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MACA Reorganization Review Report

RT & Associates/Ernst & Young
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EXECUTIVE SUMMARY

In June 1994, the Minister of Municipal and Community Affairs (MACA), with the approval and support of the GNWT Cabinet, initiated a reorganization of MACA's Yellowknife Headquarters structure. Subsequently, the NWT Association of Municipalities and a number of MLA's raised questions/concerns about the MACA reorganization. In light of these concerns, the Minister of MACA agreed to an independent review of the reorganization.

In February 1995, the GNWT Financial Management Board Secretariat (FMBS) contracted RT & Associates in collaboration with Ernst and Young (Edmonton office) to undertake an independent review of the MACA Headquarters reorganization .

Methodology

Throughout the review, the consultants reported to a Steering Committee comprised of representatives from GNWT Central Agencies (FMBS and Cabinet), MACA and the NWT Association of Municipalities.

Through the review process the consultants researched 38 separate reports and documents; undertook 58 in-depth interviews with stakeholders; traveled to eight different communities; and arranged to circulate a separate questionnaire to 44 Municipalities in the NWT.

Altogether the views and opinion of Mayors and SAO's in 23 NWT tax based and non tax based communities were obtained.

Study Limitations

Two prime limitations were placed on the consultant's ability to perform the review. The first was the lack of performance measurement indicators which meant the consultants had no base line information to draw upon. The second limitation was that only eight months elapsed from the time of reorganization to the start of the review and it might be too soon to confirm if any real impact on program and service delivery had resulted. The consultants were therefore left with having to undertake a review that relied heavily on subjective stakeholder opinions as opposed to measurable and objective indicators.

MACA Reorganization

Analysis of background documents indicates that *prior* to reorganization MACA's Headquarters structure was too elaborate and over-specialized at the director level. The structure was feeding on itself and creating its own need for separate, specialized Divisions. It was not suitable for pulling staff in related areas together to deal comprehensively with common issues and problems; nor could it respond quickly and effectively to needs of Cabinet and municipal governments for policies, programs and legislation appropriate to the new environment of the 1990's: Land Claims, CTI, Division, and last but not least, mounting government fiscal restraint. The consequences of these problems was an ineffective and inefficient Headquarters structure.

The main elements of the *new* reorganized MACA Headquarters structure are:

- reduced number of Divisions from seven to four;
- reduced number of ADM's from two to one;
- reduced number of Directors from 11 to six;
- change in reporting relationships with one ADM overseeing three program Divisions and the balance of Divisions and senior managers reporting to the Deputy Minister;
- consolidation of three related Divisions (Community Planning, Lands and Surveys and Mapping) into one new Community Planning and Lands Division;
- consolidation of most of two Divisions (Community Works and Capital Planning, and Municipal Operations) into one new Community Development Division;
- establishment of two new positions (Senior Advisor CTI, Special Advisor Division) to coordinate Department support for strategic Cabinet initiatives.

Altogether the Headquarters reorganization affected 11 staff with seven offered revised jobs and four later choosing to leave the Department. The total number of affected staff represented less than 6% of the 188 Department positions filled prior to reorganization.

The Results of the Interviews and Survey Questionnaire: Consultants Observations and Recommendations

1. **Was the Headquarters Reorganization Valid?** Based on stakeholder responses and in the context of the new environment of the 1990's (CTI, Division, Self-Government and fiscal restraint), the overwhelming answer is 'yes', MACA's Headquarters reorganization was valid. However, one qualifier must be made. The validity of the reorganization is based on subjective opinions and beliefs of stakeholders, which is important and valuable, but lacking the depth and impartiality of objective data which could have been obtained

had the Department maintained an effective performance measurement system. Indeed, an effective performance measurement system would have allowed the Department to corroborate the opinions and beliefs of stakeholders.

For a number of stakeholders the reorganization structure was also not considered sufficient. According to these stakeholders more radical changes are required including changing the Department's mandate so more support and training are provided municipal and community governments; changing the Department's programs and services so they are more 'user friendly'; offering more 'block transfer' to communities as a freer and less control-oriented means of delivering programs and services; and MACA Headquarters placing more emphasis on policy development, monitoring and evaluation than direct program delivery. In essence, these stakeholders are calling for 're-engineering' MACA, rather than 'fine tuning' the Department's organization structure.

In light of the new environment of the 1990s, in particular the need to 'do more with less', the consultants recommend that MACA consider making major changes to the Department's mandate, programs and services, and structure.

2. Is The New Organization Effective And Efficient And What Is The Potential For Increased Effectiveness And Efficiency? According to respondents who offered an opinion (more than half of all respondents) the answer is again 'yes' the new organization is more effective and efficient than the previous structure. However, stakeholders do not support all of the organization changes. With some stakeholders there remains a question about placing Municipal Assessment in the Finance and Administration Service Division. There is also some confusion about the different reporting relationships of Division, CTI and Self-Government positions.

The consultants recommend that MACA reconsider some of the organization changes made (e.g. Municipal Assessment into Finance) and ensure reporting relationships of Division, CTI and Self-Government reflect Cabinet and Department priorities. They also recommended that the Department pursue further Headquarters reorganization of Divisions (Sports and Recreation, Emergency Measures) and Regions.

