
STRATEGIC PLAN 2006-2010

"People First"

In the event of a discrepancy between the English and French versions of this strategic plan, the latter shall prevail.

FOREWORD

On December 1, 2000, the Minister of Transport signed a notice of designation of the Société de l'assurance automobile du Québec (SAAQ) for purposes of application of Chapter II of the Public Administration Act. The SAAQ thereby became subject to the general responsibilities set forth in this legislation. As such, it is required to issue a public Service Statement, establish a multi-year strategic plan and publish an annual management report.

With the coming into force of the Act to amend the Act respecting the Société de l'assurance automobile du Québec and other legislation (2004, c. 34), the Société became the trustee of the Fonds d'assurance automobile du Québec. As trustee, it compensates road accident victims and facilitates their rehabilitation. It also carries out promotional and prevention activities to encourage road safety. For this component of its mission, the SAAQ makes independent decisions and is not subject to the Public Administration Act; in particular, it is not required to publish a strategic plan.

In the 2006-2010 strategic plan, the following objectives refer to the Fonds d'assurance automobile:

- objectives 1.1.2 and 1.2 of Strategy 1, which relate to prevention and promotion of road safety;*
- objectives 4.1.1, 4.2.1 and 4.2.2 of Strategy 4, which focus on the financial stability of the Fonds d'assurance.*

These objectives therefore come under the authority of the SAAQ's Board of Directors.

MESSAGE OF THE MINISTER OF TRANSPORT

As Minister of Transport, I am pleased to present the Strategic Plan 2006-2010 of the Société de l'assurance automobile du Québec.

The Strategic Plan 2006-2010 is the first plan following the creation of a public interest trust, the Fonds d'assurance automobile du Québec, management of which has been entrusted to the SAAQ.

The strategic plan introduces elements in response to issues that are of particular importance to the Quebecers. It reaffirms the SAAQ's commitment to maintain quality services and to do so cost-effectively. It therefore plans to continue efforts to ensure efficient management of public funds.

Furthermore, reducing the number of road accident victims in the province is a responsible objective on the part of the government of Québec. To curtail their numbers, policies that translate into joint and sustained initiatives must be defined and must involve various partners. I am also relying on the contribution of the Table québécoise de la sécurité routière, set up in late 2005, to provide me with tangible proposals on this issue and to promote joint actions among society's driving forces.

The 2006-2010 strategic plan therefore implements the government's will to introduce conditions that promote improved road safety in Québec, protect the sustainability of the public automobile insurance plan and ensure an efficient public administration.

MICHEL DESPRÉS,
Minister of Transport and
Minister responsible for the Capitale-Nationale region

MESSAGE OF THE CHAIRMAN AND CEO

On behalf of members of the board of directors and SAAQ employees, I am delighted, as Chairman and CEO, to present the Strategic Plan 2006-2010 of the Société de l'assurance automobile du Québec. This plan is the result of deliberations among the board of directors, management committee and managers regarding the strategic changes that are necessary in order to enable the SAAQ to successfully take on the challenges awaiting it.

The SAAQ is facing a financial deficit situation that has structural roots. Further, since 2001 the number of road accidents continues to climb year after year, and costs to compensate victims have grown steadily and significantly. The SAAQ must also contend with a surging growth in demand for services while coping with staff reductions in the range of 10% over the life of the plan. We have also been called upon to make a major contribution in setting up single-wicket government services through the transfer of our network of licensing outlets to Services Québec.

The 2006-2010 strategic plan proposes measures that will safeguard the public automobile insurance plan and allow the SAAQ to continue to provide quality public services. Through its commitment to significantly improve Québec's road safety record and optimize organizational performance, the SAAQ will limit the rate increases that will be required to achieve financial stability.

At the heart of the strategic plan is an ambitious strategy for the future, aimed at meeting the challenges at hand. The SAAQ would like to be recognized for its effective action as leader in the road safety field and its excellent work as a bodily injury insurer. On the whole, it has set its sights on becoming a model of performance within Québec's public sector.

To achieve this vision, the SAAQ has at its disposal a team of quality personnel, whose professionalism and know-how are respected, and it is committed to supporting employees as best it can in their efforts. The SAAQ also benefits from the expertise and commitment of members of its board of directors and is backed by the support of the Minister of Transport.

In closing, I would like to draw to your attention the fact that the 2006-2010 strategic plan sets forth renewed organizational values. These new values, which include rigour, consistency and respect, are in keeping with concerns expressed by employees during a prior consultation process.

JOHN HARBOUR
Chairman and CEO

As members of the board of directors, we concur with the statements of the Chairman and CEO of the SAAQ.

LUDGER ST-PIERRE, Vice-President
Business
Assistant Director for Development
Fondation de l'Université Laval

IDA CRASTO
Business
Andersen-Sima Maritime inc.

CÉLINE GARNEAU
Legal
Langlois, Kronström, Desjardins

ANDRÉ GAUTHIER
Business
André Gauthier Holding inc.

ANDRÉ LESAGE
Accounting
Heenan Blaikie

SERGE MÉNARD
Business
Place des Galeries inc.

WILLIAM PETER NASH
Business
Digico Global Network inc.

SERGE RÉMILLARD
Business
Raymond, Chabot, Grant, Thornton

MARIE CAROLE TÉTREAU
Legal
Fasken, Martineau, DuMoulin

MESSAGE OF THE MANAGEMENT COMMITTEE

As members of the SAAQ's management committee, it appears clear to us that the SAAQ is at a crossroads: its financial situation requires major turnaround efforts at a number of levels; its network has been selected to bolster Services Québec; it must re-evaluate practices in the area of compensation to victims; it also has to contend with average staff cuts of 2% each year, over the next five years.

The 2006-2010 strategic plan is the result of our deliberations and the participation of the SAAQ's managerial personnel. It reflects decisions we have made to ensure that the SAAQ is able to successfully take on the challenges that await it in the coming years, namely:

- with the help of partners, reverse the trend of a growing number of highway accidents and significantly reduce the number of victims on our roads;
- adjust the delivery of services to public needs and expectations and the public's ability to pay for these services;
- at the request of the government, contribute actively to implementing the Services Québec network to provide a single-wicket service centre for the province of Québec;
- ensure the SAAQ's financial stability to meet all of its mandates;
- optimize our organizational performance and implement conditions to promote mobilization of personnel.

Each one of the objectives of this plan has been examined in detail. We consider these objectives to be the SAAQ's commitments to Quebecers and will be putting forth all possible efforts to achieve them.

