

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

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*Introduction*

On March 7, 1969, the 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 the report included not only objectives in transportation for the Federal Government, but detailed suggestions for a radical reorganization of the federal transportation complex.<sup>1</sup> Both sets of recommendations were submitted to the Federal Cabinet in early December and approved virtually *in toto* on 19 December, 1969. In January 1970, the Minister took the first steps in putting the Task Force's recommendations to work. A group was established to draw up a detailed implementation plan and schedule.<sup>2</sup> By the spring of 1970, its work was well underway. By its very nature, the process has been a lengthy one; in fact, by late 1971, there were still some aspects of the reorganization to be tidied up.

However, the implementation of the major features of the Task Force report have 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 and in the organization of the Minister of Transport's portfolio. The latter development has assumed importance in Canada particularly because it is widely believed that the reorganization of the D.O.T. will be used as a model for altering the archaic organizational structures found in some other Federal Government departments. In the United States, the reorganization warrants some attention given the increasing concern with the organization of federal transportation planning since the establishment of the new Department of Transport in 1966. In the course of their investigation, the Task

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1. Ministry of Transport, *Task Force Report on the Objectives and Structure for the Portfolio of the Minister of Transport*, December 1969 (unpublished).

2. Ministry of Transport, *Implementation Report*, Project Intertrans, 1970 (unpublished).

Force members travelled to Washington for briefings on some of the organizational pitfalls which the new D.O.T. was experiencing. There is some evidence that the Task Force members were quite strongly influenced by what they saw and heard.

### *Background to the Task Force*

During the 1960's there were two major waves of organizational change within the Canadian Federal Government. The first was a result of the recommendations of the Glassco Commission on Government Organization which reported in 1962-63.<sup>3</sup> The Glassco Commission, like the Hoover Commission in the United States, based most of its recommendations on the premise that government should be more business-like.<sup>4</sup> The catch phrase was "let the managers manage." The impact throughout the Federal Public Service took the form of an organizational renaissance. Strangely enough, the D.O.T. was, except for a revision of financial management, the introduction of a PPB system and some moves toward decentralization and "management by objectives", largely untouched by this first wave of change.

The Glassco message filtered through to the D.O.T. only on the rebound from the Central Agencies.<sup>5</sup> In the atmosphere of change, the major heritage of the Glassco Commission, there was much pressure on the policy-making and advisory bodies at the top of the Federal hierarchy to adapt their structures to meet the demands for more rational and efficient decision-making. In the view of Gordon Robertson, Clerk of the Privy Council and Secretary to the Cabinet, "there was serious need for a systematic assessment of overall priorities of expenditure with a view to better long-term planning."<sup>6</sup> This movement, which began under Prime Minister Lester Pearson, was continued with marked institutional results under Prime Minister Trudeau after his succession to power in 1968.<sup>7</sup> The

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3. *The Royal Commission on Government Organization*, Queen's Printer, Ottawa (1962-63).

4. The Economic Council of Canada, *Design for Decision-Making*, Eighth Annual Review (September 1971) p. 43.

5. The Central Agencies are generally considered to include the Department of Finance, Treasury Board, the Privy Council Office, the Prime Minister's Office, the Cabinet, and its Committees.

6. Gordon Robertson, *The Changing Role of the Privy Council Office*, a paper presented to the 23rd Annual Meeting of the Institute of Public Administration of Canada, Regina (September 8, 1971).

7. See the fine discussion of this general trend in G. B. Doern and P. Aucoin, *The Structures of Policy-Making in Canada* (1971) ch. 2.

emphasis during this second wave of organizational change was on centralized planning and bureaucratic responsiveness to the demands of centralized planning. When senior officials of the Central Agencies (most notably the Privy Council Office and the Treasury Board) began to look over the numerous Federal Government departments with an eye to determining how well they were responding to the new emphasis on planning, the D.O.T. came in for some severe criticism.

The main criticism was that the D.O.T. lacked direction. Therefore, it was unprepared as an organization to do anything more than *ad hoc* planning in an era when strategic long-run planning was seen to be the key to successful government. In the fall of 1968, this lack of direction was perceived, in large part, as a problem of uncertain bureaucratic leadership at D.O.T. Headquarters. The solution, then, was the injection of new top-level leadership from outside the D.O.T. The man chosen by the Prime Minister and his advisers to become the new Deputy Minister of Transport was Gerald Stoner, a senior official at the Privy Council Office with strong views about the need for efficient central planning by government departments. Stoner accepted the new position on the understanding that he would have a free hand to examine the objectives of the D.O.T. and its role in the national transportation complex.

