THIS EDITION

Inside Track

The Inside Track provides details on the Taskforce on the Future of the Canadian Financial Services Sector; word from Liberal Caucus on the popularity of the PM and the wrath of Brian Mulroney; what’s happening on two tough legislative initiatives: tobacco and copyright; speculates on reducing the rate of the GST; and this year’s Alternative Federal Budget........ 2

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INSIDE TRACK

Financial Institutions Taskforce

The banks didn’t waste any time in criticizing the approach of the Task Force on the Future of the Canadian Financial Services Sector. Reports last week noted that bank executives were suggesting that the time line of the process – possibly extending into the year 2000 — would hamper the ability of the banks to compete internationally.

Sources on the other side of the fence understandably have a different opinion. One representative of the insurance industry says that his organization is pleased with the set up of the taskforce. “It’s supposed to report by September 1998, the House and Senate committees will also want to hold the public part of the process. The fall of ’99 is really the earliest time that amendments can be put forward,” says the lobbyist.

In case you missed it, here’s the nuts and bolts on the new blue ribbon panel.

Chair: Jim Baillie, Partner and Chairman of the Executive Committee, Tory, Tory, Deslauriers & Binnington


Research Director: John Chant, Professor of Economics, Simon Fraser University

Issues to be addressed: the sector’s contribution to job creation, growth and the new economy; sector competition, efficiency and innovation; international competitiveness; technological advances

PM Popularity

With Chrétien’s personal popularity numbers starting to drop below that of his party, sources in the Liberal Caucus are suggesting that he will reduce his lead role in the work of the government when the new session returns. Lloyd Axworthy’s prominence in traveling to Cuba is looked to as an example of how other leading lights might be brought to the fore.

As for other rumors flying around Liberal caucus, more than a few heart rates were slowed with news that the Tory revival might have been overstated (although Lewis MacKenzie’s decision to run under Charest certainly started Andy Mitchell’s heart). Liberals are still afraid, however, that the Tories will cause them some serious problems, specifically, Airbus fallout. The fear is that Brian Mulroney is out for blood and is holding details back on the Airbus situation. Suspicions are that he tried to throw a grenade through Norman Spector’s allegations of discussions with Jocelyn Bourgon, but is thought to be holding something even better for when Chrétien returns from his travels and the new session begins.

Tobacco Legislation

The spotlight has turned from the tobacco issue, perhaps intentionally. The less attention, the more chance that compromise can be reached – the tobacco lobby is pushing very hard for new amendments.

“Amendments are going back and forth [between the government and the tobacco groups],” says one lobbyist. “The government tried to spin the first package as a compromise when, in fact, it was forced on them by their lawyers. The bill won’t hit third reading in its present form.”

A rumor last week said that the government would introduce draft regulations before C-71 moves through the House. The bill is said to be heavily dependent on regulations to give detail to its provisions. Introducing them before the bill advances is thought to be one way to relieve the lobbying pressure and ease the passage of the bill.

“The draft regulations might allow international exemptions and address the complaints out of Montreal and Toronto,” says one lobbyist. Other possibilities include extending the phase-in period for the sponsorship provisions.

Amendment suggestions from the health groups are said to include a cap on promotional spending by the
manufacturers. Representatives from these groups met with the minister and other senior officials on January 16.

Lobbyists suggest that the bill could move through the House very quickly if compromise is reached and the draft regulations alay fears within the Alliance. Another theory says that C-71 will simply take its place on the crowded legislative agenda and move through the House and Senate in a more normal time frame. If no compromise is reached, the manufacturers will be pushing to delay the process and have it die on the Order Paper.

Copyright Legislation

Conventional wisdom dictates that once legislation has made it to Report Stage, the deed is done. But the copyright issue is said to be very much in play.

Broadcasters have a few bones to pick with the proposed legislation, especially as it dealt with ephemeral and time-shifting exceptions. According to Canadian Association of Broadcasters President Michael McCabe, the proposed exceptions would still prevent telecasts and other fund-raising initiatives from using music under copyright, as well as pre-taping performances by more than thirty days.

"We want real amendments, and if we can't get them in the House, it's on to the Senate," says McCabe. CAB has already sent feelers into the Other Place, ostensibly just to get a sense of the current mood in the Red Chamber. The Liberal majority in the Senate is still uncomfortably slim, and it's still the most promising territory for a legislative turn-around.

The Music Copyright Action Group, which represents the recording industry in Canada, has also been making preliminary contact with senators. Spokesman Brian Robertson says the real question is whether the bill will make it to Royal Assent before the summer. "We can't get grounded by an election. After so much work, it would be a terrible waste."

Whither the GST?

