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Joint ECE/Eurostat Meeting on the Management of Statistical Information Technology
(Geneva, Switzerland, 14-16 February 2001)

Topic (iii): Resource management in statistical offices and the role of the IT department

INTERNAL COST RECOVERY AND FUNDING OF IT

Submitted by Statistics Canada¹

INVITED PAPER

SUMMARY

1. The paper reports on how Statistics Canada operates its Information Technology (IT) infrastructure as a business unit that recovers full costs by charging fees for its internal services (internal cost recovery). This charging mechanism has been in place for more than a decade and includes funding for capital acquisition and replacement. A comparable approach is used for Development Services but only a subset of costs is recovered in this case. The interaction of the cost recovery system and the corporate planning system is described together with comments on how these practices influence the relationship between the Informatics Branch and its clients.

¹ Prepared by Mel Turner.

2. Statistics Canada's planning approach is based on the important principle that programs are funded for the full costs of their projects, including their IM/IT costs. There is no separate IT funding because this is just a special example of resources used to accomplish a project that might also require, for example, methodologists, interviewer capacity, mail services and telephone follow-up services. The program manager should be able to choose the mix and quantity of services needed to achieve the program objectives.

3. IT planning is built into the corporate planning process where plans and proposals are developed by the sponsoring division for each program. For the service areas, which supply resources and service capacities to projects, there is a parallel planning activity that results in setting prices or rates for use in preparing the program proposals. The Corporate Planning Committee approves the recommended rates. These rates can then be used in developing full cost estimates for program plans that include development, implementation and operational aspects.

4. The clear advantage of an ICR mechanism, such as the one described, is that our business requirements drive the provision of central services. Our clients are integrally involved in defining the services they need to meet their business objectives and in negotiating the quality and capacity of services they receive. As our fees reflect full costs, there is a natural control on demands that might not occur if funding was independent of the demand.

5. An ICR approach has proven itself over more than a decade of use at Statistics Canada and has been shown to be flexible in accommodating new requirements and changing circumstances. From this experience has evolved an enduring set of principles that is widely appreciated by managers and that has resolved many of the traditional difficulties associated with IT funding within the Agency.