸

While the innovative potential of the Ministry planning and research and development components remains high, their promise has not been fully realized as yet. This is particularly true of the Policy, Planning and Major Projects Branch and the Transportation Development Agency, as I have already pointed out. Much of the energy of the Agency has been diverted to its establishment and organizational problems which have arisen since its inception.⁵⁹ The dissipation of energy within the Policy, Planning and Major Projects Branch has been equally significant. In this case, the Branch has spent too much time "fire-fighting" for the Ministry Executive and too little time on strategic planning.⁶⁰ The dysfunctional conflict - with respect to planning "territory" - between the Branch and the operating Administrations and the reliance on the project method within the Branch have also tended to reduce the number of independent inputs into the policy-planning process thereby lowering the innovative capacity of the whole Ministry.⁶¹

Finally, both Agency and Branch have made only small strides towards the goal of raising their planning and research horizons far enough into the future to make real creative policy-making a possibility. In other words,

the Ministry, in response to the demands of Treasury Board, has taken steps through the reorganization to improve middle-range strategic planning in transportation.⁶² However, no attempt was made in the application of the Ministry System to build in components for long-term exploratory planning - the long-run planning and forecasting which provides the information necessary for the Ministry Executive to make significant alterations in Ministry objectives and basic transportation policy. The overall planning process within the Ministry is under continuous review and there is among the components and individuals involved in Ministry planning an acute awareness of the problems which were not completely solved by the application of the Ministry System. With respect to program planning, the Policy, Planning and Major Projects Branch is attempting to further improve the process whereby the Program Forecast and Estimates documents are produced for Treasury Board by designing a more practical system of cost-benefit analysis for Ministry programs.⁶³ This system is designed to link resource allocation to program planning in a way which should prove more compatible to the demands of the P.P.B. System. A more sophisticated form of long-run forecasting and objective-setting is also being contemplated as the basis upon which the new program planning system would operate. This long-run planning would be the responsibility of the Transportation Development Agency and the Policy, Planning and Major Projects Branch, which assumedly would have to be further expanded to include personnel explicitly designated to do future planning and forecasting. The C.T.C. research group is also expected to play a significant role in the latter activity. The so-called "exploratory forecast" which would result on an annual basis would provide the Ministry components with data and alternatives with respect to Ministry objectives and long-run policy. This appears to be the kind of planning structure and process which the "rational

policy-making philosophy" (supported by the P.P.B. System) maintains will lead to innovative or creative policy-making.⁶⁴ The unfolding of this system within the Ministry of Transport should be of continuing interest as a test of this thesis.

The question of the effectiveness of the allocative policy programs being implemented by the various components of the Transport portfolio was a major concern of the Task Force.⁶⁵ I have argued that although effectiveness was a critical concept within the "rational policy-making philosophy" from the outset, it was not clear during the period of the Task Force's study of the Transport portfolio just how the quality of "effectiveness" was to be instilled in departmental-level agencies.⁶⁶ While program monitoring was viewed as an important activity there seemed to be little certainty about what kind of structure was best suited to it, and what exactly was to be monitored. As I have pointed out, the monitoring which Laframboise insisted that the Ministry Staff should do was never spelled out in detail, the Task Force made little advance on this question, and the Ministry of Transport was implemented without a program monitoring capacity as such.⁶⁷ However, the Task Force did develop one major criterion for measuring program effectiveness, and that criterion was cost-recovery or financial self-sufficiency.⁶⁸ The choice of this criterion seems to have been motivated largely by the predilection of the Task Force members to view the operating Administrations, Crown corporations, and even the Transportation Development Agency in much the same light within the Ministry System. All the satellite components within the Ministry which provided services to the public, in this view, were on a single continuum moving towards the Crown corporations model. According to this model, business-oriented effectiveness measurements such as cost-recovery and profitability were the best way of judging the success of the

operation.⁶⁹

The Central Agencies involved in the approval process were quick to criticize the Ministry System recommendations for their reliance on this idiosyncratic criterion of effectiveness which did not relate the success of programs to their specific political, social and economic goals.⁷⁰ Financial self-sufficiency was not seen to be an adequate goal against which to measure all programs. Just because a program is paying its way does not mean that it is achieving its widest purposes. It was argued that programs in transportation directed towards the fulfillment of somewhat intangible national goals (i.e. national unity) would only be amenable to progress monitoring on the basis of non-financial criteria. Therefore it was in the interests of a 'top-down' policy-making model to ensure that a more sophisticated form of program monitoring was developed.