It may seem incredible to some but there is continuing talk of a possible reduction in the GST, just in time for the election — not to mention Jean Chrétien’s sagging personal popularity. But political and economic considerations aside, just how easy would it be to reduce the hated tax’s rate?

"There would be a lot of work in revising calculations but there’s nothing substantive standing in the way," says David Perry of the Canadian Tax Foundation. "The only problem would be one of timing — making sure that transactions don’t get the lower rate but claim the higher one." The GST was introduced on the assumption that the tax would eventually be raised, but that capability allows it to be lowered as well.

But Perry says that tax cuts — if, even entertained — would be better applied to income or payroll tax. “Our consumption tax isn’t bad compared to other countries while income and payroll taxes are,” says Perry.

The political calculation emerges on the GST issue, however. The difficult question is whether or not lowering the GST would address the range of political problems that the tax has produced. Then again, flexibility will quickly vanish if the chosen strategy is to bury the tax in the product price — all price tags, advertising copy and so forth would have to be changed; much to the cost, but not the amusement, of the private sector.

Alternative Budget

With polls continuing to suggest that Canadians are beginning to support new government spending initiatives, the push behind the expected “good news budget,” is gathering strength. This year’s setting is distinctly different from previous years for the annual Alternative Federal Budget, it might actually impact on federal decision making — provided it fits with certain political objectives.

The theme of the Alternative Federal Budget this year is, “jobs, jobs, jobs.” Coordinated through the Action Canada Network, the Alternative Federal Budget framework document was released on January 23, while the full budget is to be released on February 12.

“The job strategy will be released in the week before the full program is announced,” says a spokesperson. Preliminary documents call for the government to set goals for the year 2000, including an unemployment rate of 6%, a poverty level of 12% and a reduction in the federal debt to 60% of Gross Domestic Product.
ORGANIZATION
TRANSFORMING COMMUNICATION

Issues Forcing Change

Communications consultant Fraser Likely of Likely Communication Strategies Ltd. prepared a report for Treasury Board last summer on some of the changes in government communications.

Various factors are forcing change:

- new information technologies producing new communication opportunities and challenges
- emerging buzzwords like involvement and participation to the communications role that changes the approach to the work
- greater emphasis on internal communications (prominence of intranets as one example), the issue links to the need for improved morale and job satisfaction within an atmosphere of downsizing
- commercialization and cost-recovery, forcing new communication roles such as marketing
- fewer ministerial staff forcing an enhanced departmental role, increasingly crossing over into the strictly political realm

Experts in the communications field are quick to point out that the transformation of the government communication function mirrors that which occurred in the private sector in the late eighties and early nineties. Simply put, that process involves massive downsizing, innovative reengineering and the gradual building of the communications function within an organization.

It's safe to say that the government is in the "building up" phase, although its reengineering is far from complete. Not only does it have a host of factors changing the nature of its work (see sidebar), it is struggling to find a message to plug into its new communication approaches. Internal communications are growing in importance and yet coordination is lacking and the required skill set is not in place. Running concurrent to this change is a personnel problem that mirrors the challenge across government.

Sector watchers say that communications has a new importance within the private sector. There are initiatives to raise the government's communications function to a similar prominence. Such a shift, however, is easier said than done.

Changing the Communication Guard

It's not only senior management that are in need of revitalization in the public service. A number of other areas are showing signs that the changes inside and outside of the public service are taking their toll. One of the most affected is the IS community. The person responsible for dealing with the problems, Ruth Cardinal, Assistant Secretary Communications in PCO, has launched a mini La Relève program of her own.

Cardinal is putting a place a series of measures that she hopes will bring in the type of new blood that government communications needs to bring it into the brave new world. The measures include:

- a recruitment program to bring in new people with new skills in communications and administration
- improvements in training programs to keep current with changes in communication processes and strategies
- efforts to encourage interchanges with the private sector and other levels of government
- identification of high flyers within the community, with improved training and rotational assignments
- getting rid of the "dead-end" mentality in the community by improving promotion opportunities for people looking to move beyond D-C level.

Cardinal has sat on six selection boards recently, picking the departmental D-C's that will shape the community over the next three to five years. But as the other items on this page suggest, overcoming the challenges facing the IS community will not be easy, and will take all the help a La Relève might give it.
DGs of Communications

Agriculture and Agri-food
George Shaw, unchanged

Atlantic Canada Opportunities Agency
Janice Goguen, formerly Tim Belliveau — new Acting Director, Planning and Analysis

Canadian Heritage
Jean Chartier, unchanged

Canadian International Development Agency
Terry Keleher, unchanged (Keleher was briefly associated with the Canadian Unity Office)

Citizenship and Immigration
Blanca Bertrand, formerly Colin Robertson, new Executive Director, Public Affairs Branch, TBS