Members of the Management Committee of the Société de l'assurance automobile du Québec

JOHN HARBOUR
Chairman and CEO

MARTIN BRETON
Vice-President, Institutional Affairs

JEAN-FRANÇOIS BROUARD
Director General, Contrôle routier Québec

CLAUDE HALLÉ
Vice-President, Customer Service

ANDRÉ LEGAULT
Vice-President, Administration and Finance

JOHANNE ST-CYR
Vice-President, Road Safety

NATHALIE TREMBLAY
Vice-President, Insurance Fund Operations

CLAUDE GÉLINAS
Director, Secretariat and Legal Affairs

JOCELYNE ANGERS
Director, Staff Services

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MISSION

The Société de l'assurance automobile du Québec is a government agency that comes under the authority of the Minister of Transport. It is managed by a board of directors that is headed by a chairman and eleven members appointed by the government. Its financial year ends on the last day of December of each year.

The SAAQ is responsible for enforcing the Automobile Insurance Act and the Highway Safety Code, and, pursuant to agreements set forth in the Highway Safety Code, it oversees the partial enforcement of seven other laws. Its mission is as follows:

The mission of the SAAQ is to protect and insure individuals against the risk of road accidents. To this end,

- ✧ *as trustee of the Fonds d'assurance automobile du Québec:*
 - *it compensates victims of road accidents and facilitates their rehabilitation,*
 - *it promotes accident prevention and road safety,*
 - *it sets rates for and collects insurance premiums;*
- ✧ *it controls the right of access to the highway system and collects related fees;*
- ✧ *it oversees and monitors highway carriers of goods and passengers.*

The SAAQ also carries out any other mandate it has been commissioned under law or following an agreement with the government, government department or agency, such as the program to adapt vehicles and issue parking permits to disabled individuals.

VISION

The SAAQ will be recognized:

- *for its leadership in making driving on Québec roads the safest in the world;*
- *for its excellence as a bodily injury insurer;*
- *for its performance as a public organization that is at the service of road users.*

The SAAQ is intent on obtaining the best performance possible in the execution of all of its mandates. As a road safety leader, it will rally its partners and gain the cooperation of road users to bring down the number of road accident victims in Québec, to one of the lowest in the world. As a public insurer aspiring to excellence, it is committed to guaranteeing the humane treatment of accident victims and compensation provided for in insurance coverage.

Quebecers will therefore be driving on one of the safest highway systems and will continue to benefit from a respected public automobile insurance plan, at a relatively low cost.

ORGANIZATIONAL VALUES

Through a consultation and deliberation process, the SAAQ has introduced three new organizational values. These values were the driving force behind the strategic plan. They will henceforth be guiding each SAAQ employee in the decision-making process and in professional relations.

RIGOUR

Each individual ensures that services are provided or that goods are delivered with professionalism and integrity. Each person is responsible for generating quality results cost-effectively and ensuring fair and reasonable treatment of the clientele.

CONSISTENCY

Actions and behaviour must be consistent with commitments set forth and messages communicated. Each individual exercises responsibilities and makes choices with a concern for how they will impact the organization and the public.

RESPECT

Each person is responsible for creating and maintaining the confidence of the public, partners and colleagues. Each individual must demonstrate transparency, an ability to listen, recognition and openness to differences.

CONTEXT

An examination of the context in which the SAAQ operates has enabled it to determine the strategic challenges it will be facing in the coming five years. This section provides a brief explanation of the principal elements that have been considered. A detailed description of the challenges identified follows.

DEMOGRAPHIC CHANGES

- Québec demographics are in the midst of a major shift. In 2003, there were 24 Quebecers under age 20 for every 10 Quebecers aged 65 and over. In 2051, there will be fewer than 6 young people (under age 20) for every 10 senior citizens (age 65 and over)¹.
- Between 2001 and 2005, Québec welcomed 202,368 new immigrants², over 30% of whom had no knowledge of English or French. An estimated 77% of immigrants settled in the Montréal region and 9% in the neighbouring areas of Laval and Montérégie.
- According to an international adult literacy survey in the fall of 1994, approximately one out of every 2 Quebecers has serious problems locating items of information. They also have difficulty with numbers and performing simple mathematical equations. An estimated 10% of Quebecers between the ages of 16 and 25 are unable to use common everyday documents, such as job applications or train schedules.

CHANGES IN PUBLIC EXPECTATIONS REGARDING PUBLIC SERVICES

- According to surveys conducted by the Institute for Citizen-Centred Service³, the public expects government services to be better than or equal to services available in the private sector. It also expects the quality of services to continuously improve. The perception of service excellence is centred on the five following elements of satisfaction: fast service, informed personnel, individuals who make an extra effort to assist customers, fair treatment and positive results.
- According to the government⁴, Quebecers who live in outlying regions would like to see improvement in the efficiency and quality of services available. They would like solutions that are better adapted to regional needs and therefore favour local decision-making.
- Multiple methods for delivery of services are now the norm. In half of all enquiries to obtain government services, the public has used at least two methods. Where a number of enquiries are needed to benefit from a service or where a service is difficult to obtain, the Internet generates a higher rate of satisfaction than traditional enquiry methods. Regardless of the method used, however, confidentiality and the safeguard of personal information are important to the public.

¹ THIBAUT, Normand, Esther LÉTOURNEAU and Chantal GIRARD. *Perspectives démographiques, Québec et régions, 2001-2051*. Institut de la statistique du Québec. November 2004.

² QUÉBEC. MINISTÈRE DE L'IMMIGRATION ET DES COMMUNAUTÉS CULTURELLES. *Tableaux sur l'immigration au Québec 2001-2005*. March 2006.

³ INSTITUT DES SERVICES AXÉS SUR LES CITOYENS. *Les citoyens d'abord 3*. January 2003; INSTITUT DES SERVICES AXÉS SUR LES CITOYENS. *Les citoyens d'abord 4*. November 2005.

⁴ GOUVERNEMENT DU QUÉBEC. *Devenir maître de son développement – La force des régions – Phase 1 : Une nouvelle gouvernance régionale*. July 2004.

- In February 2005, 30.0% of adult Quebecers had consulted at least one Québec government Web site, and 21.6% had consulted a federal government Web site⁵. The reliable performance of the government of Québec would appear to be the reason for a larger number of online operations (income tax return, change of address, etc.), along with the appeal of Web sites and their higher visibility.