During the implementation period, financial self-sufficiency was down-played as an effective means of monitoring progress (to some extent because the user-charge principle was never fully implemented and because decentralization and the "Administrations as Businesses" theme was down-played). This had led to a situation in which the only organized monitoring which is regularly carried on is financial. The Finance Branch ensures that expenditures on approved programs do not exceed authorized limits). In addition, the Management Committee, Transportation Council and the Deputy Minister are often involved in an ad hoc form of program monitoring.⁷¹ With the increasing pressure from Treasury Board, after 1970, to develop a more orthodox form of program monitoring across the federal bureaucracy at the departmental level, the M.O.T. has made efforts to correct its deficiencies in this area.⁷² More emphasis is being placed on program monitoring as an organized activity equal in importance to program planning. The advances

in cost-benefit analysis for all Ministry programs will not only serve the purposes of the annual Program Forecast, but should also provide statements of objectives and data on program phasing and costs which can be applied to the monitoring activity. One of the most difficult problems to be faced if monitoring is to be done properly is the collection of adequate information from the managers implementing the program in question. The attempts by Treasury Board to state comprehensive objectives for the various departmental programs it began monitoring in 1970, and the subsequent efforts to collect satisfactory data on progress suggest that effectiveness may be the most intangible organizational goal to be pressed on the federal bureaucracy in the quest for rational policy-making.

Conclusion

In Chapter One I indicated that the over-arching concern of this study was to determine whether or not, on the basis of the Transport experience, the application of a Ministry System was likely to lead to the development of a responsive, innovative and effective corporate policy-making structure for a diversified federal portfolio. It should be obvious at this point that there is no simple answer to this question. The Transport experience indicates that it is possible to reorganize a diversified portfolio using the Ministry System as a model, and produce a policy-making structure that, at least on allocative policy issues, demonstrates a continuing commitment to an integrated corporate policy-making process, centralized coordination and planning, and decentralized operations. In varying degrees - as I have suggested in the preceding pages - the Ministry System has made the Transport portfolio a more responsive, innovative, and effective policy-making structure. Where the application of the Ministry System did lead to the adoption of an antediluvian

form of effectiveness measurement, the clearly increased responsiveness of the structure to Cabinet demands soon led to a return to a more orthodox path. It may be that the real mark of the success of the experiment is the fact that the resulting policy-making structure is very closely attuned to Cabinet-established national priorities. In the fullness of time, the absorption of other features of the "rational policy-making philosophy" may depend on this fact.

The major advocates of the reform of the federal policy-making process have come from within the executive arena. Despite the lack of cooperation of the Privy Council Office on the issue of providing the necessary legislation to properly complete the application of the Ministry System to the Transport portfolio, the various components of the executive arena were, on the whole, major supporters of the reorganization. Chapter Four clearly indicates that without the explicit support of the executive arena the reorganization would never have been possible. While administrative reform has been a less prominent feature of Prime Minister Trudeau's overall program since the 1972 election, there is no indication that the executive arena has abandoned its interest in rational policy-making, in general, or the Ministry System in particular. In January, 1973, the Solicitor General's portfolio was reorganized in accordance with the Ministry System model. The reorganization closely followed the pattern established at Transport. A new Deputy Minister was appointed in mid-1972; a period of study and consultation followed; and the reorganization was implemented without the necessary supporting legislation to change the name of the Department of the Solicitor General or alter the relationship between the Minister, his bureaucratic support staff, and the three satellite agencies for which he is responsible.⁷³ As a result of the reorganization, the Department of the Solicitor General

