E-Governance & Government Online in Canada: Partnerships, People & Prospects

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1) Introduction

The objective of this paper is to examine the capacity of the Canadian federal government to effectively harness information technology (IT) as an enabling force in its efforts to meet the present and emerging challenges of a digital age. Such challenges are fundamentally rooted in the extraordinary expansion of e-commerce, the rise of e-communities, the growth of virtual organizations and the development of a truly commutative revolution that carries the potential for new network based capacities to establish, maintain and modify the relationships of any governance system. [Guillaume 1999].

The adaptive challenges of governance go far beyond technology per se. They call for new organizational structures and skills, new forms of leadership, and perhaps even a redefinition of purpose. They also call for a significant broadening and transformation of public-private sector partnerships (PPP) and the relational dynamics which underpin them: the new dynamics are very far from traditional public sector processes for procuring and contracting [Rosenau 2000]. Yet, while the potential for a recasting of both public management and political accountability is real, the transition is fraught with dynamic uncertainties.

The main thesis of this paper is that this necessary transformation in public sector governance and accountability is likely to be blocked by an administrative culture that may be ill suited for a digital world. Whereas nearly everything about the connected (or digital) state requires horizontal governance, the Canadian government has relied upon a vertically based architecture of power and decision-making. While this quandary is recognized to some degree, the central task facing both policy-makers and political leaders, at least those interested in leading the transition to the digital age, lies in orchestrating effective responses.

Governance is about effective coordination in a dynamic environment where both knowledge and power are distributed. Every organization is built on governance, whether
formal or informal, ineffective or successful. The rise of *e-governance* refers to the new patterns of decision-making, power sharing and coordination - made possible, or even necessary by the advent of IT. In the private sector, for example, e-commerce is much more than transactions online: it encapsulates the range of new organizational models built on technological architectures, such as the internet, that allow governance to be redefined in new ways.

The public sector is not immune to such forces. Indeed, government finds itself under the dual strain of becoming both a partner and de facto competitor with business in an online environment, while also needing to understand the complex and profound implications of new technologies and their impacts on public interest issues. As a result, *digital government* (a term that we deploy in place of e-government) refers to an IT-led reconfiguration of public sector governance – and how, knowledge, power and purpose are redistributed in light of new technological realities.

Digital government must also be viewed as much more than moving existing public services online: it is about government harnessing IT to redefine its “social technologies” in order to remain relevant in a more participative, more interactive and more informational era [Tapscott and Agnew 1999]. Importantly, the OECD now reports IT is becoming the critical agent of change, the availability of a new digital infrastructure and the Internet’s impacts on a changing set of public expectations are overtaking fiscal pressures as the primary impetus for public sector managerial reform.

Nonetheless, the deployment of IT both in and across public sector organizations is driven by a variety of factors, and it may be resisted. For reasons ranging from size, scope and operational complexity, national governments may be particularly resistant to cultivating the required shifts in skills, values and vision. Some commentators point to the danger that in the absence of radical reform, national governments are likely to rely on futile attempts to re-enforce traditional lines of power and authority. A continuing focus on hierarchically based leadership, partially contradicts the recognition of the need for individuals with new combinations of leadership competencies and abilities
associated with delivering in a web-enabled management framework. Yet, the shift towards a new order of "e-governance" (penetrating political, commercial and social spheres) accelerates, bringing at least the possibility of new governance capacities emerging [Papows 1998].

What are governments doing and how are they coping? Section two reviews the Canadian government’s recent agenda to move online. Section three examines the new collaborative arrangements that must arise if e-governance opportunities are to be met successfully. Section four focuses on the new leadership and skill set challenges generated by the digital transformation. Finally, section five looks at the most likely scenarios for digital government in Canada.

2) Canadian Government Goes Online

The case of the Canadian federal government is illustrative of the public sector’s incremental approach to responding to the challenges of e-governance. Much of the initial progress with respect to online initiatives focused externally: first, on information management - and more specifically, information providing (to potential users across the citizenry and private sector); and secondly, on connectivity – and expanding a new Internet-based infrastructure to citizens, schools, companies and communities.