Environment Canada
Anne Marie Smart, formerly Janet Bax (acting)

FORD-Q
Jean-Pierre Thibault, formerly Jacques Cloutier

Finance
Alan Darrieu, unchanged
Fisheries and Oceans
Paul Schubert, unchanged

Foreign Affairs and International Trade
Peter Lloyd, unchanged
Public Works and Government Services
Carol Rutherford, unchanged

Health
Carla Gilders, unchanged

Human Resources Development
Monique Collette, formerly Hugh Lacombe (ADM position)

Indian Affairs and Northern Development
Jean-Pierre Villeneuve, unchanged

Industry Canada
Michelle d’Auray, formerly Francine Chabot-Plante

Justice Canada
Karen Laughlin, formerly Dawn Nicholson-O’Brien

National Defence
Colonel Ralph Coleman, formerly Ruth Cardinal now at PCO

National Revenue
Deborah Davie (previously at PCO), formerly Larry Gordon new chief of Public Affairs at Defence

Natural Resources Canada
Deborah Davie, formerly Karen Laughlin

Public Service Commission
Marc Bernier, unchanged

 Solicitor General Canada
Tim Farr, unchanged

Transport Canada
Rhoda Barrett, unchanged

Treasury Board of Canada
Colin Robertson (previously at Citizenship and Immigration)

RANKING MINISTERS’ OFFICES

Going off the assumption that the effectiveness of a minister is due in no small part to the effectiveness of his or her communications team, Inside Ottawa has again conducted its annual poll of Hill journalists for their thoughts on who best performs the communications function.

There’s a long list of qualifications to the survey: reporters have exclusionary beats, they are notorious for pursuing vendettas, and admiration in the press is not necessarily the only benchmark for communication effectiveness. Nonetheless, the rankings and the rationale for them provide insight into the relationship between the press and the politician, an essential part of any government’s success.

The dominant theme of this year’s survey is that the key to good communications is a minister’s trust in the communications team. “They have to be allowed into the inner circle,” says one senior reporter. “Otherwise they don’t know their files and they can’t do their jobs.”

No one suggests that hard work isn’t a prerequisite, but such commitment doesn’t pay off without a certain level of understanding. Our poll confirms that in order to get the communications job done, the staff have to be considered part of the decision making team.

The Winners

GOLD: Herb Gray’s office “Fantastic, always take the call...they know what is going on and won’t insult you with obvious spin...any number of staffers can help you out...everyone trusts these guys.”

Last year’s silver medal winner is this year’s champion. The only caveat attached to the runaway leader is the fact that the office deals with innocuous information – especially on the House Leader’s side. The plethora of experience among staffers is widely mentioned as the key factor to the office’s success.

SILVER: Lloyd Axworthy’s office “Helpful, responsive, confident...far and away the best...they are very competent, not annoyingly obstructionist...they have priority towards certain media but that’s not uncommon.”

Foreign Affairs under André Cuellet placed at the other end of the ranking scale last year. And while some holdover from those days is still evident (“They are arro-
gant bastards,” says one reporter), by and large the
gallery noted a remarkable shift under Axworthy. Men-
tioned as one of the worst offices last year, Axworthy’s
number obviously likes the new portfolio as much as Ax-
worthy himself.

BRONZE: Allan Rock’s office “They always sound
a little hunt but that’s understandable in the circum-
cstances... the team is very good, Cyrus Reporter is still
involved and is even better because he is a part of the
inner circle... the whole office is together even in the
midst of the recent storms.”

As Allan Rock’s star has started to dim, some
reporters have noticed a much poorer communications
effort. “They are just as bad,” says one national reporter.
But last year’s bronze medal winner has the support of
most reporters. Even the debacle over the Airbus case is
often dismissed: “They were just outgunned by an excep-
tional communications team.”

HONOURABLE MENTION:

David Anderson’s office “Definitely most im-
proved... he’s supported by a solid department but has a
talented staff... they did a hell of a job on Canadian
 Airlines in getting out their side of the message.”

Ralph Goodale’s office “The press secretary is
very good, really knows the files... they always get you
the name of the right official in the department, it saves
a lot of hassle... they give good background information.”

Art Eggleton’s office “They really try harder to get
their minister into the newspaper... very helpful.”

The Losers

MISSED THE BOAT: Pierre Pettigrew’s office
“Just not accessible... they don’t give answers... you feel
like the only way to get information is to trip the minister
in the foyer and pin him down.”

Mr. Pettigrew’s first months in the HRD portfolio
have been less than stellar. Journalists suggest that the
minister’s inability to grasp the specifics of his depart-
ment’s work is reflected in the communications message.
They don’t only suggest that the communications staff
aren’t in on the decision making, they wonder about the
minister.