MODERNIZING THE STATE

- In the spring of 2004, under the theme of *Shine Among the Best*, the government of Québec published a series of policies to modernize the state and some of its specific components⁶. A commitment to improve the delivery of services translated into the creation of Services Québec, which will provide single-wicket access to a variety of government services, through continued development of the online government and by grouping administrative support services together. The government is also committed to establishing partnerships with the private sector, simplifying contractual relationships with businesses and improving performance management.
- The government has implemented a plan to reduce the number of public servants. In the case of the SAAQ, since 2005, 60% of individuals who have retired, have not been replaced. From 2006 through 2010, the number of SAAQ employees is expected to decline 10%.
- In April 2006, the Finance Minister tabled a policy statement in the National Assembly regarding the rules of governance of public corporations⁷. To promote the best possible performance of public corporations, the government wants to strengthen the role and independence of boards of directors, review rules for appointment of senior management, separate the functions of chairman of the board of directors and chairman and chief executive officer, and transfer additional responsibilities, regarding public corporations, to the Auditor General.

PUBLIC AUTOMOBILE INSURANCE PLANS

- According to an independent study⁸, the cost of claims, including related administrative and legal expenditures, determine the rate of an automobile insurance premium. From 1998 to 2002, Québec had the lowest automobile insurance premiums in Canada and experienced the smallest annual growth in rates. Provinces with a no-fault insurance plan generally have lower costs, whereas those that allow the right to take legal action generate higher costs.
- The debate over increased automobile insurance premiums was an opportunity to demonstrate, once and for all, the social and economic value of the public insurance plan managed by the SAAQ. Even with the projected increases, Québec's public automobile insurance plan will be one of the best in Canada.
- Increasingly, insurance plans throughout the world tend to compare themselves to what is implemented elsewhere around the world. A number of jurisdictions in North America have adopted a public insurance plan or are contemplating doing so.

⁵ CEFRIO. *NETendances 2005 – Utilisation d'Internet au Québec*. February 2006.

⁶ GOUVERNEMENT DU QUÉBEC. *Moderniser l'État – Pour des services de qualité aux citoyens – Plan de modernisation 2004-2007*. May 2004; GOUVERNEMENT DU QUÉBEC. *Rapport sur le Gouvernement en ligne : Vers un Québec branché pour ses citoyens*. Juin 2004; GOUVERNEMENT DU QUÉBEC. *Plan de gestion des ressources humaines – Prendre en main l'avenir de notre fonction publique*. June 2004.

⁷ QUÉBEC. MINISTÈRE DES FINANCES. *Moderniser la gouvernance des sociétés d'État – Énoncé de politique*. April 2006.

⁸ CANADIAN INSTITUTE OF ACTUARIES. *Report of the Task Force on Auto Insurance*. March 2005.

THE FINANCIAL SITUATION OF THE FONDS D'ASSURANCE AUTOMOBILE DU QUÉBEC

- On December 17, 2004, Bill 55, An Act to amend the Act respecting the Société de l'assurance automobile du Québec and other legislative provisions (2004, c. 34) was given assent. This legislation, which came into force on January 1, 2004, established a social trust, the Fonds d'assurance automobile du Québec, whose trustee is the SAAQ, and created this fund by transferring most of the SAAQ's assets to the fund. Insurance premiums that are collected are now a patrimony of the trust fund and are separate from other SAAQ activities, with no connection to the budget decisions of the government. Under this legislation, the SAAQ is responsible for, among other things, determining insurance premiums, thereby granting it the power to gradually restore the Fonds' financial balance; the SAAQ has until December 31, 2015 to achieve full funding⁹ and fifteen years to restore full capitalization¹⁰.

MOTOR VEHICLES

- As of December 31, 2005, there were 4,777,429 driver's licence holders in Québec for 5,306,534 vehicles authorized for use on the road. Each year since 1978, the number of driver's licence holders has grown an average 1.6% and the number of vehicles licensed for road use has increased 1.1% on average. Over the last twenty-five years, however, the population of Québec grew only an average 0.67% each year.
- In recent years, adjustments have had to be made to accommodate new two-, three- or four-wheeled modes of transportation.

COMMERCIAL TRUCKING

- Trucking activities continue to grow in Québec. Each year, the number of heavy trucks on Québec roads grows an average 1.9%. The trend towards larger vehicles has also been on the rise.
- Common carriers of goods have begun to merge forces to compete with international challengers.
- Québec is a member of the International Registration Plan (IRP). Under this plan, vehicles that have been duly registered can travel from one jurisdiction to another.
- As a member of the Commercial Vehicle Safety Alliance (CVSA), Québec enforces the methods of inspection of carrier movement in use across North America. Practices are therefore harmonized with other Canadian provinces, U.S. states and Mexico.

INTELLIGENT TRANSPORTATION SYSTEMS

- Intelligent transportation systems (ITS) include a wide variety of techniques that apply to transportation to make networks safer, more efficient, reliable and environmentally-friendly, without the need for physical changes to existing infrastructures.

⁹ Full funding means that, each year, the revenues of the Fonds d'assurance are sufficient to cover the current and future needs of individuals who are injured in road accidents during the year.

¹⁰ Full capitalization means that the value of Fonds d'assurance assets is sufficient to cover the current and future needs of all accident victims.

- The Ministère des Transports prepares a Québec plan for intelligent transportation systems. To prepare the plan, it receives funding from Transport Canada under the Deployment and Integration of ITS Across Canada component of the Strategic Highway Infrastructure Program.

ROAD SAFETY

- Between 2001 and 2005, the number of road accidents increased, as the following table shows:

	Deaths	Seriously Injured	Slightly Injured	Total
2001	610	5,064	44,521	50,195
2005	704	6,397	51,525	58,626
Difference	94	1,333	7,004	8,431

- In recent years, no progress has been made with regard to driver behaviour (ex. impaired driving, excessive speed).
- With technological advancements, new devices, which are also sources of driver distraction, have come into use.
- On December 12, 2005, the Minister of Transport launched the Table québécoise de la sécurité routière. This advisory committee is responsible for making recommendations and proposals to the Minister.
- In June 2006, the National Assembly's Commission des transports et de l'environnement formulated sixteen recommendations¹¹, based on consultations it had conducted at its own initiative, on some aspects of road safety in Québec.
- In 2005, the Ministère des Transports and SAAQ began work to put together the 2007-2016 road safety policy.

ENVIRONMENTAL PROTECTION

- Heavy vehicles, which account for only 3% of the total number of motor vehicles in the province, emit about half the airborne pollutants from motor vehicle operation. The Regulation respecting environmental standards for heavy vehicles (c. Q-2, r.15.3), which came into force on June 1, 2006, sets forth procedures for application of the Heavy Vehicle Mandatory Mechanical Inspection Program, which are enforced by SAAQ highway carrier enforcement officers.