Only a few short years ago, the federal government’s flagship web-based service (not yet termed, portal), Strategis (www.strategis.ic.gc.ca) was lauded as a leading-edge example of government’s response to the Internet age. In the sense that the objective is consistent with what might be regarded as the first phase of going digital (i.e., information availability online); Strategis became a notable departure from traditional forms of paper and people-based dissemination. Yet, today it seems dated, or altogether normal as an information portal serving Canadians and the world.

This initial example of a new digital direction is now overshadowed by government’s self-stated ambitions to do much more. Building on the mobilization of cognitive and
fiscal resources generated by the Year 2000 technical transition, the present view of
digital government reflects an effort of a much greater magnitude. The Government of
Canada is now committed to making all of its public services available online by the year
2004. Moreover, the implied goal is that such a pledge means not only accessibility for
citizens, but also interactivity as many of the transactions now requiring mail, phone or
face-to-face processes will be digitized - taking place over the internet.

The challenges for such a transition are many - ranging from questions about citizen’s
expectations and varying capabilities (i.e. questions of the digital divide) to the internal
governance challenges of whether online services would be organizationally based or
functionally integrated. The latter pledges of one-stop shopping and service integration
imply a degree of horizontal coordination and information sharing that is presently
neither legislatively permissible nor quite likely in a cultural context shaped largely by
traditional public service values linked to Ministerial (read vertical) accountability.
Bellamy describes the extent to which such integrative and horizontal directions will face
resistance in a traditional government model:

\[\text{The huge variety of information systems, and the profound difficulties and experiences in superseding them, are not to be regarded simply as the result of technological blinkeredness, managerial shortsightedness, or commercial self-interest - though these factors may be important. They reflect, too, deeply rooted complexities in managing information. Information systems are not developed in vacuums, but grow up to serve a diverse but valid set of business requirements [2000].}\]

Herein lies an interesting quandary. Whereas much of recent public sector management
reform has been about giving more autonomy to organizational units, digital government
requires a tremendous amount of central coordination to yield system-wide adaptation –
and horizontal action. As a Canadian case in point, one of government’s key departments
is the tax collecting authority, Revenue Canada: it has recently secured agency status -
meaning greater organizational autonomy over both its IT and human resources (freer to

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1 The hype surrounding the now-infamous Y2K bug should not take away from the reality of significant financial investments made into government’s IT infrastructure, with corresponding pressures to now more proactively in new (digital) directions.
shape its own governance). Yet, the unique challenge of digital government is not to make misguided pleas for re-centralizing planning and decision making within a few central (i.e. lead) agencies, but rather to frame the new types of collaborative mechanisms and federated decision-making models now required to encourage administrative cultural change.

To respond, the CIO Branch of the Treasury Board Secretariat of the Canadian government is engaged in a Strategic Infrastructure Initiative (SII). SII is based on the development of a federated architecture of information systems internally – to foster common standards, directories, and shared approaches both within and across federal government departments. In a sense, the government is attempting to achieve the internal capacity for an intra-governmental conversation based electronically. The fact that such conversations have rarely occurred, digitally or otherwise, in traditional models of public sector decision-making should underscore the enormity of the challenge.2

Yet, perhaps the single biggest issue, in the short term, plaguing the government online agenda is not the internal blockages to better coordination, but rather the debate as to how best to proceed with the development of the new infrastructure required to link online government to its client base across industry and the citizenry. At the heart of the matter is a dispute over contracting, and implicit questions of insourcing, outsourcing and a proper private-public mix of IT solutions. Movement to online service delivery is expected to yield one of the most significant request-for-proposals (RFP) from the federal government to the IT industry: the enormous stakes of building a digital foundation are drivers of a highly competitive contractual setting.