In February, 1969, Stoner moved to the D.O.T. and almost immediately set in motion a Task Force to have a close look at the Department. 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 line officers from Marine and Air Services, and two staff officers from Management Services and Personnel. There were three 'outsiders'—the co-chairmen, one from Canadian National Railways (C.N.R.) and the other from Treasury Board, and the Associate Dean of the Faculty of Administrative Studies, York University.

The findings of the Task Force were to be significant indeed. As a result of its recommendations, the federal transportation complex was radically re-structured to allow for cohesive centralized planning and decentralized semi-autonomous operations and administration. It is my intention 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.

### *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 purpose of the Task Force were established:

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 Programme Review, the 'Management by Objectives' Programme, 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.

The Deputy Minister anticipated the completion within four months of a brief report which could be tabled in Parliament by the Minister. 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. 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.

In the discussion which followed the Deputy Minister's opening remarks at the first meeting, it became clear that one of the major problems within the Department was the lack of corporate planning at the top, despite the evidence of considerable planning at the Marine and Air Ser-

vices level. 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 objectives had progressed for some time that 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 the attention of the Task Force 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. These interviews fulfilled the dual purpose of providing data with respect to objectives and operations, and giving the departmental employees, both at Headquarters in Ottawa and in the different regions throughout the country, a strong sense of participation in the Task Force's work.

By the beginning of August, the Task Force was ready to begin writing up its conclusions about future departmental objectives. As this task 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. While the proper objectives for the department seemed clear, 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.

The problem was vast. In the first place, it seemed clear that the organization of the D.O.T. was inadequate even in terms of the rather limited objectives of the Department at the beginning of 1969. The D.O.T. was formed in 1936 through the amalgamation of the Department of Marine, the Department of Railways and Canals, and the Civil Aviation Branch of the Department of National Defense. The structure of the Department

had altered little since that time, still consisting of three main units:<sup>8</sup>

1. Air Services, responsible for licensing of Aircraft and personnel, safety regulations, investigations of air accidents, construction, operation and maintenance of air terminals and fields, telecommunications and meteorological observation and forecasting.

2. Marine Services, responsible for the Canadian Coast Guard Fleet, Arctic re-supply, inspection of commercial shipping, public harbours and wharves, secondary canals, small boats safety, navigation aids and oil pollution of water.

3. Headquarters, devoted to policy, research and administration.

In addition, certain Boards, Commissions, and Crown Corporations (namely: Air Canada, The Canadian Transport Commission, The National Harbours Board, Canadian National Railway, and the Saint Lawrence Seaway Authority) reported to Parliament through the Minister of Transport.

As operational units, the Air and Marine Services were first rate. The problem seemed to originate in Headquarters where the structure was extremely inefficient and corporate leadership lacking. This was accentuated by the complete absence of an effective information gathering system upon which to base a rational decision-making process. With the entry of the Canadian Transport Commission into the transportation research field in 1967, the research role of the D.O.T. was diluted and unclear.<sup>9</sup> In addition, there was a great deal of confusion surrounding the mixture of centralized and decentralized control of the operations of the Marine and Air Services. This difficulty was accentuated by the somewhat uncontrolled distribution of staff functions between different levels of management. Finally, Headquarters had not responded in an organized fashion to the changed demands of the Central Agencies (especially Treasury Board and the Public Service Commission) and this had led to

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8. For a general account of the organization and development of the Minister of Transport's portfolio see A. W. Currie, *Canadian Transportation Economics*, Toronto (1967).

9. On the role of the C.T.C. see J. W. Pickersgill, "Canada's National Transport Policy," *Transportation Law Journal*, February 1969, pp. 79-86. The question of which agency within the complex under the Minister's control should control transportation research was a complex one. The C.T.C. as a result of the National Transportation Act, 1967, had received a mandate to do research with respect to development and policy questions. However, there was some 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 programme, 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. The Task Force indicated that it was aware of this problem and prepared to suggest an improved delineation of research responsibilities as part of their final recommendations.

various *ad hoc* lines of communication between these Central Agencies and various levels of management in the Department. In an attempt to somewhat alleviate the lack of coordination in policy-making, a Transportation Council was created shortly after Mr. Stoner's arrival at the D.O.T. The Council was designed to meet weekly with a prearranged agenda, thus insuring that the Minister and Deputy Minister maintained close and continuing dialogue with senior officers of the department.<sup>10</sup> However, in the eyes of both the Task Force members and the Deputy Minister, to add new and larger roles to the Department under such organizational conditions was clearly not a viable alternative.

