



Industry
Canada

Industrie
Canada

Industry Canada **Performance Report**



For the period ending
March 31, 2001

Minister of Industry

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SECTION 1: MINISTER'S PORTFOLIO MESSAGE

The Government of Canada is committed to making Canada a world leader in the global knowledge-based economy of the 21st century. To meet this goal, the government has set out a very bold vision: to have Canada recognized as one of the most innovative countries in the world.

Why this emphasis on innovation? Innovation is one of the most powerful sources of competitive advantage in modern economies. It fuels productivity and economic growth, and that translates into greater prosperity and a better quality of life for all Canadians. Our ability to acquire, adapt, and advance knowledge will determine how well Canadian businesses and Canada as a nation innovate and, in turn, how well Canada competes in the global arena.

Promoting innovation, research and development is a cornerstone of our government's agenda, and we have made progress. Canadian businesses have boosted their research and development (R&D) spending at the second fastest rate among G-7 countries. We have the fastest rate of growth in R&D jobs. And the government is committed to doubling its R&D investments and catapulting Canada into the ranks of the top five countries in the world for research and development performance by 2010.

When it comes to embracing the Internet revolution, or what has come to be known as connectivity, Canada's record is the envy of the world. Our country is one of the most connected countries in the world. We connected all of our schools and libraries to the Internet over two years ago. We have the highest percentage of our population on-line of any country in the world.

THE INDUSTRY PORTFOLIO IS ...

- Atlantic Canada Opportunities Agency
- Business Development Bank of Canada*
- Canada Economic Development for Quebec Regions
- Canadian Space Agency
- Canadian Tourism Commission*
- Competition Tribunal
- Copyright Board Canada
- Enterprise Cape Breton Corporation*
- Industry Canada
- National Research Council Canada
- Natural Sciences and Engineering Research Council of Canada
- Social Sciences and Humanities Research Council of Canada
- Standards Council of Canada*
- Statistics Canada
- Western Economic Diversification Canada

** Not required to submit Performance Reports*

Furthermore, the National Broadband Task Force has advised the government on how Canadians together can achieve the critical goal of making broadband access widely available to citizens, businesses, public institutions and all communities in Canada by 2004.

As Minister of Industry, I am responsible for the Industry Portfolio, which consists of 15 departments and agencies that play a key role in delivering on the government's agenda. With over 40 percent of federal government spending on science and technology, and a wide range of complementary programs to help businesses both large and small thrive and prosper, the Industry Portfolio has a national reach, regional depth and community presence across the country.

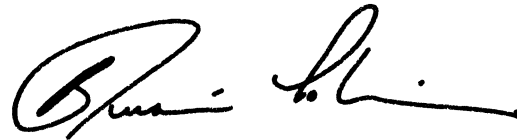
I am pleased to present this Performance Report for Industry Canada, which shows the significant contribution that the Department made to the federal government's agenda over the 2000–01 fiscal year. Highlights of our accomplishments include the following:

- Amendments to several Acts, including the *Canada Business Corporations Act* and the *Patent Act*, received Royal Assent during the period as part of our legislative reform efforts.
- Following the \$140-million grant to Genome Canada to enable Canada to become a world leader in genomic research, 22 large-scale R&D projects and technology platforms were approved to address public concerns and increase awareness.
- As more e-commerce opportunities are open for Canadian companies, Canada's latest international rankings in terms of connectedness (second) and e-readiness (fourth) stimulate us and our partners to move beyond our initial agenda of Connecting Canadians and further address the infrastructure, use and content of our Information Highway.
- In cooperation with its Trade Team Canada Sector partners, Industry Canada organized Canadian participation in a number of high-technology, knowledge-based industry trade shows, which helped brand Canada as an advanced, sophisticated country, and generated millions of dollars in on-site or follow-up sales as well as investments.

- As Industry Canada enhances its client services through the Government On-Line initiative, I am proud to report that we have made considerable progress in improving electronic access to our programs and services as confirmed by a dramatic increase in usage levels.

These are but a few of the many achievements reported by Industry Canada in this Departmental Performance Report, which I invite the reader to peruse.