REGULATORY STREAMLINING¹²

- In Québec, a survey conducted by the Canadian Federation of Independent Business in summer 2003 revealed that, in the opinion of small business people, federal and provincial regulations governing taxation, work and labour are more restrictive than any other type of

¹¹ QUÉBEC. NATIONAL ASSEMBLY – COMMISSION DES TRANSPORTS ET DE L'ENVIRONNEMENT. *La sécurité routière au Québec – Les téléphones cellulaires, la vitesse excessive, les motocyclistes et les conditions hivernales*. June 2006.

¹² GOUVERNEMENT DU QUÉBEC. *Simplifier la vie des entreprises pour créer plus d'emplois et de richesse – Plan d'action du gouvernement du Québec en matière d'allégement réglementaire et administratif*. August 2004; GOUVERNEMENT DU QUÉBEC. *Règles sur l'allégement des normes de nature législative ou réglementaire* (O.C. 111-2005).

regulation, since all other legislation combined accounts for only 2.5% of the burden imposed on businesses. The SAAQ's regulatory streamlining initiative can therefore be considered to not have a major impact on the plan. It does nonetheless simplify the operation of businesses, through concrete initiatives. For example:

- to facilitate carriers' operations, there is the harmonization of rules governing the obligations of heavy vehicle owners, operators and drivers with North American standards;
- from April 2001 when Québec signed onto the International Registration Plan (IRP), the SAAQ has implemented streamlined vehicle registration for inter-jurisdictional travel and in 2005, the *IRP Registrant's Guide* was revised for ease of understanding;
- some new vehicles bought at a dealership can be registered with the SAAQ, thereby saving time and costs for carriers;
- starting in 2009, businesses that take advantage of pre-authorized payments of vehicle licensing fees will benefit from automatic registration renewal.

AN AGING TECHNOLOGICAL INFRASTRUCTURE

- Over the coming years, infrastructures and applications that were put into place in the early phase of massive development during the 1970s and 1980s will have to be replaced. The limited market for material and software suppliers, and the need to integrate different generations of technology to meet the needs of users will no doubt put increased pressure on computer costs.

CHALLENGES

At the outcome of an examination of its strategic situation, the SAAQ identified five challenges for the period 2006 through 2010. These challenges are as follows:

- road safety;
- quality of public services;
- implementation of single-wicket Québec government services;
- financial stability;
- our organizational performance.

ROAD SAFETY

Deterioration of Québec's Road Safety Record

Between 1978, the year Québec introduced its automobile insurance plan, and 2001, the number of highway fatalities fell from 1,765 to 610 a year, a 65% decrease. Since 2001, this downward trend has reversed and the number of fatalities has varied sharply from year to year. There were 704 road-related deaths in 2005. This higher number of accidents has resulted in increased payouts of indemnities to accident victims.

In 2004, with 9.0 deaths per billion kilometres travelled, Québec's results are slightly poorer than overall figures for Canada. Ontario and a number of European countries have shown that it is possible to do better.

Region ¹³	2004
Sweden	6.3
Great Britain	6.4
Netherlands	6.4
Ontario	6.6
Finland	7.0
Australia	8.0
Germany	8.4
Canada	8.8
Québec	9.0
United States	9.0
France	9.3
Japan	10.7

The Cost of Road Safety

In 2005, when you add together the cost of compensation for bodily injuries, the value of lost productivity, the cost to repair property damage and spending for prevention initiatives, Québec's unsafe roads cost an estimated \$4 billion each year. In 2000, this cost amounted to

¹³ Data in the table come from official sources of the regions indicated.

\$3.7 billion¹⁴. This figure is an economic translation of the social tragedy of lost lives, individuals coping with injury and impairment, not to mention families who are tested to the limit.

A Primer for Change

To improve road safety initiatives must be implemented in partnership with others. This is the reason the Minister of Transport created the Table québécoise de la sécurité routière. This advisory committee, consisting of approximately thirty representatives from public and private organizations, advises the Minister on ways to improve road safety. The SAAQ also participates in preparing the government's road safety policy.

A Challenge to Québec Society

Road safety is fundamental to the SAAQ. Since preserving any headway that has been gained is a challenge in itself, permanently reversing the trend of a growing number of accidents over the last five years will be an even greater challenge to the SAAQ and its public and private partners. To successfully take on the challenge, new initiatives will be required and joint efforts stepped up, on the part of all partners.

THE QUALITY OF PUBLIC SERVICES

Over the course of the period 2006 through 2010, the SAAQ's financial situation will force it to rein in operating costs on the order of several tens of millions of dollars. The government policy to reduce the number of public servants will mean 10% fewer SAAQ employees.

The higher number of highway accidents in recent years has also led to an increased need for victim services. Growth in the number of road users has been steady: each year, the number of vehicles registered increases an estimated 2% and the number of driver's licence holders, 1.6%. Fortunately, half of all transactions for payment of driver's licence and vehicle registration fees are handled by financial institutions. Internet operations have grown significantly, but continue to represent only a small portion of overall transactions.

To maintain the level and quality of services to the public in a context of increasing demand and staff reductions, the SAAQ must make judicious choices, based on needs and expectations, and respect for the public's ability to pay.

INTRODUCTION OF SINGLE-WICKET ACCESS TO GOVERNMENT SERVICES

Services Québec is a public agency that was created in 2004 for the purpose of providing the public and businesses, throughout Québec, with a single-wicket service centre to access a variety of front-line public services. Based on the New Brunswick model, the public agency has gradually increased the number of services it offers.

¹⁴ BORDELEAU, Bertrand. *Évaluation et évolution de 1985 à 2000 des coûts de l'insécurité routière au Québec*. Société de l'assurance automobile du Québec. December 2002.

The SAAQ is one of the government of Québec's largest service organizations. It has a network of 43 recently renovated service centres and 108 outlets operated by licensing agents. This network is run by experienced employees who have recently begun working with state-of-the-art electronic equipment. The SAAQ has been approached to ensure that these valuable assets are transferred to Services Québec as the basis of its network of service wickets.

To begin the process, in some service outlets, personnel from Services Québec and the Bureau de la publicité des droits will be joining SAAQ personnel to implement the first integrated service wickets. Thereafter, upon conclusion of an agreement, all of the SAAQ's service outlets and resources will be subsequently transferred.

The project is not without consequence to the SAAQ however. The SAAQ will remain responsible for its services, but will entrust the delivery of these services to Services Québec. It will therefore be required to review its business strategies and ensure that the agreement it signs with Services Québec enables it to continue to fulfill its mission efficiently. It must also fully support personnel, who will be coping with major changes.