has been replaced (except for legal purposes) by a Ministry Executive and a Ministry Secretariat. The latter makes provision for an Assistant Deputy Minister of Policy Planning and Program Evaluation and a significantly increased emphasis on strategic and financial planning and coordination. In short, it seems clear that the Transport experience has been judged an overall success at the executive arena level. On the basis of the recent reorganization of the Solicitor General's portfolio and the more general application of the Ministry System at Queen's Park, it does not appear to be unreasonable to assume that the model might be applied to further federal portfolios in the future in the cause of responsive, innovative and effective policy-making.⁷⁴

One may view this prospect with enthusiasm or alarm. This study has been pre-occupied with the question of how three organizational concepts were employed to re-fashion policy-making structures and processes within the federal government. A larger and, in the long-run, more important question is: What does the acceptance of this new decisional technology "package" mean in the widest sense for the future development of our form of democratic government? Some work has been done in this area, and many commentators see dire consequences flowing from the application of optimal policy-making theory to traditional forms of democratic government.⁷⁵ However, there is a danger of over-reacting to changes in traditional forms of organization. Thompson notes succinctly that

Men who are specialists in the management of complex organizations learn quite early that the best way to preserve the stability of powerful routines is to give on the surface the illusion of reform and constant innovation.

Nevertheless, regardless of the futuristic implications or significance of the "rational policy-making philosophy" and the technological language in which it is expressed, the technological concepts on which I have focused my

attention were used extensively as organizational goals and criteria by the Trudeau Government and its advisors after 1968. It is to the application of these concepts through the vehicle of a Ministry System that this study was directed. A good argument could probably be made that future analysis of the overall impact of the "rational policy-making philosophy" will depend largely on detailed studies of attempts to translate the "philosophy" into action.

Notes for Chapter Eight

¹See Introduction.

²See pp. 9-22.

³See pp. 22-32.

⁴See pp. 32-41.

⁵See Chapter Two.

⁶See pp. 82-88.

⁷Chapter Two outlines some of these earlier efforts.

⁸See p. 107 and pp. 117-19.

⁹See 116-25.

¹⁰See Chapter Five.

¹¹The Task Force's recommendations are outlined on pp. 223-228. Comparative studies of the effectiveness of communication and implementation processes during the course of reorganizations of other federal government portfolios might lead to useful generalizations about the viability of centralized and decentralized approaches to these problems.

¹²Y. Dror, Public Policy-making Re-examined (San Francisco: 1968), p. 9.

¹³Gordon Robertson, "The Changing Role of the Privy Council Office," Canadian Public Administration, Vol. 14, No. 4 (Winter, 1971), p. 503.

¹⁴See pp. 32-41 and 110-11.

¹⁵See p. 119.

¹⁶See p. 41 and pp. 281-84.

¹⁷See pp. 304-10.

¹⁸See p. 283.

¹⁹See pp. 38-41 and 284-89. The following discussion is limited to issues related to the planning and policy-making process. Laframboise's Ministry Staff differs from the Transport model in the area of staff functions in that Laframboise warned against allowing the Staff to develop centralized support roles (e.g. personnel). According to Laframboise's model these functions were to reside exclusively in the operating units. See p. 41.

²⁰Cf. pp. 74-72 and 284-89.

²¹See pp. 40-41.

²²See pp. 240-46.

²³Cf. Chapter One, pp. 37-42.

²⁴This issue is raised again with respect to the issue of the M.O.T.'s effectiveness as a policy-making structure. Cf. pp. 345-47.

²⁵See pp. 110-11.

²⁶See pp. 255-61.

²⁷See pp. 304-306.

²⁸See pp. 266-71.

²⁹See pp. 266-71.

³⁰See pp. 110-11.

³¹See pp. 112-114.

³²See pp. 116-25.