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 issues 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 has to be brought into line operating services of D.O.T.
- the possibility of establishing several smaller corporate structures that identify with the air, land, and sea mode
- 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

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10. 'Transportation Council: Important Instrument of Policy Coordination' *Transport Canada*, May-June, 1969, p. 4.

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."<sup>11</sup> This was the direction which interested the Deputy-Minister, and in this advertisement could be seen the germ of the organizational ideas which came to dominate the Task Force Report.

The open-ended questionnaire used as the basis for the interviews did not reflect a specific interest in one form of organization but implicit references to organization were clearly central in three 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?

—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 that 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. 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.<sup>12</sup> "The entire information system of the corporation, regardless of its size, can be integrated or combined into

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11. *Fortune*, April 1969, p. 31.

12. G. G. Fisch, "The Integrated Management Organization," *Management Controls*, May 1969, pp. 110-113.

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.”<sup>13</sup> 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.<sup>14</sup>

The emphasis throughout is on efficient 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 attitude toward government which the Deputy Minister hoped to operationalize 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.<sup>15</sup> Drucker states that:

“. . . 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.”<sup>16</sup>

Drucker 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.”<sup>17</sup>

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

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13. *Ibid.*, p. 111.

14. *Ibid.*, p. 112.

15. Peter Drucker, *The Age of Discontinuity*, New York (1968).

16. *Ibid.*, p. 220.

17. *Ibid.*, p. 233.

“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.”<sup>18</sup>

These were some of the novel and experimental 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. 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. 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.

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.<sup>19</sup> 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

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18. *Ibid.*

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

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 work” and the Government’s changing attitude toward 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. A key concept behind the proposed new objectives was ‘responsiveness’ to the requirements of all public and private sectors. Such requirements were likely to be continuously changing, and the transportation process should be capable of anticipating and reacting to meet such changes.

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

I. *Corporate*—to establish and maintain responsiveness between the national transportation framework and non-transportation objectives of both private and public sectors.<sup>20</sup>

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.<sup>21</sup>

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 financial, regulatory and substantive policy with respect to transportation are most

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20. In the final Report, the ‘Corporate’ objective 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.

21. 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.

important.<sup>22</sup> However, at this time, I intend to concentrate on the impact of the new objectives on the structure of Federal policy-making in Canada.

In the eyes of the Task Force members, 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 fulfilment 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, programme 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 DOT) headed by a Deputy Minister, the Canadian Transport Commission (a regulatory body), and various sorts of Crown corporations (namely Air Canada, the Canadian National Railway, 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. 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 Government involvement in transportation merely in terms of the role of the D.O.T. and the C.T.C. 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 mem-

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22. These issues will be analyzed in forthcoming publications by Edgar Dosman, Department of Political Science, York University, Toronto.