The government's strategy has been to strengthen Canada's capacity for innovation by investing in research and knowledge, and by fostering a nation of highly skilled people. We are assisting all Canadians with life-long access to the tools and skills they need for success. We are laying the foundation of a state-of-the-art research environment in which our best and brightest can make their ground-breaking discoveries right here at home. And we are working with our researchers and entrepreneurs to make sure that Canada is the place where new products and processes get to market first and fastest.



Brian Tobin
Minister of Industry

SECTION 2: DEPARTMENTAL PERFORMANCE

2.1 SOCIETAL CONTEXT

Industry Canada's Business: Growing a Dynamic Economy

The government's objectives outlined in the 2001 Speech from the Throne — making Canada one of the most innovative countries in the world, positioning Canada as one of the most attractive places in which to invest, improving Canada's status as the most connected nation in the world and developing the full potential of Canadian citizens — highlight the key role Industry Canada plays.

Industry Canada's mandate is to help make Canadians more productive and competitive in the knowledge-based economy and thus improve the quality of life in Canada. The Department's policies, programs and services help grow a dynamic and innovative economy that

- provides more and better-paying jobs for Canadians;
- supports stronger business growth through sustained improvements in productivity; and
- gives consumers, businesses and investors confidence that the marketplace is fair, efficient and competitive.

Industry Canada fulfils its mandate and contributes to the government's objectives by developing effective micro-economic policies as well as programs and services directly aimed at Canadian businesses and consumers across the country. The Department works in partnership with industry, universities, colleges, non-governmental organizations (NGOs), other Industry Portfolio members and government departments, and provincial and territorial governments.

The Challenge of Sustained Productivity Growth

Productivity Performance is Key

Productivity drives the Canadian economy, and productivity growth affects all Canadians through increased employment and better jobs. Productivity growth is the fundamental determinant of our standard of living and quality of life. The income growth that results from increased productivity enables the government to provide services that address social, economic and sustainable development issues.

CANADA'S ECONOMIC PERFORMANCE IN 2000-01

- Our overall economic performance continued strong, with 22 quarters of growth as of spring 2001.
- The unemployment rate fell significantly, averaging 6.8 percent last year.
- Job creation remained strong and Canada led the G-7 countries with the best rate of job creation since 1996.
- Gross domestic product (GDP) increased by 4.4 percent in 2000 and by 2.5 percent in the first quarter of 2001.
- Exports increased by 9.6 percent in 2000.
- Machinery and equipment investments increased by 9.7 percent in 2000.
- Industrial production increased by 5.3 percent in 2000.

Canada's Productivity Performance

For the past several decades, Canada's productivity performance relative to other Organisation for Economic Co-operation and Development (OECD) countries has lagged. Within a North American context, Canada has operated at productivity levels between 15 and 20 percent below those of the United States. This productivity performance has been a key factor behind income differences between the two countries.

Although steps taken since 1994 to inject greater dynamism into our economy are paying off, and productivity figures for Canada over the past year have been encouraging, it is also clear that more needs to be done to ensure that Canada's productivity performance improves. Challenges remain, the most significant of which is the need to broaden and deepen Canada's innovation capacity, as well as to increase the openness of Canada's economy to the world, particularly to the pervasive influence of the world's largest and most dynamic knowledge economy — the United States. Canada also shares a common North American economic space with our other North American Free Trade Agreement (NAFTA) partner, Mexico, an increasingly strong competitor in the rich American marketplace.

For Canada to achieve economic success in the North American and global markets, we must continue to improve our productivity performance and invest in knowledge creation (including skills for the knowledge economy). In these areas, Canada must be better than our main competitors, including our largest trading partner and competitor, the United States.

Improving productivity growth requires persistent effort from individuals and institutions, entrepreneurs, workers, firms, research institutions and governments — in all parts of Canada and in all sectors of the economy. A commitment to keep productivity at the forefront of decision making will positively affect our standard of living, our capacity to achieve sustainable development, and our quality of life.