³³For a review of the Ministry concept developed for the Ontario Government see Committee on Government Productivity, Interim Report Number Three (Toronto: 1971), and Report Number Nine (Toronto: 1973).

³⁴See pp. 266-72.

³⁵See pp. 263-66.

³⁶See Laframboise definition in full, p. 41; and in H. Laframboise, "Portfolio Structure and a Ministry System: A Model for the Canadian Federal Service," Optimum, Vol. 1, No. 1 (Winter, 1970), p. 37.

³⁷G. B. Doern, Political Policy-Making: A Commentary on the Economic Council's Eighth Annual Review and the Ritchie Report (Montreal: 1972), p. 1. also C. J. Friedrich, "Political Decision-Making, Public Policy and Planning," Canadian Public Administration, Vol. 14, No. 1 (Spring, 1971), p. 11.

³⁸Canada, Treasury Board, P.P.B. Guide. revised edition. (Ottawa: 1968).

³⁹To argue that the reorganization of the Ministry of Transport has increased the level of direct bureaucratic responsiveness to a wider range of legitimate public interests throughout Canada is another question, and one that is outside the scope of this study. This distinction was suggested by a discussion of responsiveness in G. J. Szablowski, Public Bureaucracy and the Possibility of Citizen Involvement in the Government of Ontario (a working paper prepared for the Committee on Government Productivity), November, 1971. Szablowski hypothesizes that organizational engineering which encourages centralization and coordination tends to discourage increased

public access to the policy-making process.

⁴⁰See pp. 139-41.

⁴¹Ministry Staff control has also been augmented in the personnel and finance areas due not to aggrandizement on the part of the Staff itself, but to the eventual refusal of the Treasury Board and the Public Service Commission to give their agreement to the large-scale delegations of authority to the Administrations with respect to rate-setting, vote-netting and hiring which were recommended by the Task Force. See Chapter Four.

⁴²See pp. 285-86.

⁴³See p. 170.

⁴⁴See Chapter Seven.

⁴⁵See pp. 266-67.

⁴⁶Cf. G. B. Doern, op. cit., p. 16. It was very much a concern of the Task Force that the regulatory, developmental and operational considerations of transportation policy be brought together in a balanced manner. See Chapter Three.

⁴⁷See pp. 270-71.

⁴⁸See pp. 303-304.

⁴⁹See pp. 293-304.

⁵⁰While this is not a question which I investigated in the course of my research for this study, it is being examined by a York University colleague, Edgar Dosman, and publications analyzing this problem are forthcoming. See Edgar Dosman, "Transport Policy in the North: Organizational Goals and Policy Environment" (a paper delivered to the Conference on Canadian National Transport Policy, York University, May, 1972).

⁵¹This sort of pattern is visible in the development of policy with respect to the exploitation and transportation of northern oil and gas reserves, and with respect to the development of STOL aircraft for inter-city travel.

⁵²In a recent study on interest group behaviour in Canada by Robert Presthus, transportation is a functional area in which the linkages between senior bureaucrats and industrial groups are extremely close. Cf. Robert Presthus, Elite Accommodation in Canadian Politics (Toronto: 1973).

⁵³Studnicki-Gizbert makes some references to this question in the context of the regulatory process. See K. W. Studnicki-Gizbert, "Government by Special Purpose Agencies: Canadian Transport Commission - Regulatory Agency and an Instrument of Transport Policy" (unpublished paper, 1972).

⁵⁴See pp. 76-77.

⁵⁵See Chapter Three. The Prime Minister apparently stressed the need for innovative transportation planning during the approval process. See pp. 148-49.

⁵⁶See pp. 240-46.

⁵⁷See p. 292.

⁵⁸See pp. 122-23 and p. 239.

⁵⁹The problems with respect to the establishment of an Advisory Board are outlined on pp. 293-304.

⁶⁰See pp. 285-86.

⁶¹See pp. 289-90.