Due to this complexity, the process has been delayed for nearly two years, due, in part, to aggressive interventions from Canada Post (a crown corporation with a government mandate for mail delivery service). This semi-autonomous public agency, leveraging its

2 One could argue that in the past it has only been at the secretive apex of Cabinet where the integration of flows of information from across government occurs. In contrast, digital government requires open systems of information sharing and integrative strategies of information deployment across government.
reporting relationship to the Cabinet Minister responsible to Parliament for its operations (and in a critical twist, the same Minister who oversees the department of government procurement), claims to be on the cusp of the country’s first secure online infrastructure with the potential to connect all Canadians to government via individualized electronic addresses:

*IT'S MORE THAN EMAIL - It's almost all the mail you receive in the physical world delivered to your private ELECTRONIC POST OFFICE BOX on our secure Web site. With added features including online bill payment and mail management tools, the ELECTRONIC POST OFFICE is how Canada communicates (www.epost.ca).*

For Canada Post, such a move is a natural evolution in serving its client base of Canadian users of mail. For others in industry, such as the IT companies prepared to develop a new government architecture for online services, Canada Post is attempting to extend its present ground-based monopoly into cyberspace - and if it is allowed to do so there can be no safeguards ensuring best value and fair competition in one of the most expensive and complex (and arguably important) government initiatives that serves as the foundation for online government. As a result, government and industry have been locked in a confrontational mode, with competitive threats of litigation and ongoing calls for collaboration co-existing uneasily. The cooperative mind-set needed among partners (industry-government and within government) to fully embrace digital government for Canada will not be enhanced in this conflictual environment.

3) Partnerships

This predicament illustrates the manner by which IT creates both pressures and opportunities for new partnerships - internally and externally. Within government, IT fosters new horizontal opportunities by shifting away from traditional bureaucratic structures toward alternative delivery arrangements. The growing possibilities for consultations with both stakeholders and the citizenry are also expanded with new technologies. Moreover, online delivery implies integrative channels within government, linking external users to a variety of sources and systems internally.
Organizationally, these trends mean IT forces are both dispersing, creating more flexibility across government, and centralizing – fostering integrative action. These forces create tensions between vertical governance of traditional government and the horizontal governance implied by digital government.

Accountability is a key element. The manner by which accountability is perceived and exercised by government leaders will determine the degree to which it embraces more collaborative models of governance. Traditionalists invoke the underlying principle of Ministerial Accountability based on a clear and rigid view of vertical control and risk-minimization in order to serve and protect the interests of the publicly accountable political leader. The rise of e-governance, with its pressures for a variety of initiatives introducing alternative models of decision-making and service-delivery, implies a sharing of accountability. The need for collaboration, partnerships and joint ventures grows - both within government, and often between private and public organizations.

Many commentators are divided on the issue of whether accountability is at risk when external partners become involved in the governing and shared delivery of government programs and services. According to some, new governance arrangements threaten to undermine key institutions and practices of democratic accountability. This camp believes that any change to the existing system of ministerial accountability will damage the integrity of the system. There is some question as to whether the ad hoc nature of the ever-increasing number of partnership arrangements in Canada fundamentally challenges accountability mechanisms or can be absorbed in traditional models of decision making with adaptations to risk mitigating strategies.

An alternative view is that collaborative arrangements can make government more accountable [Armstrong and Ford 1999]. These proponents of collaborative arrangements insist that involving external stakeholders strengthens accountability to citizens by virtue of the addition of partners, and in particular, private sector partners, pressure for accountability to customers or clients is increased. Notwithstanding legitimate concerns
about new ways of doing things, it is difficult to conclude from these debates that the
virtues of traditional accountability, namely their clarity and simplicity, can serve as
justifications for their extension into an e-governance era.

These tensions form the parameters around which new ties are being formed between
governments and the vendors of IT systems and solutions. IT solutions, however, are
more pervasive in demanding closer collaboration between private vendors and public
sector clients. The complexity and sophistication of such solutions produce many
strategic choices for governments about how to deploy IT both in and across public sector
operations.

Contracts versus partnerships - Any move toward IT outsourcing, meaning a
reliance on external service providers, is likely to be both controversial and consequential
for government, particularly from a human resources perspective. The advantages of
outsourcing IT and its management to external parties are derived from the opportunity to
leverage the competencies of specialists. The disadvantages are rooted in concerns about
control and performance measurement, while underlying questions of cost often become
the resulting sources of friction.