The private sector is the most important agent for productivity improvement. Productivity improvements come from the firm-level decisions of managers and workers on a daily basis. These decisions and related actions have a significant effect on productivity at the national level. Knowledge is changing what

makes business competitive. Successful businesses are increasingly dependent on knowledge workers, innovation and technology. These businesses are the leaders in improving productivity in the economy.

Where Industry Canada Adds Value

Quick and easy solutions to improve productivity growth in Canada's economy do not exist. The world economy and society have undergone fundamental changes in the shift to knowledge-based growth.

In the long run, knowledge and a skilled work force to apply this knowledge are the main sources of productivity and income growth, and improved quality of life. For this reason, succeeding in a dynamic, knowledge-based society is the lens through which Industry Canada examines each of its policies and programs.

The Department's efforts typically fall into the following four categories:

- creating the right climate through policy, and legislative and regulatory initiatives;
- increasing clients' and stakeholders' awareness of current issues, opportunities and responsibilities;
- helping clients and stakeholders develop their ability to respond to opportunities and meet their responsibilities; and
- encouraging the adoption of behaviours that contribute to productivity, employment and income growth.

As illustrated in the Industry Canada Priorities Chart (*see page 5*), Industry Canada focusses on five strategic objectives (www.ic.gc.ca/priorities) and underlying commitments to key results, in order to build the competitive advantage that Canada needs for long-term productivity growth. The key commitments identified for each strategic objective reflect the achievements that Industry Canada is pursuing.

INDUSTRY CANADA PRIORITIES CHART

Growing a Dynamic Economy
 • Productivity Growth • Employment Growth
 • Income Growth

SUCCEEDING IN THE KNOWLEDGE-BASED ECONOMY

INDUSTRY CANADA: MEETING THE CHALLENGE

STRATEGIC OBJECTIVES



KEY RESULTS

<ul style="list-style-type: none"> ▶ Increased recognition of innovation as a critical success factor in all sectors ▶ Expanded knowledge base, especially in fields with good opportunities ▶ Accelerated commercialization and adoption of innovative processes and products by Canadian organizations ▶ Increased development and application of eco-efficient practices and technologies in Canada 	<ul style="list-style-type: none"> ▶ Canadians connected to each other and to the world in a way that is affordable and accessible ▶ A world-leading environment for electronic commerce ▶ Canadian digital content and applications on-line maximized ▶ Expanded on-line delivery of key government services and information in an integrated way to businesses and consumers 	<ul style="list-style-type: none"> ▶ A responsive marketplace framework for business, consumers and investors that is fair, efficient, competitive and world-class ▶ A marketplace that operates in accordance with the framework statutes, regulations, policies and procedures ▶ Confidence in the marketplace 	<ul style="list-style-type: none"> ▶ Improved domestic and international investment climate ▶ Canada branded and recognized as an investment location of choice ▶ Increased attraction and retention of multinational investment in Canada ▶ Increased investment by SMEs and by Aboriginal businesses 	<ul style="list-style-type: none"> ▶ Secure market access maintained and improved ▶ Export capability and preparedness ▶ International market development ▶ A more coordinated and cohesive approach to international trade development
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The five strategic objectives are mutually reinforcing and they work together to encourage growth in our economy — through increased levels of productivity, employment and income.

2.2 EXPECTED PERFORMANCE RESULTS

Moving Ahead on Sustainable Development

Recognizing that improving the quality of life for Canadians means building a strong economy and maintaining a healthy environment, Industry Canada is committed to integrating sustainable development into the delivery of its mandate of helping make Canadians more productive and competitive. This commitment was strengthened in the past year with the addition of a new key result in the Department's priorities chart, calling for supporting the "increased development and application of eco-efficient practices and technologies in Canada." This amendment was driven by the Department's new Sustainable Development Strategy (<http://strategis.gc.ca/sd>), which is focussed on leadership and partnerships to promote sustainable development through the following three objectives:

- productivity through eco-efficiency;
- environmental technologies; and
- integrating sustainable development into decision making.