FINANCIAL STABILITY

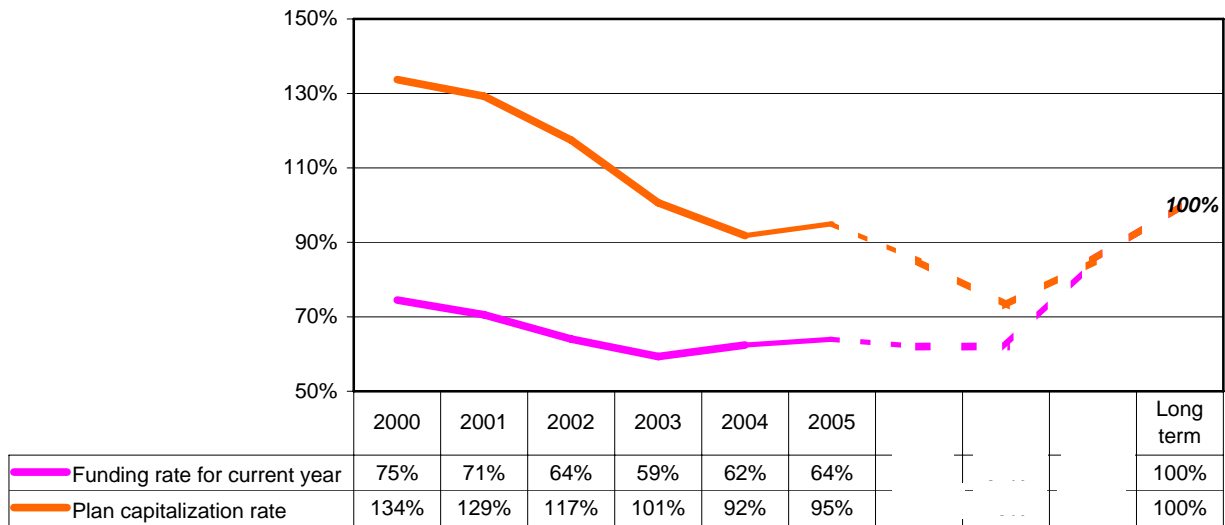
The SAAQ is in a situation of repeated deficits with regard to its two principal mandates: management of the Fonds d'assurance automobile du Québec and control of access to the highway system.

Financial Stability of the Fonds d'assurance automobile du Québec

Since the public insurance plan was created, premiums have remained inexpensive, considering the type of coverage provided. Contributions have changed little since 1985, despite a 70% inflation rate over the same period. Indemnities awarded to victims have continued to be indexed, but insurance premiums have not. Over the last twenty years, the plan has therefore been underfunded. Income in a given year does not cover accident-related expenses for the same year. Over time, this gap has grown significantly, totalling \$430 million for accidents that occurred in 2005.

Despite persistent under-funding, some factors enabled the SAAQ to avoid deficits up to the year 2000. Some of the key factors were higher-than-expected investment earnings, a positive road safety record, fewer highway accidents and lower than anticipated compensation costs.

Change in Financial Indicators (*)



* Data from 2004 and 2005 refer to the Fonds d'assurance automobile du Québec. Data from years prior to 2004 refer to the SAAQ.

In 2005, the rate of funding for the insurance year is 64%, and the plan's capitalization rate is 95%. This means that revenues collected in 2005 account for only 64% of the current value of monies required to cover the current and future needs of victims of road accidents over the same year. This also means that the assets of the Fonds d'assurance can only guarantee 95% of its commitments to accident victims. On this matter, it is important to specify that so long as the under-funding problem continues, the deficit that has accumulated will continue to grow and the harder it will be to achieve full funding.

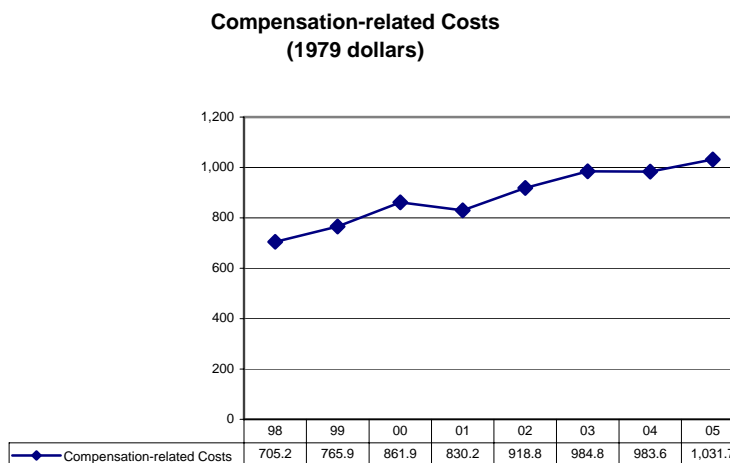
Performance of the Fonds d'assurance automobile du Québec

	2004	2005
Operating surplus (deficit)	(163,285)	218,980
Funding surplus (deficit) for the current year	(447,500)	(429,911)
Accumulated deficit	(616,951)	(397,971)

The SAAQ expects the annual funding shortfall to reach \$500 million in 2006. To make up the difference, insurance premiums must be increased. (Note that, based on a 2005 study by an actuarial firm¹⁵, Québec insurance premiums are currently the lowest in Canada.) The increase will be gradual and based on current speculation, is expected to cover only an estimated 60% of the funding gap. To cover the remainder of the shortfall, the SAAQ is counting on an improved road safety record and controlled costs of the plan.

¹⁵ ECKLER PARTNERS LTD. *Rapport sur les primes d'assurance automobile pour l'indemnisation des blessures au Canada*. July 2005.

In recent years, compensation-related¹⁶ costs have soared, even when the yearly indexation of indemnities is excluded. The jump in costs is attributed to a higher number of road accidents: more accident victims means higher compensation pay-outs. Indemnity periods have also grown progressively longer and health care costs have increased.



Financial Stability of the SAAQ Regarding its Mandate to Control Access to the Highway System

Control of Access to the Highway System

	2004	2005
Operating surplus (deficit)	(40,989)	(41,971)
Accumulated deficit	(28,945)	(70,916)

To achieve a fiscal balance with regard to the mandate of control of access to the highway system, the SAAQ must contemplate budget cuts and review how it fixes administrative fees for driver's licence and vehicle registration activities. Budget cuts will come about mainly by reducing personnel and levelling off investments. Government initiatives, such as setting up shared Québec service centres, may also bring down costs. A review of how the SAAQ determines administrative fees should be conducted on the basis of a user pay principle, and should target simplicity and clarity for the user.