⁶²Treasury Board's complaints about transportation program planning in 1968 are discussed in Chapter Two. The distinction between policy, program and operational planning is made on p. 27.

⁶³The more sophisticated program planning process will probably involve the creation of a Planning and Priorities Committee which would approve projects and allocations of funds for the forthcoming planning period before these program plans were put before Transportation Council.

⁶⁴See pp. 22-32.

⁶⁵See pp. 118-19.

⁶⁶See pp. 28-32.

⁶⁷See pp. 240-46.

⁶⁸See pp. 118-19.

⁶⁹This measurement criterion was also the result of the strong influence on the Task Force of Drucker's reprivatization theory. P. Drucker, The Age of Discontinuity (New York: 1968), pp. 233-42.

⁷⁰See pp. 140-41.

⁷¹See Chapter Seven.

⁷²See pp. 31-32.

⁷³The three agencies are: the Royal Canadian Mounted Police, the Canadian Penitentiary Service, and the National Parole Board.

⁷⁴Laframboise argued that almost all federal portfolios would benefit from the application of the Ministry System. Laframboise, op. cit., p. 37.

Portfolios such as Veterans Affairs, Supply and Services, Secretary of State, Finance, and Energy, Mines and Resources would be the most logical candidates.

⁷⁵ Much of the interesting literature - most of it American - is cited in G. Szablowski, "The Optimal Policy-Making System: Implications for the Canadian Political Process," in Apex of Power, ed. by T. Hockin (Scarborough: 1971), pp. 135-45.

⁷⁶ W. I. Thompson, At the Edge of History (New York: 1971), p. 94.

APPENDIX A

STATEMENT BY THE MINISTER ON THE CHANGES
TO BE MADE IN THE ROLE AND STRUCTURE OF THE
FEDERAL TRANSPORT PORTFOLIO

Purpose

It is intended to change the objectives for the role of the Federal Government in transportation. This change involves a new approach to planning and organization of the Department of Transport and the Agencies making up the Federal Government's complex in this field and utilizes the principle of recoverable financing wherever this proves practicable. It is also designed to make transportation which falls within federal jurisdiction or is heavily influenced by federal financing or other action as responsive as possible to the other goals of the Government in economic, social or political terms.

To attain these objectives a responsive and efficient organization is needed to meet rapidly changing technology and to provide a more effective system of operation and management.

This will involve establishing the concept of a Ministry that controls and links through a central headquarters, all of the agencies, whether of an operating, developmental or regulatory nature. The Minister and the Government would then be in a better position to assess program accomplishment and managerial performance.

These proposed changes are based on the work of extensive study initiated about a year ago in the Department and their formulation has been developed over the past three months within the Government as a whole. These concepts and recommendations are practical and desirable in relation to the

Government's broader goals and the needs of the national transportation framework.

Background

The 1967 National Transportation Act sets out the principle that transportation services could best serve the national interest if each component of transportation were free to respond to the financially supported demands placed on it and were made responsible for its own continuing viability. This follows the principle that transportation is a means of serving public and private purposes, and is not an end in itself.

The pace of technological development in transportation is increasing; there is a pressing requirement to match these developments to the changing needs of a society that is moving steadily towards larger urban-industrial complexes, and whose increasing affluence is rapidly developing extended means and directions for the leisure use of transportation. At the same time, transportation will continue to be a vital force and an instrument for national unity and economic development.

These developments and potentialities are impinging more forcefully on the nation and society. New routes and new and faster vehicles raise problems of sovereignty, ownership, access or control. Larger vehicles and increasing intermodality raise issues of adequacy and consistency in licensing and safety. The increased interdependence between the components of transportation systems raises questions about the vulnerability and adaptability of such systems.

The present structure of the transportation complex is not organizationally sound in that it does not bring together the regulatory, developmental and operational consideration in a balanced manner. It does

not relate the other program influences of Government to the federal transportation activity in a sufficiently cohesive fashion. Further, it does not ensure a ready means for achieving broader Government objectives.