Yet, the main challenge is collaboration. Partnerships require shared purposes and
agendas, as well as trust and an integrative mind set. The implication here is that both the
skill sets of the individuals involved, as well as the mechanisms guiding their relational
activities must be conducive to such an effort. The main challenge facing all parties
engaged in today’s increasingly complex forms of IT partnerships is that despite a
recognition of the need to work together in new ways, most organizational processes, and
most people reside within the realm of contracting, with an emphasis on both cost and
control. Although common to all sectors, this point is particularly prevalent in the public
sector, as the extra burden of transparency and fairness, the basis of traditional assurances
of public accountability, loom large.
Current examples of outsourcing are a case in point, as any such decision by a government department is bound to be both strategic and controversial. The transfer of assets, including people, is a process with potentially huge consequences on government’s capacity to act in the public interest. In a world of markets and contracts, the path is fraught with risks and uncertainty: the response is often a quagmire of control efforts and validation. Moreover, even if such agreements are forged operationally, public sector approval requires additional scrutiny and explanations to public chambers - and it should come as no surprise that many deals are unable to withstand such pressures.

Recently, the state of Connecticut in The United States spent millions of dollars and over three years negotiating one of the most ambitious outsourcing deals of a government ever, only to see the deal collapse before completion. Both parties (the State & EDS) provide amicable, though contrasting explanations for the deal’s demise. While no single factor is evident, it is fair to conclude that the requisite mix of political acceptability and profitability could not be achieved in an adequate fashion due, in part, to a tremendous emphasis on contracting specifications, objectives, terms and conditions - a process fundamentally at odds with the trust and collaboration required to partner on such a massive scale.3

Nonetheless, perhaps due to the strengthening pressures of e-governance, the trend toward outsourcing-type arrangements grows unabated. Tying itself directly to the experiences of Connecticut, the San Diego County government is now six months into the largest municipal outsourcing experience, and while these experiences are unique in scope, they present elements common to all governments, at all levels, as IT becomes a strategic imperative for effective governance. Such tensions have led to growing calls for partnerships - in place of contracts. The differences may be subtle in terms of words, but the consequences of this contrast are far reaching. Poupart and Austin compare two modes of relationships:

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3 Underscoring the hesitation common in government, one federal manager, requesting anonymity, commented that “from his review of IT outsourcing in the public sector, profit always
Partners respond to a need in a changing world by sharing control in the context of an assertive relationship to offer a future that facilitates innovation in a world of possibilities. Contractors respond to a request in a procurement world by giving up control in the context of a collaborative relationship to provide help, assistance, pairs of hands that facilitate project management in a world of deliverables [1999].

Our claim is that the realization of digital government remains at odds with a traditional public sector apparatus firmly rooted in hierarchical traditions. The resulting challenge of shifting from incremental procurement reform to genuine collaboration lies in the need to rebalance purchasing safeguards with partnering opportunities. Equally important are the new skill sets of public managers and leadership requirements that result.

4) People

From a broad perspective, Rifkin views knowledge workers who will forge new communities of interest - only some of which are likely to resemble traditional employee - employer relationships: “people of the twenty-first century are as likely to perceive themselves as nodes embedded in networks of shared interests as they are to perceive themselves as autonomous agents in a Darwinian world of competitive survival.”

How will public sector organizations deal with what Rifkin sees as a new human archetype where people have “grown up in a world of just-in-time employment and are used to being on temporary assignment.” These conceptual issues intimately link the workforce challenges of digital government with those of cultural reform (in an organizational sense). Whereas Westminster systems continue to emphasize vertical accountability, government online is (correctly) being pursued in a horizontal fashion.

An international study by Essex and Kusy underlines the views of executives from both government and industry, for whom an increasing reliance on the external workforce is a wins out over partnership.”

significant trend. They report that from 1997-2002, leaders are expecting an increase from 10 per cent to 25 per cent in non-core (meaning non-traditional full-time, or external) workers. This crescendo of the external workforce may well accelerate with the technology-induced pressures for organizational innovation and flexibility.