OUR ORGANIZATIONAL PERFORMANCE

A worrisome financial situation, combined with pressure to reduce employee numbers, fear of losing some of our expertise and an erosion of our ability to attract and retain employees, difficulty maintaining the level and quality of services anticipated, and the transfer of a network of 43 service centres and 108 service outlets to Services Québec are all factors that affect the SAAQ's organizational performance.

¹⁶ Compensation costs for a given year include the value, from the date of the accident, of all payments accident victims must receive for that year. It does not include the plan's administrative costs. In the chart, to eliminate the effect of inflation, all figures have been converted to 1979 dollars.

To remedy the situation, action must be taken at a number of levels: refocusing efforts on core activities, optimizing procedures and fine-tuning elements of delivery of services. The SAAQ must also ensure the contribution of its partners and, particularly during these periods of fewer public employees, the full mobilization of its staff.

STRATEGIES, OBJECTIVES AND INDICATORS

NOTICE TO THE READER

Reference is made to two types of indicators in this chapter: implementation indicators and quantitative indicators. In the case of implementation indicators, the target is one year of performance; in the case of quantitative indicators, the target is the value to achieve.

STRATEGY 1 – REDUCE THE NUMBER OF ROAD ACCIDENT VICTIMS

To ensure significant and sustainable improvement in the road safety record, the SAAQ wants all public and private partners to give priority to this cause and to implement joint initiatives. The SAAQ is taking responsibility to produce results by making a commitment to reduce the number of road accident victims, specifically the number of fatalities and persons who are seriously injured.

As Fonds d'assurance automobile trustee, the SAAQ, with the collaboration of its partners, aims to bring the accident toll back to the status it was in 2001 (610 deaths, 5,064 seriously injured). To do that, it intends to raise awareness among road users and mount joint actions with the police. Regional organizations will be called upon to act on shared safety concerns.

The benefits on the road safety record are measured with the help of the following indicators:

	2003-2005
Triennial average of the number of fatalities in road accidents.	657
Triennial average of the number of individuals seriously injured in road accidents.	6,169

The SAAQ does not, by itself, set targets for lowering the number of accident victims. Those targets are established in the government's road safety policy announced by the Minister of Transport. The SAAQ takes part in preparing the policy; then, it works in concert with many different partners to implement the policy.

Government Strategy

Objective 1.1.1 – Actively participate in developing and implementing the government road safety policy.

Indicators	Years Targeted
Implementation of the objective:	
Participation in work to prepare the government road safety policy	2006 and 2007
Participation in the work of the Table québécoise de la sécurité routière	2006 and 2007
Plan to implement the policy – SAAQ component	2007
Implementation of the policy – SAAQ follow up	2007 and thereafter

Objective related to the Fonds d'assurance automobile du Québec

Objective 1.1.2 – In accordance with the mandate of trustee of the Fonds d'assurance automobile, beginning in 2007, increase our involvement in initiatives that are most likely to reduce the number of road accident victims.

Indicators	Years Targeted
Implementation of the objective:	
Identification of initiatives that show good potential to reduce the number of victims	2007
Awareness campaigns in concert with partners	2007
Strategy to mobilize the public to endorse road safety	2007
Status of implementation of the objective	2007 and thereafter

Regional Joint Initiatives

Objective related to the Fonds d'assurance automobile du Québec

Objective 1.2 – In accordance with the mandate of trustee of the Fonds d'assurance automobile, by the end of 2010, in cooperation with partners in the field, organize and introduce regional road safety initiatives.

Indicators	Years Targeted
Implementation of the objective:	
Tabling of a summary of the findings of regional joint initiatives	2008 and thereafter
	Target Value in 2010
Number of areas in which joint road safety initiatives are active:	—
a) spearheaded by the SAAQ	
b) spearheaded by an SAAQ partner	
c) in total	
Number of administrative regions in which at least one area of joint road safety initiatives is active	17
Percentage of areas of joint initiatives that have produced a regional plan of action	100%

STRATEGY 2 – DIRECT ACTIVITIES AND DELIVERY OF SERVICES BASED ON PUBLIC NEEDS AND EXPECTATIONS, AND AVAILABLE RESOURCES

In a situation of downsizing and budget restraint, the SAAQ seeks to continue to deliver quality services that are in keeping with public needs and expectations, and in accordance with available resources.

Knowledge of Clientele

Objective 2.1 – Beginning in 2008, ensure ongoing knowledge about the clientele of each type of service.

Indicators	Years Targeted
Implementation of the objective:	
Status of the situation of knowledge about clientele	2006
Update of knowledge about clientele	2007
Strategy to optimize knowledge about clientele	2008
Status of implementation of the strategy to optimize knowledge	2009 and 2010

Adjustment of Delivery of Services

Objective 2.2 – Beginning in 2008, adjust and streamline the delivery of services by using knowledge obtained about the clientele.

Indicators	Years Targeted
Implementation of the objective:	
Identification of actions to improve services	2007
New plan to improve services	2008
Status of implementation of the plan to improve services	2008 and thereafter

Delivery of Electronic Services

Objective 2.3 – From the beginning of 2007 to the end of 2010, increase the delivery of electronic services by 10%.

Indicators	Target Year
Implementation of the objective:	
Fact-finding report of online services available to road users	2007
	Starting Value
Proportion of use of methods of electronic services (interactive voice response, Internet).	Proportion as of December 31, 2006
	Target Value in 2010
	10% increase

STRATEGY 3 – CONTRIBUTE TO DEVELOPING A SINGLE-WICKET ACCESS TO GOVERNMENT SERVICES

The SAAQ is contributing to implementing the government's decision to use the SAAQ's service outlet network as the basis for the Services Québec regional network. Through a pending agreement with Services Québec, the SAAQ plans to offer better quality services at a lower cost. It also plans to ensure the harmonious integration of employees who are transferred to the new agency.

Quality and Cost of Services

Objective 3.1 – By the end of 2007, create an efficient business relationship with Services Québec that targets improving the quality of services available to SAAQ clients and reduced costs of services.

Indicators	Years Targeted
Implementation of the objective:	
Agreement with Services Québec to improve the quality and reduce the cost of services	2007
Follow-up of indicators based on specifics detailed in the agreement	2008 and thereafter

Recognition of Expertise

Objective 3.2 – To champion the role and expertise of SAAQ employees who are transferred to Services Québec.