It is against this background that objectives to guide future choices and actions of a new Ministry of Transport have been developed.

The Objectives

The four objectives proposed for the Ministry reflect greater emphasis on financial viability and are based on principles of responsiveness, service, regulation and development.

- I Ministry - to ensure that national transportation policy influences and responds to the objectives and programs of the private and public sectors.
- II Operational - to provide, for any mode of transportation, such way, terminal and vehicular services, supportable where appropriate by recoverable financing from the users or other beneficiaries, that cannot or should not be offered by the private or other public sectors.
- III Regulatory - to balance economic, technical and social consequences resulting from changes in capability or use of transportation services and ensure that socially and economically viable standards of vehicle, way, terminal and operator performance are established and adequately maintained.
- IV Development - to encourage and promote continuous improvement, innovation, growth or phase-out of modal and intermodal transportation.

Ministry System

The new role requires a modification of the system by which the Minister is directly supported, and a realignment of functions of the present Department and the existing federal transport agencies.

The new Ministry will provide a cohesive, unified management system, devoted to overall planning, development, policy formulation, program coordination and evaluation. For this purpose some consistency in management systems will be necessary. On the other hand, delegation to establish a high degree of managerial autonomy for the components of the Ministry is an essential part of the program for improved managerial effectiveness, particularly where the policy of recoverable financing is applied. The degree to which these concepts of cohesion and delegation influence each other will depend on specific situations and will be one of the primary concerns during implementation and operation.

The current operations of the Department will be revised and restructured to facilitate its adaptation to the Ministry concept.

- (a) Organization - The Ministry system envisages a corporate structure of Crown corporations and operating administrations with varying degrees of autonomy, together with separate regulatory and development agencies. The Minister will continue to serve as both the senior corporate executive of the federal transportation complex and as the individual responsible to Parliament.

The Deputy Minister will work closely with the Minister in directing the total complex, and integrating national transportation programs with the activities of other departments and sectors.

Complementing the increased delegation to the operating Administrations, a small Ministry Headquarters staff will support the Minister

and Deputy in planning and policy formulation. The delegation will require new processes of audit and evaluation, the application of which would depend on the degree of autonomy enjoyed. As is now done with the Crown corporations, the performance of each Administration would be assessed in large measure on its annual operating reports and projections in support of capital and operating budgets.

Air Canada and Canadian National Railways will continue to operate with existing managerial and corporate autonomy as set out in their respective Acts; their budgets will continue to be examined within the Ministry prior to discussion with Treasury Board and the Department of Finance and before submission to the Government, and the Minister will maintain close and effective liaison with the Chief Executive Officers. Other transportation services that need to be provided by the Federal Government would be the responsibility of several new organizations identified as Administrations.

The Canadian Air Transportation Administration will operate airways and federal airports: the Canadian Marine Transportation Administration will coordinate and develop all federal waterways and harbours services. Within the organizational structure of these Administrations, Authorities based on self-financing would be set up to manage components of the system, in particular, major international airports and major harbour complexes.

A Canadian Surface Transportation Administration is proposed to consolidate federal participation in the operation and coordination of highway, rail, bridge, ferry and other surface modes. While program and planning functions will be located in this Administra-

tion, it will not assume any construction functions.

An Arctic Transportation Administration will assume responsibility for way and terminal operations, for all modes of transportation which come solely under federal jurisdiction in the North (e.g. federal airports and air and marine navigational aids). It will not include any activities which would normally come under provincial jurisdiction or any activities in the territories which are otherwise assigned. This Administration will be a coordinative entity for operations under the jurisdiction of the Ministry of Transport and will be responsive to the objectives and policies of the Department of Indian Affairs and Northern Development and other Departments with interests in the area.

Northern Transportation Company Limited, which is at present responsible to the Minister of Indian Affairs and Northern Development, will be included within the Ministry. This carrier would then be associated managerially with other aspects of federal transportation and its vehicle operations could be extended to other modes.