The result is a complex mix of agendas and incentives that explains the growing emphasis on inter-personal skills such as negotiation, facilitation, and consultation. These skills are forming the basis of “new public servant” as reported by a major study on public sector leadership in the coming decade:

*One of the most important elements will be teamwork. Successful partnerships will often require government workers to work in teams with outsiders or civil servants from other departments. Survey respondents also cited technology skills as being very important by 2010...for governments to manage their swelling numbers of technology alliances and outsourcing arrangements successfully, they need employees with enough technology sophistication to manage such projects.*

At one level, the recent growth of the Computer Systems (CS) community in the Canadian federal government is rather remarkable through the most difficult period of retraction for the federal government. In 1999, there were 10,406 CSs which marks a 49% increase over 1994 figures. By contrast, over the same period, Public Service (PS) employment dropped by 19% overall. These statistics also mask the steady rise in IT spending in those areas that might be termed as outsourcing on a modest scale: they include the deployment of contract workers, consultants, and outside service providers. Thus, the federal government is becoming both more IT-intensive within itself and more networked externally, as distributed governance models drive the move toward a flexible and modular workforce.

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6 Adopted from Vision 2010 - Forging tomorrow’s public-private partnerships, a survey report published by The Economist Intelligence Unit in cooperation with Andersen Consulting: the results are based on interviews with senior public servants in 12 countries from North America, Africa, Europe, and Asia.
As a result, the role of the public servant must adapt; governments must effectively couple new forms of community-wide strategies that are both horizontal and potentially centralizing, with recent trends toward empowerment and flexibility - and the decentralizing nature of such pressures (i.e. agencies seeking greater autonomy). Governments must learn to benefit from heightened worker mobility – viewing such trends as strategic imperatives for public service innovation.

A challenge for government in doing so lies in more direct competition with industry. In the Canadian government, the CS Community is based heavily in and around Ottawa-Hull. In 1999, 67% of all CS employees were located in the National Capital Region (NCR), compared to 34% for the entire PS. As CS employment increases, more workers are located in the NCR which give rise to new forms of HRM challenges – namely, an intensifying labour market that also serves as a common pool of competencies for both industry and the government. Consequently, a major challenge of digital government lies in this competition for human capital, a dynamic particularly acute in national capitals such as Washington D.C. and Ottawa which seem to couple growing professional mobility and inter-sectoral proximity.

The governance implications of such trends are perhaps contradictory: a paradoxical impact of IT may be that while it enables more organizational flexibility and decentralization across the public sector, particularly with respect to service delivery, leadership tends to centralize. This factor could impact both the federal government's presence across the country, and its ability to recruit outside of Ottawa; and it may well intensify the competitive pressures for talent between government and industry in the Ottawa area.

In a world of e-governance, an appropriate response by government in meeting this dynamic must be based on the understanding of both the complexity and contradictions at work. On the one hand, the move toward greater usage of PPP’s suggests that labour mobility and geographic proximity could complement one another – and create a
common environment more conducive to trust and collaboration. On the other hand, the very real danger is that the most entrepreneurial employees will leave the public service, seeking either higher compensation or more flexible work environments than government is able to accord to them.

The relative age of the IT workforce is also a serious concern, and IT may well intensify its importance. A critical challenge for the Canadian government is the potential for a looming leadership crisis in the years ahead. By 2005, one year after government is to be fully online, up to 60% of existing IT executives will become eligible for retirement. Moreover, in the next 10 years, an even higher portion of the federal government’s executive ranks will retire. The possibility of renewal also presents itself, as it is within these same senior ranks where IT and e-governance are perhaps most resisted, or simply poorly understood. Certainly understanding is key, but devising and implementing creative solutions to the human resources challenges will impact the success of digital government in the next few years. Adapting the role and profile of the public servant is critical to realising the needed administrative cultural shift associated with horizontal governance and collaborative partnerships.

5) Prospects

The effectiveness of the Canadian government in responding to its digital agenda is clearly multi-faceted: it is also highly strategic and central to the public sector’s relevance in the millennium. We summarize our observations into three rather intuitive scenarios for the road ahead for any government, and then provide a set of key variables likely to determine the relative likelihood of each in the Canadian context. The three scenarios include: i) a resistance to change or regressive deployment; ii) status quo or incrementalism; and iii) radical adaptation for a digital world.