Serving Canadians

In fulfilling its mandate, Industry Canada places clients at the core of its departmental approach. In doing so, it has become a leader in providing client-focussed services and leading-edge information products. Business Gateway.ca (<http://BusinessGateway.ca>) is a partnership initiative to provide streamlined access to all federal information, forms, programs and services for Canadian businesses. The network of Canada Business Service

Centres, a partnership of federal departments and the provinces and territories, provides an integrated access point for information on business programs, services and regulations (http://www.cbcs.org/annual_report). Recently, this has been enhanced to include the Ontario Aboriginal Business Services Network (<http://www.cbcs.org/ontario/ABS>), in partnership with Aboriginal organizations and regional agencies across the country. Leading-edge Internet services such as *Strategis* (<http://strategis.gc.ca>) and *ExportSource* (<http://exportsource.gc.ca>) provide businesses and individuals with strategic information services 24 hours a day, seven days a week. Industry Canada's Canadian Consumer Information Gateway (<http://consumerinformation.ca>), a Government On-Line initiative, gives fast and easy access to all of the consumer information provided by the Government of Canada and its partners.

Employees working in Industry Canada's five main regional offices and local service points, located in 50 communities, help to deliver all of the Department's products and services, and provide an important regional dimension to address the unique issues and concerns of the Department's diversified client base.

2.3 FINANCIAL INFORMATION

Summary of Industry Canada's Financial Performance Information

Planned Spending	\$1,168,887,000
Total Authorities	\$1,388,034,334
2000–01 Actuals	\$1,236,922,020

Industry Canada receives its budget through the Main and Supplementary Estimates approved by Parliament. In 2000–01, Industry Canada's Main Estimates budget was approved at \$1,168.9 million. Through the Supplementary Estimates plus other authorities, the Department received an additional

\$219.1 million, for a total authority of \$1,388.0 million.

2.4 PERFORMANCE ACCOMPLISHMENTS

INNOVATION — Improving Canada's innovation performance

The Importance of Innovation

In today's global, knowledge-based economy, the pace of change is accelerating, and the constant creation and application of new ideas and new ways of doing things are transforming success factors throughout the economy. Innovation is the key to productivity growth in all sectors of our economy and society — from resource to service industries, from traditional manufacturing to high technology, from government to educational institutions. For Canada to thrive in the future, we must create opportunities for innovation and excellence throughout the economy.

"To secure our continued success in the 21st century, Canadians must be among the first to generate new knowledge and put it to use. Our objective should be no less than to be recognized as one of the most innovative countries in the world. Achieving this will require a comprehensive approach and the support and participation of all governments, businesses, educational institutions and individual Canadians."

— Government of Canada
Speech from the Throne, 2001.

Innovation drives progress in the knowledge economy and society. Canada's innovation performance hinges on our ability to learn new skills, adapt to changing conditions, generate discoveries and seize opportunities. By meeting these challenges, Canada will experience increased job growth, a higher standard of living and an improved capacity to promote sustainable development.

The Innovation Challenge

OECD studies suggest that an "innovation gap" separates Canada from our competitors. Canada has been adjusting to the knowledge-based economy, but not quickly enough. Although we have made significant improvements in our key innovation indicators — research and development (R&D), patents and technology adoption — over the past few years, we are still between fifth and seventh place overall among G-7 countries.

Industry Canada's Response

Industry Canada's five strategic objectives work together to improve both our productivity performance and our innovative capacity. Strengthening Canada's innovation system helps ensure that discoveries and breakthroughs can be generated and developed in Canada and that the social and economic benefits of these innovations contribute to Canadians' quality of life. A sound marketplace framework helps establish a competitive business environment that supports investment and entrepreneurial activity. Connecting Canadians initiatives improve access to the Internet, promote learning and skills development, facilitate the development of electronic commerce (e-commerce) and support high-speed networks for R&D. Trade creates new markets for specialized innovations and brings new ideas and technologies into Canada. With respect to investment, innovation works two ways. An innovative economy attracts investment; and foreign investment brings skills, new management techniques and ideas, as well as financial resources, to Canada.