Effective interaction between the operating agencies and the Ministry Headquarters would be achieved through Advisory Committees whose members would provide a cross-section of interests. Effective management interactions among the Corporations, Administrations and Authorities would be supported by making these memberships interlocking; their composition would reflect the requirement, particularly for port and terminal authorities, to be responsive to local and regional interests.

A Transportation Development Agency will be established within

the Ministry to develop and coordinate technological and economic research. The Agency will undertake much of the research work now being carried out by the Research Division of the Canadian Transport Commission as well as certain research functions now located in the Department of Transport. Working closely with the Canadian Transport Commission and the academic and scientific community, the Agency will provide the national focus for changing technology and economic development in the field of transportation.

The Canadian Meteorological Service will be established as a separate organization thereby facilitating the provision of a more balanced service to all transportation components and the growing needs of the national economy.

The Canadian Transport Commission will continue to perform its economic regulatory role independently, subject to Ministerial and Governmental review as established in the National Transportation Act.

- (b) Finance - The underlying concept reflected in the Ministry objective concerning operations generally is that, to the extent practical, the costs of transportation services should be borne by the users or other beneficiaries of these services. This would facilitate adjustment between the provisions of, and demand for, transportation services, whether produced by the federal sector or by other public or private sectors. The concept of user or beneficiary-pay would require policies designed to more closely equate revenues with operating costs.

While these principles would be progressively applied, as may be appropriate, to existing operations, new or extended transporta-

tion services provided to meet change or growth in demand would normally be expected to be self-supporting. The cost of meeting the transportation needs of other government programs, i.e. other beneficiaries, must therefore be clearly identified and relative to the purpose of their objectives. These costs could be carried by the interested departments and transferred to the Ministry of Transport as revenue, or could be included as special allocations in the budgets of the Ministry. This would enable Ministers to determine and measure the role to be played by transportation with respect to national unity, regional and resource development.

The financial management system would concentrate on more effective capital and operating budgets in order to establish realistic revenue and costs programs and greater financial viability.

- (c) Personnel - The Ministry would include a variety of personnel concepts, practices and patterns of authority. These varying conditions can be accommodated within the Ministry system through a utilization of the power to delegate authority from the Public Services Commission of the Treasury Board to the Ministry and the Heads of each of the operational units.

Canadian National Railways, Air Canada and Northern Transportation Company Limited, being outside the Public Service, will continue to exercise freedom in their personnel policies, but policy issues or public interest matters will require continuing close consultation with the Minister in the light of the Government's general policies, Administrations and Authorities, although largely made up of Public Servants, will be exposed to the normal

forces of the commercial environment and will need a capability to be responsive and adaptive to changing conditions. A high degree of authority will therefore be delegated to the heads of Administrations and Authorities allowing them to make managerial decisions on many day to day matters but subject to Ministerial direction on all policy issues. Other units within the Ministry such as the Transportation Development Agency would be closely related to the central planning process of the Ministry.

These differing personnel systems highlight the need for an integrated approach to personnel which will result in the identification, development and mobility of managers throughout the Ministry. Integration of management development and greater commonality among personnel policy and practices will lead to a stronger organization.

General Implications

The adoption of a policy requiring transportation operations to be self-sustaining will require a system of charges more directly related to the services provided. Apart from the impact of this change on the private sector, there will be an interaction with various aspects of international transportation modifying or constraining the content and timing of the changes to be made. Similarly, changes in the balance of costs between some components or some transportation modes will be constrained by interaction with transportation problems at provincial and municipal levels of government. Effective means will be established for consulting other level of government or interested parties when important changes are contemplated.

Federal transportation services which can and must respond to user

needs can be expected to give more satisfaction to the user. User-oriented services would assist in identifying and eliminating duplication and redundancy, thus lowering the total cost to the nation of transportation services.

A Ministry oriented toward both influencing and responding to change will provide a better national focus for the interests and activities of other levels of government, industry and the public in all aspects of transportation policy, development and usage.

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