Indicators	Years Targeted
Implementation of the objective: Agreement with Services Québec to ensure the harmonious integration of all employees who are transferred	2007

STRATEGY 4 – ENSURE FINANCIAL STABILITY

With regard to two of its mandates, management of the Fonds d'assurance automobile and control of access to the highway system, the SAAQ must be able to finance itself. Since in both cases, the SAAQ is in a situation of repeated deficits, it is seeking to re-establish a balance between income and expenses for the current year and to eliminate the accumulated deficit. With respect to the insurance fund d'assurance, a return to financial stability has been bolstered by the Act respecting the Société de l'assurance automobile du Québec.

Through joint road safety initiatives (Strategy 1), and action to optimize administrative processes (Strategy 5), the SAAQ aims to reduce expenses paid out of the fund. The insurance contribution rates that are scheduled to come into force on January 1, 2008 were calculated on the basis of the expectation of reduced expenditures. However, should the improvement hoped for in the road safety record fail to materialize, the SAAQ, will be forced to propose another adjustment to insurance contribution rates to ensure financial stability.

Funding Deficit

Objective related to the Fonds d'assurance automobile du Québec

Objective 4.1.1 – At the end of 2010, with regard to the mandate of trustee of the Fonds d'assurance automobile, to have achieved a balance between income and expenses for the current year.

Indicators	Starting Value	Target value in 2010
Deficit (income - expenses) for the current year	\$429.9 M	0
Funding status	64%	100%

Objective 4.1.2 – At the end of 2010, with regard to the mandate of control of access to the highway system, to have achieved a balance between income and expenses for the current year.

Indicators	Starting Value	Target value in 2010
Deficit (income – expenses) for the current year	\$42.0 M	0
Funding status	70%	100%

Accumulated Deficit

Objective related to the Fonds d'assurance automobile du Québec

Objective 4.2.1 – Before the end of 2008, with regard to the mandate of trustee of the Fonds d'assurance automobile, to have adopted a formula for recapitalization of the accumulated deficit and to have submitted the formula to the Panel of Experts on automobile insurance contributions.

Indicators	Target Year
Implementation of the objective:	
New policy for funding and capitalization presented to the Panel of Experts on automobile insurance contributions	2008

Objective related to the Fonds d'assurance automobile du Québec

Objective 4.2.2 – At the end of 2010, to have begun to eliminate the accumulated deficit with regard to the mandate of trustee of the Fonds d'assurance automobile.

Indicators	Starting Value	Crucial Target Value
Accumulated deficit	\$398.0 M	0 ¹⁷
Capitalization rate	95%	100% ¹⁸

STRATEGY 5 – OPTIMIZE OPERATIONS

Through this strategy, in a situation of staff downsizing and growth in the volume of activity, the SAAQ seeks to provide quality services and to reduce overall costs. It is particularly interested in ensuring a reasonable workload for its employees and maintaining administrative costs at 2005 levels.

Critical Review of Activities

Objective 5.1 – At the end of 2010, following a critical review of overall activities, to have eliminated or reconfigured the SAAQ's relevant activities.

Indicators	Years Targeted
Implementation of the objective:	
Adoption of critical review approach	2006
Description of SAAQ programs and activities	2007
Plan to implement reconfiguration options	2007
Status of advancement of development efforts	2008 and thereafter

¹⁷ Based on expectations, the accumulated deficit by December 31, 2010 should total \$2.9 billion.

¹⁸ The SAAQ expects the capitalization rate to be 73% by December 31, 2010.

Optimization of Business Processes

Objective 5.2 – By the end of 2010, with the aim to provide quality services in a situation of fewer employees and growth in the volume of activity, to optimize business processes in all areas of SAAQ activities.

Indicators	Years Targeted
Implementation of the objective:	
Status of the situation of optimization practices	2006
SAAQ optimization objectives and strategy	2007
Implementation plans for each area of business	2007
Status of advancement of optimization efforts	2008 and thereafter
Status of progress to achieve SAAQ optimization objectives	2008 and thereafter
Report on the results of a review of compensation practices	2009

STRATEGY 6 – CULTIVATE AN ORGANIZATION THAT FOSTERS RESPECT AND MOBILIZATION TO ENCOURAGE THE CONTRIBUTION OF EACH INDIVIDUAL

A large number of benefits are derived from this strategy. Among other things, the SAAQ will devote particular attention to employee satisfaction by focusing on employment atmosphere and a sense of membership in the organization.

Management of Adjustments

Objective 6.1 – By the end of 2008, implement a specific human resources management strategy to promote change within the organization.

Indicator	Years Targeted
Degree of satisfaction of personnel targeted by change	2007 and thereafter

Employee Involvement

Objective 6.2 – At the end of 2010, to have stepped up management practices based on participation, accountability and appreciation of SAAQ employees.

Indicators	Starting Value	Target Value in 2010
5 th rank for rate of absenteeism for health reasons in the Québec public service	3 rd rank 5 th	1 st rank 5 th
Rate of voluntary departure	3%	2%
		Target Value in 2008
Proportion of employees who find themselves in a situation where there is a balance between effort and recognition ¹⁹	71.8%	77%
Proportion of employees who have a balanced psychological need ²⁰ for freedom of action.	76.5%	80%

¹⁹ This indicator is measured during a research-follow-up of employee and organizational health conducted by Laval University researchers.

²⁰ Psychological demand is based on the amount of work, concentration required, presence of contradictory requests and frequency of interruptions.

DESIRED OUTCOMES

The 2006-2010 strategic plan is the outcome of deliberations of the SAAQ's board of directors and management committee, along with the participation of administrators. The aim of the plan is to implement major changes in order to successfully take on the challenges of a worrisome situation, which can be characterized as follows:

- operating deficits regarding the mandates of trustee of the Fonds d'assurance automobile du Québec and control of access to the highway system;
- a higher number of road accidents;
- a sharp and steady increase in compensation payouts to accident victims;
- discussions to transfer the SAAQ's network of 43 service centres and 108 service outlets to Services Québec;
- steady growth in demand for services from road users;
- a reduction on average of 2% yearly in the number of employees, resulting from retirement.

At the end of 2010, after having implemented the objectives of the 2006-2010 strategic plan, the SAAQ will have achieved decisive results for Quebecers. It will have in particular:

- safeguarded the public automobile insurance plan by guaranteeing accident victims that they will receive indemnities to which they are entitled;
- substantially reduced, with the help of key partners, the number of road accident victims and related human tragedies. By the same token, this will alleviate the need to raise insurance premiums to maintain the insurance plan;
- made an important contribution to develop the Services Québec network through the transfer of SAAQ service centres and service outlets, and the qualified employees who work there;
- optimized organizational performance and ensured mobilization of personnel to continue to provide quality public services, adapted to the actual needs of the clientele of each service and the ability of the public to pay.