The Department has worked to ensure that Canada has well-educated and highly skilled people to participate in the knowledge-based economy. It has also worked to ensure that Canada continues to invest in the creation and sharing of knowledge and that new ideas are translated into economic and social benefits for Canadians. The Department further ensures that our public and business

BIOTECHNOLOGY

- Industry Canada coordinated the Canadian Biotechnology Strategy (CBS) on behalf of six other key departments, the National Research Council Canada (NRC) and the granting councils (<http://strategis.gc.ca/cbs>). An expert-based Canadian Biotechnology Advisory Committee (CBAC) advised the CBS ministers as they engaged in public consultations on genetically modified food and the patenting of higher life forms (<http://cbac-ccc.ca>).
- In December 2000, it also published more than 40 research reports contributing to the knowledge base on these issues profiled in current public debates.
- In cooperation with other departments, Industry Canada developed specific initiatives to implement the strategy for the economic development of biotechnology published in October 2000 and entitled *Pathways to Growth: Opportunities for Biotechnology* (<http://strategis.gc.ca/SSG/bo01604e.html>). As part of the federal government's effort to engage Canadians, the Department developed the Biotechnology Gateway, which provides a portal for business and consumer inquiries on the industry, regulations, consumer issues and ethics, along with links to other key biotechnology sites (<http://strategis.gc.ca/SSG/bo01376e.html>).

environment is conducive to innovation. As well, Industry Canada is developing innovative techniques that promote productivity through eco-efficiency in Canadian business. Investing in these areas will provide Canadians with opportunities for a high standard of living and a high quality of life.

Industry Canada's economic research and analysis efforts are aimed at informing the national debate on important micro-economic issues such as innovation and productivity. The Department is now widely recognized as a leading-edge research organization and a centre for micro-economic analysis in Canada.

However, challenges remain. Two of the most important are for Canada to substantially improve its position against world-leading economies that are also seeking to move ahead, as well as to bridge the science–industry gap on the road to commercialization.

TECHNOLOGY ROADMAPS

- The Medical Imaging Technology Roadmap provides a market-driven forecast of technologies needed to improve patient care and enhance the global competitiveness of the sector.
- The Canadian Aluminium Industry Technology Roadmap provides firms with a strategic planning tool for technology development; positions the industry in the most promising national and international markets; and serves as a guide for research and training programs within universities and governments. The roadmap is the result of a concerted effort between NRC, Canada Economic Development for Quebec Regions, Industry Canada and the Réseau Trans-Al inc.
- The Lumber and Value-Added Wood Products Technology Roadmap provides knowledge on the skills and the critical technologies required by Canadian firms to meet market demands over the next decade, and assists them to become increasingly competitive. The roadmap was developed by Forintek Canada Corp. in consultation with the lumber industry and its major partners, funded by Industry Canada and by the provincial governments of British Columbia, Alberta, Saskatchewan, Ontario, Quebec and New Brunswick.
- Information can be found in the booklet entitled *Technology Roadmapping: A Strategy for Success* (http://strategis.gc.ca/sc_indps/trm/engdoc/trmguide_e.pdf).

Increased recognition of innovation as a critical success factor in all sectors

In order to improve Canada's productivity, Industry Canada is working to create a broad understanding of innovation and build an innovation culture based on excellence and opportunity for all Canadians. More Canadian

organizations have to recognize that, in the knowledge-based economy, the development of innovative products and processes is key to success in the global marketplace.

To address this issue, Industry Canada undertakes activities that support and encourage organizations to participate in the innovation agenda. For example, in 2000-01, Industry Canada produced and published reports and papers on productivity and innovation, as well as developed Internet-based tools and roadmaps to help firms become more innovative. For more detailed information, see Appendix A-1.

Expanded knowledge base, especially in fields with good opportunities

Investment in R&D promotes the creation and sharing of knowledge and encourages the development of highly skilled people who then apply knowledge for public and private benefit. Despite high growth rates in business R&D in the 1990s, the amount of R&D funded and performed by Canadian businesses is still the second lowest in the G-7. As well, we have a high level of expenditure in public education, but OECD data show that Canada has relatively few researchers, particularly scientists and engineers, in the labour force. In order to improve this situation, Industry Canada is investing in Canada's knowledge infrastructure to build our research capacity and develop and support generators of knowledge. An example of such investment is Technology Partnerships Canada, which offers financial support for research, development and innovation in environmental technologies, enabling technologies, and the aerospace and defence industries. Further detail of Industry Canada's efforts in 2000-01 can be found in Appendix A-1.