3. What is the New Organization's Ability To Respond To Government Strategic Priorities? According to most respondents, because of the two new positions created (Special Advisor Division and Senior Advisor CTI) the organization will be better able to respond to community and government priorities, however this is less the case with Self-Government. The consultants therefore also recommend that MACA clarify its mandate and resource commitment to Division, CTI and Self-Government Cabinet priorities. The

consultants also recommend that the Department consider establishing Division and CTI positions in Regions.

4. What Are the Impacts of the New Structure on Service to Communities Over the Short Term (June 1994 to Present)? Although most community respondents offered no opinion, of those respondents who did offer an opinion most identified positive short term impacts from the reorganization. On the negative side respondents (mostly MACA officials) said the new organization did not promote human resource development within the Department. The consultants recommend that MACA develop and implement a Human Resource plan that addresses critical issues such as employee performance management, compensation, training and development. The Department should also provide better counseling services to staff during future reorganizations.

5. What are the potential impacts of the new structure on service to communities over the longer term (present to three years)? Although respondents generally felt the Department was headed in the 'right direction' they also reiterated the point that further changes were required. The consultants recommend that MACA develop a long-term organization plan.

6. Were the Provisions of the Collective Agreement and/or the Workforce Adjustment Program Adhered to in Implementing the new Department Structure? Although it appears that, to date, all employees have been treated fairly and all provisions of the Collective Agreement and Workforce Adjustment program were met, there are still a number of outstanding issues that suggest that the process of reorganizing such as keeping all staff informed, prior and during the reorganization, did not go as well as it might have. The consultants recommend that in any future reorganization, MACA have in place a well thought out 'reorganization process' that ensures effective communication/consultation with all stakeholders. The process should also have identified milestones.

7. How Can the Department Best Monitor Service to Clients and Accommodate Any Community Concerns Resulting From the Reorganization? Respondents suggested more effective on-going communication between the Department and Municipalities as the most effective means of monitoring Department service delivery. The consultants also recommend that MACA develop more effective on-going communication with Municipalities. In addition, they recommend that the Department develop and implement an improved performance measurement system with Municipalities and other affected stakeholders.

The MACA Reorganization Process: Consultants Observations and Recommendations

- 1. Reorganization Plan Developed With Minimal Stakeholder Consultation:** The MACA Headquarters reorganization plan was developed over a two month period with little or no consultation with municipal governments. Given MACA's commitment to a 'partnership' with municipal governments and the potential that the reorganization might have affected delivery of programs and services, the Department should have undertaken more consultation in developing its reorganization plan. The consultants recommend that in any future reorganization MACA consult more fully with Municipalities prior and during reorganization. Consultation mechanisms can include surveys, focus groups, management meetings and more informal meetings.
- 2. No Effective Communication Plan:** Once the reorganization plan was launched communication to explain the reorganization to Municipalities and other stakeholders was poor. This was manifested in a number of ways including poor written communication and confusing organization charts. To explain the MACA reorganization to all Municipalities, the consultants recommend that MACA develop and implement an effective communication plan which includes, but is not limited to, a clear explanation for the reorganization, the planned changes (including clear organization charts) and the expected benefits.
- 3. Structural and Functional Problems:** Examination of the reorganization suggests that, in some cases, reporting relationships do not reflect Cabinet priorities (Division, CTI and Self-Government) while in other cases like-functions have not been brought together. The consultants reiterate that MACA clarify and communicate to stakeholders reporting relationships of Division, CTI and Self-Government positions. They also recommend that the Department reconsider its decision to place the Municipal Financial Analyst positions and Property Assessment unit in the Finance and Administration Division.
- 4. Slow Implementation:** Although the organization plan was developed quickly, implementation has been very slow. The consultants recommend that in any future reorganization, the Department establish a 'transition team' composed of a small group of senior managers freed up for a short time and working with an outside facilitator charged with the specific responsibility of implementing the reorganization plan.
- 5. Lack Of Performance Measurement Indicators:** The lack of performance measurement indicators and 'benchmarks' left the Department in a position where it would 'feel its way along' as it reorganized, adjusting where it appeared adjustments had to be made and not adjusting where there were no adjustments to be made. The problem

with this approach is that without an independent set of objective measures as a reference system, accountability to stakeholders and fine tuning by management ("what gets measured gets improved") was made difficult. The consultants recommend that MACA develop and implement an effective performance measurement system with indicators and 'benchmarks' that measure progress and improve accountability.

Other Comments

The consultants also offered more general comments.

- 1. 'Clarify' Commitment To Change:** The GNWT needs to clarify for all its stakeholders how far and how quickly it wants to reorganize Departments.
- 2. Establish Principles For Change:** The GNWT must establish guiding principles for organization changes, otherwise those charged with implementing reorganization are left to find their own path, with no clear sense of whether they are going in the right direction and at the right pace.
- 3. Performance Measure Systems:** MACA's performance measurement system is deficient in providing meaningful and on-going indicators of the Department's client base, internal processes and strategic direction. The Department should therefore develop and adopt a more effective system. If MACA is symptomatic of other Departments, then other GNWT Departments should take similar action. In developing a new performance measurement system, Oregon and Alberta are two jurisdictions with successful approaches that should be studied and perhaps modeled by the NWT.