The SAAQ will have therefore taken a major step towards implementing senior management's vision for the future: to be recognized as an efficient public organization, an insurer that aspires to excellence and Québec's road safety leader.

APPENDIX

SUMMARY TABLE

SUMMARY TABLE OF THE STRATEGIC PLAN 2006-2010

"People First"

CONTEXT

The 2006-2010 strategic plan is the outcome of deliberations of the SAAQ's management committee, combined with input from management. The plan is founded on the basis of major shifts that will be required to enable the SAAQ to successfully take on the challenges of a worrisome situation, which can be characterized as follows:

- operating deficits regarding some of its mandates;
- a higher number of road accidents
- a sharp and steady increase in compensation payouts to accident victims;
- discussion to transfer the SAAQ's network of 43 service centres and 108 licensing outlets to Services Québec;
- steady growth in demand for services from road users;
- a reduction on average of 2% yearly in the number of employees, resulting from retirement.

The 2006-2010 strategic plan proposes measures that will safeguard the public automobile insurance plan and enable the SAAQ to continue to provide quality public services. Through its commitment to improve the province's road safety record, in cooperation with its partners, and to optimize its organizational performance, the SAAQ will limit the need to raise insurance premiums to achieve financial stability.

ORGANIZATIONAL VALUES

➤ Rigour

Each individual ensures that services are provided or that goods are delivered with professionalism and integrity. Each person is responsible for generating quality results cost-effectively and ensuring fair and reasonable treatment of the clientele.

➤ Consistency

Actions and behaviour must be consistent with commitments set forth and messages communicated. Each individual exercises responsibilities and makes choices with a concern for how they will impact the organization and the public.

➤ Respect

Each person is responsible for creating and maintaining the confidence of the public, partners and colleagues. Each individual must demonstrate transparency, an ability to listen, recognition and openness to differences.

MISSION

The mission of the SAAQ is to protect and insure individuals against the risk of road accidents. To this end,

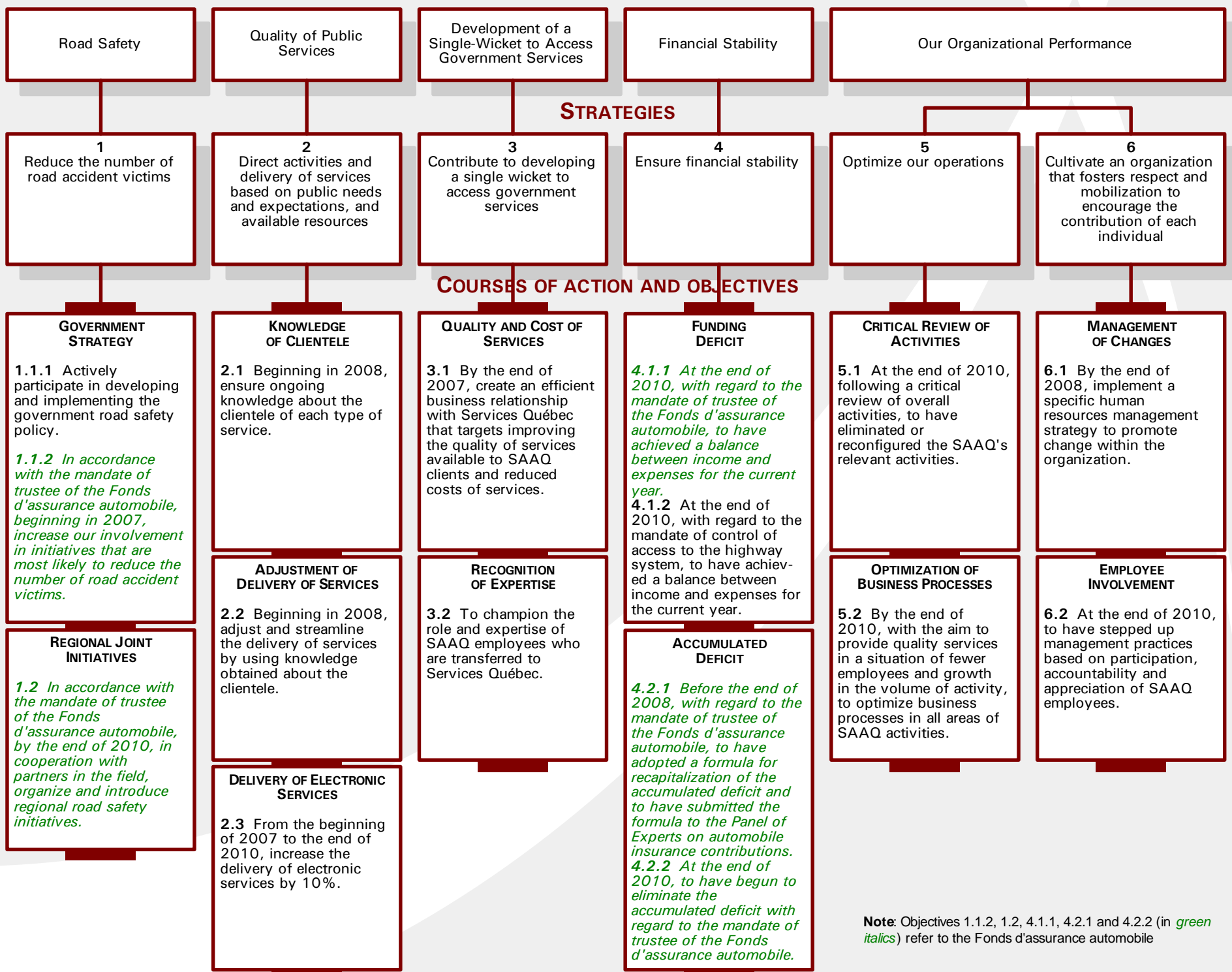
- as trustee of the Fonds d'assurance automobile du Québec:
 - it compensates victims of road accidents and facilitates their rehabilitation,
 - it promotes accident prevention and road safety,
 - it sets rates for and collects insurance premiums;
- it controls the right of access to the highway system and collects related fees;
- it oversees and monitors highway carriers of goods and passengers.

VISION

The SAAQ will be recognized:

- for its leadership in making driving on Québec roads the safest in the world;
- for its excellence as a bodily injury insurer;
- for its performance as a public organization that is at the service of road users.

CHALLENGES



Note: Objectives 1.1.2, 1.2, 4.1.1, 4.2.1 and 4.2.2 (in green italics) refer to the Fonds d'assurance automobile