In the first instance, the most dangerous possibility does not lie in traditional public servants and politicians rejecting IT as a significant force (as it is practically impossible to do so). Rather, more subtle forms of regressive behaviour could emerge if IT is viewed
as a controlling mechanism, rather than an enabling presence. This control can be pursued either at the operational level of government, by managers over subordinates, or politically by leaders anxious to deploy IT in attempts to centralize power and control information. In any of these cases, such resistance can only weaken the public sector as its credibility and performance steadily erode.

In the second scenario, some change is accepted but incremental strategies are formulated to achieve it. The potential for this scenario lies with traditionalists, whose cautionary claims may be partially legitimized by making a case that government is not private enterprise – and as such, Internet speed may not be fully appropriate for serving the public interest. Similarly, errors in IT planning and outsourcing difficulties are likely to be enhanced by the spotlights of public accountability and media attention. An important lesson of the digital age is the interdependence of these first two scenarios: the more defensive, cautionary or manipulative a government appears, the more hostile the media reaction is likely to be, and a less engaged citizenry is the resulting byproduct.

The third scenario lies in embracing the digital revolution and revamping government accordingly. The key to this scenario is a fundamental renewal of administrative culture in order to better learn how to share accountability, to better coordinate activities in more flexible and more effective way, and to better empower public servants and their partners, allowing new solutions for come forward in a dispersed and open matter. This latter point may well be the secret to the digital transformation – that is to say, nobody can claim to have a clear road map of public sector renewal in this scenario. Acceptance of this point, publicly as well as privately, will mark members of those espousing such change.

In terms of how governments respond, our two sets of explanatory factors will be determinant. First, partnerships, and the emergence of new collaborative dialogues within government, between governments, and across sectors are a critical dimension. The second, and quite related variable lies in the necessary leadership of people – new skill sets, and new leaders will be required to both empower knowledge workers and defend experimental action.
Which scenario will define the Canadian federal government in the world of e-government? The evidence presented here would place the Canadian government somewhere between the first and second scenario, with some important challenges requiring action if the third path is to emerge. The problems of SII and IT procurement more generally are indicative of an administrative culture blocking the acceptance of a new governance regime that would find a place for partners as well as contractors.

Similarly, after years of downsizing and adjustment, the process of public service renewal, and its necessary emphasis on more collaborative and digitized skill sets remains at an early stage. Filling the void that will be created by demographics is only one half of the task; the other, more complicated task is to retool existing public servants and effectively empower them to work in a more complex, fluid and virtual environment underpinned by IT and driven by information.

Yet, empowerment requires leadership, and the most central challenge for the Canadian government lies with those leading it presently – and politically. The absence of a public discussion in Ottawa at the political level is perhaps the most ominous sign that more fundamental change may remain elusive – at least, in the short term. The real danger of subsequent experiments in digital government becomes enhanced: costly mistakes, created and magnified by the built in inertia of traditional governance systems, could reinforce the position and power of those resisting change.

6) Conclusion

Perhaps the most encompassing aspect of IT challenges is its permeation of all aspects of public sector management and reform. Understanding IT is no longer a skill for the technical component of the workforce, but rather its integration with information management and strategic change is determinant, as all dimensions of public sector activity are affected by technology. In the digital era, government must not only prepare leaders to face uncertain times; it must also sensitize these leaders on the importance of creating learning environments for workers at all levels of their organization - as well as
the numerous partners which may be attached to any particular initiative. As government engages in new forms of collaborative arrangements, work teams comprise sets of individuals with a variety of formal, informal and overlapping reporting relationships.

Yet, it is not only the skills composition of workers altering in a digital era, but rather the broader transformations of both everyday and organizational life that are also at play. In this sense, digital government must reposition itself to become an engaged and constructive partner in shaping the new governance patterns that will otherwise render it rudderless. These governance patterns must bridge traditional administrative and political-cultural frameworks to the adaptive and collaborative requirements of e-governance to produce a new “culture” in government, enabled to take advantage of the enormous potential of digital government.
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