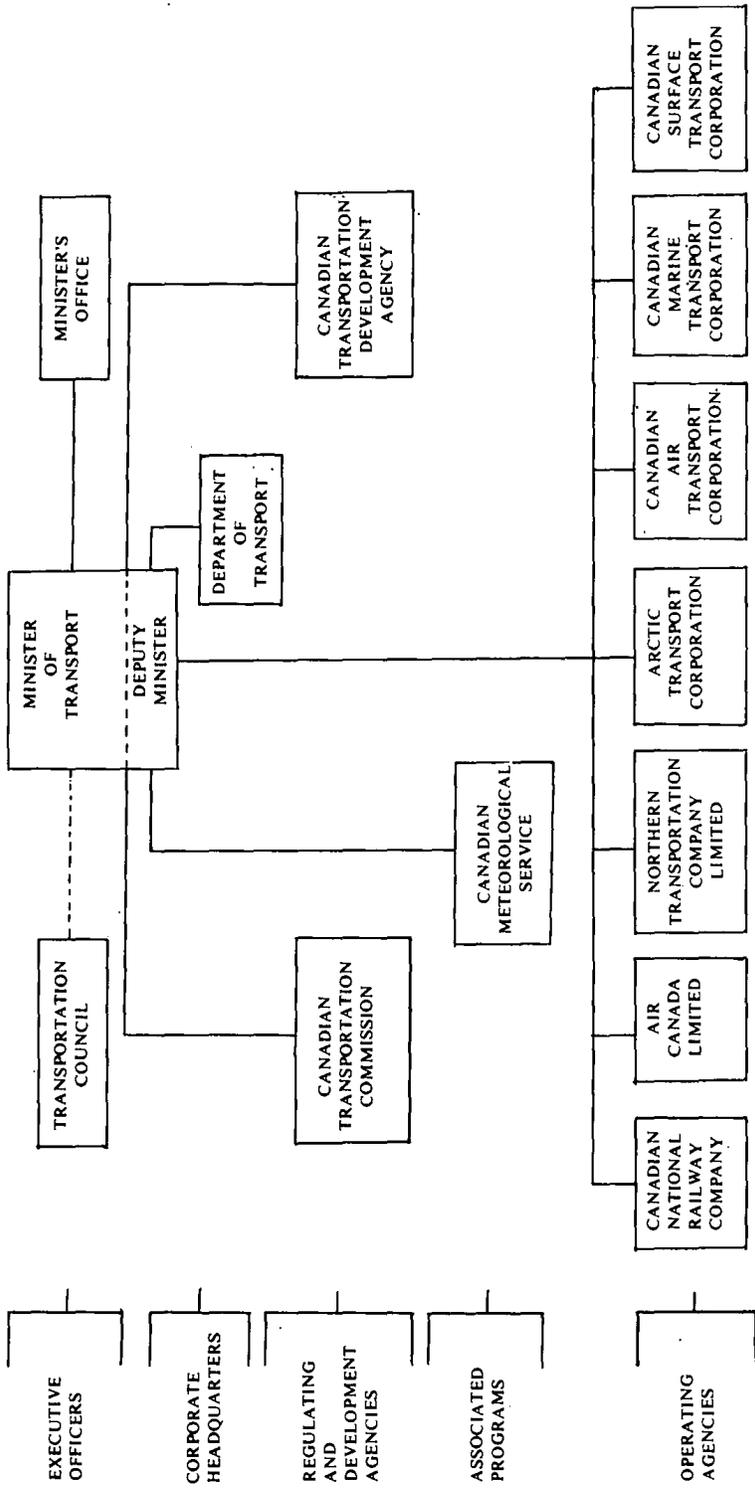
bers came across a paper by Hubert Laframboise.<sup>23</sup> Referring to an earlier study done on the Department of the Secretary of State, Laframboise analysed and dissected a Ministry model even demonstrating by example how applicable it might be to the reorganization of the Minister of Transport's portfolio. The draft report showed the marked influence of ideas expressed in the Laframboise article; but it remained for later drafts of the Task Force report to assimilate almost all of Laframboise's ideas and to exceed his advice on some points. In the initial draft report the organization of the proposed Ministry of Transport (M.O.T.) emerged as illustrated in Figure 1.

In line with the Ministry model, the focus of the proposed organization centred on the Minister and the 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 the Transportation Council. The C.T.C.'s regulatory authority 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 establishment of a Canadian Transportation Development Agency which was intended to oversee all transportation resejvch. The role of the new Ministry would be further enlarged and strengthened by the addition of the Canadian Surface Transport Corporation, the Arctic Transportation Corporation and Northern Transportation Limited.<sup>24</sup> In all, there would be seven self-supporting, semi-autonomous corporations carrying on the operational

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23. Hubert Laframboise, "Portfolio Structure and the Ministry System: A Model for the Canadian Federal Service," *Optimum*, Ottawa, Winter 1969, pp. 29-45. Laframboise was then Director of the Organization Analysis Division, Bureau of Management Consulting Services, Treasury Board.

24. As Figure 1 illustrates, Air Canada and the C.N.R. retained 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 differ from the rest of the country, the Arctic Transportation Corporation would operate all federal way and terminal facilities. Northern Transportation 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.



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duties of the Ministry. Control of each corporation was 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.

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 both within and outside the Government.<sup>25</sup> 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 Limited, the operational units were to be organized as semi-autonomous Agencies. Each operating Agency would have an Advisory Council providing the necessary interrelationship with the Ministry Staff, other Agencies, and outside interests. Finally, some questions were raised with respect to the best form of organization for the whole of the regulatory process. 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 CTC and the new operating agencies have continued in their respective roles up to the present day.

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 model. It remains, therefore, to examine the final recommendations for reorganization—most of which were accepted by Cabinet and implemented almost entirely over the following two years—and to compare this recommended structure with the Departmental system which it was designed to replace.

In organization and conception, the final Task Force Report did not stray too far from the model established by the initial draft report.<sup>26</sup> Most

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25. 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.

26. The following account draws heavily on the final draft of the Report entitled, *Task Force Report on the Objectives And Structure for the Portfolio of the Minister of Transport*. (unpublished)

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, thus cutting down on misunderstandings and easing the way for implementation.