CAN’T FIND THE BOAT: Marcel Massé’s office
“They don’t get back to you... they play favourites and
tend to be very exclusionary... Eggleton was much more
press sensitive, reflecting the two minister’s back-
grounds.”

The office of the former bureaucrat is not as effective
as the office of the former Mayor of Toronto. Department-
mental communications staff are commended for knowing
their files, while reporters suggest that the ministerial
staff lag far behind.

WHAT’S A BOAT? Sheila Copps’ office “It takes
days to get anyone... the office is a real pain in the
ass... ignorant... hard to pin down... the staff just don’t
know what is going on, they can’t do their job.”

In the defence of the communications team, some
reporters suggest that it is Sheila Copps that is the
problem: “No one controls Sheila,” says one reporter. But
whatever the root of the problem, Copps’ office was the
runaway winner of this dubious achievement.

DISHONOURABLE MENTION:

Stephan Dion’s office “Snotty... not accessible... it’s
been very bad but the new press secretary is making a
difference.”

David Dingwall’s office “They are very slow and
very protective... they don’t fill me with confidence... I
find them to be stupid.” [In defence of Dingwall’s office,
some reporters did have praise for their work saying that
they were patient and hardworking.]

NO MINISTER’S LAND:

Last year’s first and third place winners, Paul Mar-
tin’s office and the PMO were shut out of the rankings
this year. Many reporters offered their praise, but just
as many offered harsh criticism.

In the case of Martin’s office, some reporters sug-
gested that the staff eased off in their dealings with
reporters as “good news is easier to sell than bad news,”
(referring to the relatively quiet year that Martin has
enjoyed). Others suggested that Liberal animosity to-
wards Martin’s portrayal of himself as the brains behind
the government is starting to grow and feed into the
media’s attitude.

As for the PMO, Peter Donolo is recognized as being
within the power circle and subsequently, very good at
his job. That’s where, however, PMO expertise stops.
The gallery all but agreed that that reporters were
becoming more adversarial towards the PM and that
might have produced strained relations at the communi-
cations level.

Indeed, perhaps both cases reflect the fact that the
gallery as a whole is becoming more critical of the gov-
ernment and its leading figures.
The Committee Monitor

For those organizations in the private and public sector that need to closely monitor the hearings of parliamentary committees, tribunals and other agencies of the federal government, ARC Publications presents The Committee Monitor.

The Committee Monitor service is designed to meet the needs of organizations that want to comprehensively track a committee's examination of an issue. The ultimate shape of the service will depend on a final assessment of clients' needs and demands for the service.

For further information, please contact Ms. Tina Guthrie at (613) 230-3029.
clear the issue from its agenda, the government recognizes its weakness on environmental issues.

Government Operations

Two intriguing projects – a study of contracting out and the Public Service Renewal initiatives – will wrap up in the next couple of months. A draft report on the contracting out study should be ready in February and a final report by March. The Public Service Renewal hearings will conclude with an appearance by Joecelyn Bourgon in February.

Down the road, the committee is still pondering the possibilities of a Canada Post Review. The government response to the George Radwanski report will likely decide whether or not the committee gets the green light for a further study – time permitting.

Health

The sub-committee on HIV/AIDS will table its report in the new session. Sources say that the revolving door of committee members has hurt its ability to put together a solid report. What is to be produced will likely focus on human rights issues, perhaps leading towards an education program to address discrimination of AIDS victims.

Industry

The Industry Committee will table an interim report on its study of science and technology and the innovation gap when the new session resumes. At the same time it will hold several hearings on credit card interest rates – speaking to the banks, interest groups and government officials. "We know we're not looking at legislative changes," says an assistant to chair David Walker.

The big issue on the committee's plate will be the Drug Patent Act review, scheduled to begin in February. Lobbyists for both the pharmaceutical and the generic manufacturers are already positioning themselves with the committee staff and members. It's unclear, however, if the review will begin in earnest before an election.

Justice and Legal Affairs

The Justice Committee will complete a report on the Young Offenders Act in February and then move onto other issues including the one year review of the DNA legislation and considering a victim's bill of rights, as suggested by Reform MP Randy White.

National Defence and Veterans Affairs

Cut of step with what most other committee's are doing, chair Mary Clancy says that her committee will undertake a massive study of the socio-economic challenges facing members of the Canadian Forces and their families.

Clancy doesn't expect the study to be completed by the summer break and questions whether or not it could wrap up until the fall. She dismisses the notion that the work would be rendered useless in the event of an election, suggesting that whoever is charge of the committee will simply pick up the work and continue.

Code of Conduct

The Committee is considering a draft report on its code of conduct review. It has been given another extension of its reporting deadline. The latest due date is March 21, 1997.