

7.8 Exportable Government Services Policy

Policy Statement

The Nova Scotia government is working to create a globally engaged Nova Scotia. The Exportable Government Services (EGS) Policy will help realize this vision by expanding the government's capacity to address and assess international initiatives. An EGS policy gives departments a common, corporate approach to assessing the potential of selling to other jurisdictions the government services and knowledge departments have developed.

Policy objective

The objective of the policy is to establish corporate guidelines for participating in international work.

The export of Nova Scotia government services and expertise has the potential to advance the long term vision and goals of Nova Scotia and grow the province's reputation in the global arena through:

- Standardizing a corporate approach to international initiatives
- Advancing the government of Nova Scotia's international priorities
- Creating new opportunities for Nova Scotia business and industry
- Providing a return on investments in government services already made by Nova Scotians
- Enhancing employee development, recruitment and retention
- Providing humanitarian or other assistance that reflects the values and concerns of Nova Scotians in global social development and stable good governance
- Enhancing Nova Scotia's brand in the world

Principles to guide EGS initiatives

Implementing international projects involves staff resources, financial resources, legal and operational expertise.

FINANCIAL PRINCIPLES

The main financial principles for EGS are:

- the financial impact is positive
- the provision of exports are not at the expense of services to Nova Scotians

- the treatment of revenue for projects is addressed on a case by case basis.

In addition, the following principles should also be observed:

1. Pricing should generally be sufficient to recover full cost (direct, indirect and capital) plus a reasonable rate of return (to be specified e.g., to reflect the opportunity cost or cost of borrowing). There may be valid policy reasons for exceptions (these would need to be recorded).
2. Risk analysis and risk management must be considered to ensure that the government's exposure to risks (liabilities) is minimized. The amount of the charge should be sufficient to compensate government for these risks.
3. Market prices should be considered in price setting.
4. Clear legal authority for all cost recovery arrangements must be established.
5. Appropriate accountability including separate financial reporting must be established

ESTIMATING SERVICE VALUE

An EGS will likely consist of staff expertise and know how, and a program system such as an IT system or regulatory system. The value of staff time can be determined through a formula. To determine the value of a system, departments may wish to do a formal valuation of the asset through an asset mapping exercise.

METHOD TO ESTIMATE STAFF COSTS

The following formula is suggested for estimating the cost of staff time associated with EGS projects.

Annual salary x 40% percent benefit mark up = A

e.g. \$75,000 x 1.4 = \$105,000

A x 60% overhead mark up = B

e.g. \$105,000 x 1.6 = \$168,000

B x 10% contingency mark up = C

e.g. \$168,000 x 1.1 = \$184,800

C divided by estimated # of working days to get daily fee

e.g. \$184,800 / 260 = \$711

LEGAL PRINCIPLES

International public and private law, as well as commercial law and regulatory law, will have to be taken into account during the negotiation, documentation, administration

and any enforcement of EGS arrangements. Justice advice should be integral through each of these stages. The earlier in the process that legal issues and liability risks are identified and managed, bargaining parameters asserted, and clear contractual roles established, the greater the likelihood of a successful project outcome and strengthened intergovernmental relationship.

PROCUREMENT PRINCIPLES

The Nova Scotia Sustainable Procurement Policy provides a solid foundation for international projects. The procurement approach is to ensure an open, fair, consistent, efficient and competitive process resulting in the best value for the Province. Procurement Services will act in an advisory capacity for the purpose of exporting government services, and respond to each individual project with the best suited procurement solution.

HR PRINCIPLES

HR principles for EGS initiatives should be consistent with Nova Scotia's HR policies.

Reference Material to Determine Feasibility of a Project

A number of assessment tools and guidelines have been developed which will help determine the feasibility of an international project and the associated risks. These include:

- The *Cost Recovery Guidelines* which provides a check list of the different types of costs in such projects and considerations for recovering those costs.
- The *International Engagement Criteria* which provides departments with the questions they need to evaluate the proposal, as well as links to websites that provide an indication of the political stability of a country and its economic and trade profile. In addition, a list of markets of interest is also included.
- *EGS Project Transaction Agenda* which was designed to assist departments, in consultation with Justice legal advisors, on the development of legal documents required for international projects. It contains information that is solicitor-client privilege.
- *Pricing Model for Intellectual Property* work done by Service Nova Scotia and Municipal Relations.

These reference documents are available through contacting Intergovernmental Affairs.

Committee Structure

The policy will be managed through a committee structure consisting of two committees: a committee of senior officials struck to assist departments in evaluating proposals, and a Deputy Minister's committee to determine if a project should go ahead. Regularly scheduled meetings will be established for the committees in order that they be ready to review proposals.