The key features of the revised Ministry system were still the combination of centralized planning and control, and decentralized, semi-autonomous administration and operation. As Figures 2 and 3 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 the top-level direction. This arrangement parallels and was indeed inspired by the division of the top management tasks in the U.S. Department of Transportation between the Secretary, Deputy-Secretary and Under-Secretary.

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 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. However, it was also to advise on programme targets and take over responsibility for the implementation of PPB systems in the Ministry. The Planning Unit, in one sense, would be designed to assume the objective-setting role of the Task Force on a continuing basis. The Transportation Council would continue to operate in the Ministry system, supplementing the liaison role of the Ministry Staff with executive coordination of all Ministry 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 the

Figure 2

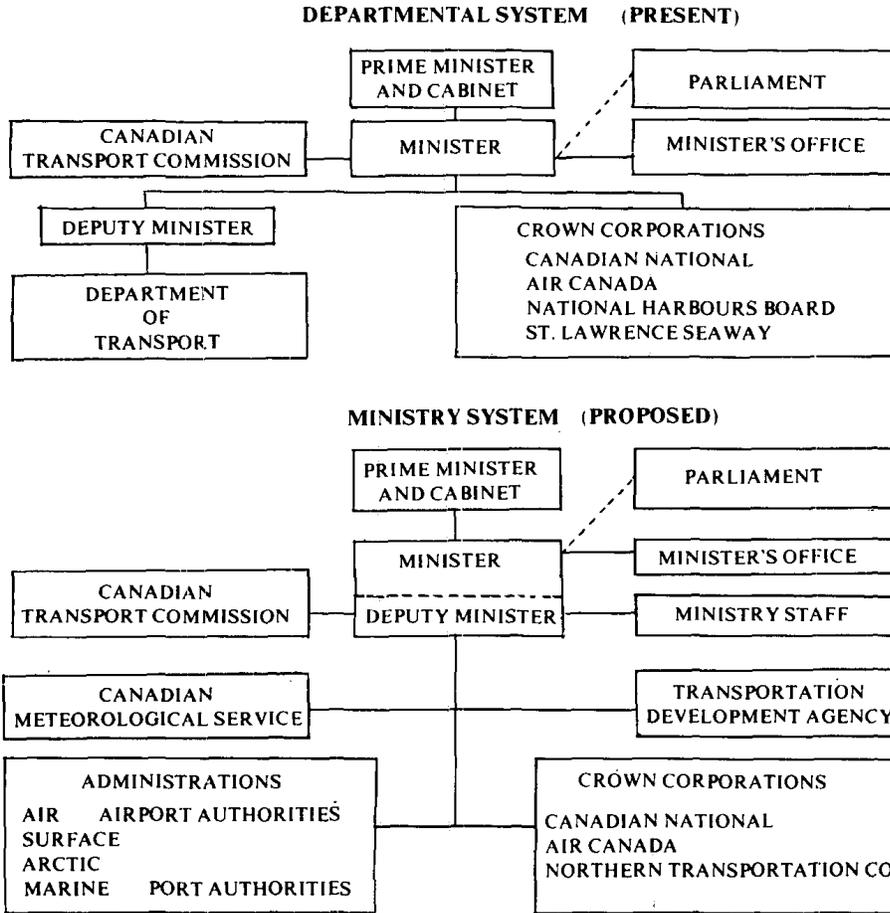


Figure 3

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

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.<sup>27</sup>

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 Transportation 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

27. 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.

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 Railway 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 budgets of both corporations would continue to be examined within the Ministry, and the Minister would maintain a close and effective 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.<sup>28</sup> 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. To tie these three Crown Corporations more tightly to the Ministry, the Report recommended that they be linked to other Ministry elements by means of interlocking board memberships.

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.<sup>29</sup> 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.

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28. 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.

29. The four were: The Canadian Air Transportation Administration; The Arctic Transportation Administration; The Canadian Marine Transportation Administration; The Canadian Surface Transportation Administration.

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.<sup>30</sup> 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 programmes. 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 the operating and Headquarters units 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.

*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 put forward many important recommendations 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. While these are certainly worthy of analysis, they are beyond the scope of my effort to assess the significance of the Report for the organization of the transportation policy-making structure of the Canadian

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30. 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.

Government in Ottawa. Clearly the Report draws together most of the organizational issues which arose during Task Force's investigation and deals 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 effective responsive centralized planning combined with decentralized administration, the Report provides challenging and detailed recommendations, most of which have been implemented in the two years since the Report was completed.