The committee of senior officials, the EGS Proposal Committee, could help departments determine the feasibility of the project proposal from a corporate perspective. It is chaired by Intergovernmental Affairs (IGA) with representation from Economic and Rural Development, Finance, Justice, Public Service Commission (PSC), Office of Policy and Priorities, and other departments as may be required for expertise.

The most senior advice will come from the Deputy Minister's committee that formally endorses EGS projects.

The EGS Deputy Ministers' committee, which will be chaired by IGA and comprised of representatives from departments that oversee governance accountability or do international work, will provide strategic direction for exportable government services policy. The same committee could also be called on to review proposals going to Cabinet.

Policy Directives

EGS opportunities may arise generally for government through encounters during government business and travel by elected and senior government officials such as Premier, Ministers, Staff of Intergovernmental Affairs or other departments. Departments may also receive a proposal for an international project or pursue a project based on its own work mapping potential exportable government services assets.

When a department or agency of the Nova Scotia government is developing or pursuing an EGS initiative, the following process should be followed:

THE DEPARTMENT

1. communicates to IGA official that a proposal is being pursued.
2. in conjunction with IGA where appropriate, reviews proposal/project using the following:
 - International Engagement Criteria
 - Financial and cost projection guidelines

- Valuation guidelines
 - Initial legal advice
3. addresses information gaps that hinder the evaluation of the proposal by going back to the proponent or by doing their own research
 4. determines whether to advance the proposal. Departments are asked to demonstrate the value of the proposal — both the dollar cost and how the proposal supports the strategic goals of government.
 5. exceptions - smaller initiatives such as staff participation in an NGO led initiative (for example the Institute of Public Administration of Canada, Federation of Canadian Municipalities, universities, or other credible organizations with a humanitarian or good governance aspect to their work), would not require the rigor of the steps outlined above. There may be other initiatives that require separate guidelines. They could more than likely be approved within the department itself.
 6. makes a business case for their proposal and determines whether they have the resources to devote to it and whether investing time and resources into the project would actually benefit the department in the long run.

EGS PROPOSAL COMMITTEE

7. reviews every initiative. The EGS Proposal Committee, a committee of senior officials, is chaired by IGA with representation from Economic and Rural Development, Finance, Justice, the Office of Policy and Priorities, Public Service Commission, and other departments as may be required for expertise. In particular, some of the committee members should have expertise in project management and in international projects. The committee would look at a proposal from an intergovernmental, HR, financial, legal, and procurement perspective to identify risks. It would also ensure that proposals advance the province's corporate priorities.
8. will function under developed terms of reference, guiding principles, and approval processes.
9. may recommend that a department do specific proposal development work and re-submit the proposal to the committee.
10. may recommend that the department proceed, if it sees merit in the initiative,
11. departments should build into their time frame enough time for the decision making process as it involves two interdepartmental committees.

EGS DEPUTY MINISTERS COMMITTEE

12. A committee of deputy ministers, chaired by IGA, comprised of representatives from departments that oversee governance accountability or do international work, will provide strategic direction for EGS initiatives. The same committee could also be called on to review proposals going to Cabinet.

CABINET APPROVAL

13. Cabinet approval will be required in order for the Minister to sign off on any agreement or initiative with another level of government as per the Public Service Act, Section 6.

ONGOING MANAGEMENT

14. Finance expenditures for international projects should be accounted for in a separate budget line and subject to generally accepted accounting principles (GAAP).

Application

The policy would cover all government departments and offices as listed in the *Public Service Act*, and specific agencies, as required.

Policy Guidelines

In all instances where a Nova Scotia department or agency is engaged with a foreign entity for the purposes of developing any type of EGS initiative, the directives should be adhered to.

Accountability

The Deputy Minister of Intergovernmental Affairs shall be accountable for the implementation of this policy at the corporate level. Senior officials of IGA will be accountable for providing advice.

Departments are responsible for compliance with the policy in the management of an international initiative. An IGA official will stay active/involved in the initiative in an advisory manner. This allows corporate capacity to increase, and ensures government can pursue additional opportunities.

Monitoring

Departments will be required to report back to the EGS proposal committee and DMs committee on the progress of their initiative at regular intervals, in the case of a multi-year project, and at the completion of the project. This would allow the committees to evaluate the project and learn from it to increase corporate capacity in EGS.

In addition, a management framework should be set up for the projects to monitor their progress and implementation.

References

Public Service Act, Section 6 and 46E

Enquiries

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Approval date:	April 1, 2010	Effective date:	May 1, 2010
Approved by:	Executive Council	Administrative update:	October 13, 2013