TECHNOLOGY PARTNERSHIPS CANADA

During 2000-01, Technology Partnerships Canada (TPC) invested almost \$0.5 billion in 28 projects, leveraging more than \$2.7 billion in additional investments projected to create or maintain more than 9,300 jobs. This included an investment of \$213 million in 10 sustainable development-related projects, leveraging \$927 million.

As of March 31, 2001, TPC's cumulative portfolio included projects representing an overall R&D investment of almost \$9.0 billion (including \$1.6 billion from TPC). These projects are expected to create or maintain more than 30,000 jobs. To date, TPC's portfolio includes six projects involving foreign direct investment. Total investment in these projects from all sources is more than \$1.3 billion.

TPC invests in small and medium-sized enterprises (SMEs), both directly and through its partnership with NRC's Industrial Research Assistance Program (IRAP). As of March 31, 2001, IRAP had invested more than \$71.5 million in 189 projects with SMEs, which will leverage \$152 million in additional investments. TPC's active portfolio includes more than \$486 million in 79 projects with SMEs.

<http://tpc.ic.gc.ca>

Accelerated commercialization and adoption of innovative processes and products by Canadian organizations

To generate the highest return from our investment in knowledge, we need to apply and capitalize on our new ideas and processes. However, compared with our international competitors, Canada exhibits slower rates in terms of the commercialization of research findings and the adoption of new processes and technologies. Industry Canada works to accelerate the commercialization and adoption of innovative processes and products by Canadian organizations in all sectors of the economy. Industry Canada's efforts in 2000-01 included helping transfer intellectual property to Canadian firms, assisting Canadian start-up companies and working

GENOME CANADA

In *Budget 2000*, the federal government provided a \$160-million grant to Genome Canada and in February 2001, Minister Tobin announced that Genome Canada would receive a one-time grant of \$140 million. He also stated: "Genomics promises tremendous quality of life benefits for all Canadians, especially in health, and will be a key economic engine in the 21st century."

The objective of this initiative is to enable Canada to become a world leader in selected areas of genomic research. Genome Canada is a not-for-profit corporation dedicated to developing and implementing a national strategy in genomics research for the benefit of Canadians.

Milestones achieved include a peer-review selection, and approval by the Board of Directors, of 22 large-scale R&D projects and technology platforms at five new Genome Centres (in British Columbia, the Prairies, Ontario, Quebec and Atlantic Canada) to address public concerns and increase public awareness about genomics research in the sectors of health, agriculture, environment, forestry and fisheries.

<http://www.genomecanada.ca>

with the technology sector to address future training needs for highly skilled workers. Details can be found in Appendix A-1.

Increased development and application of eco-efficient practices and technologies in Canada

Industry Canada added this new key result under the innovation objective to further its second Sustainable Development Strategy. This commitment will increase the development and application of eco-efficient practices and environmental technologies in Canada. Eco-efficiency is about doing more with less. It challenges business to achieve more value from lower inputs of materials and energy, while reducing toxic emissions. Eco-efficiency has emerged as an important driver of innovation that can also lead to

increases in firm productivity, competitiveness and better environmental performance.

Environmental technologies represent a dynamic and high-growth area of the global economy. These technologies reduce environmental risk, increase cost-effectiveness, improve process efficiency, and create products and services that improve environmental performance. However, Canadian organizations generally lag behind international competitors in terms of awareness, R&D performed, and adoption of eco-efficient practices and environmental technologies. Canada faces a considerable challenge in terms of mobilizing a critical mass of firms that are ready and able to satisfy the burgeoning global demand. Industry Canada is working with its partners to encourage the development and diffusion of these technologies in Canadian industry.

The Department's efforts in 2000–01 included organizing national workshops, developing on-line tools, and holding consultations with government, academic and industrial organizations. Specific information on the Department's efforts can be found in Appendix A-1.

CONNECTEDNESS — Making Canada the most connected country in the world

The Importance of Connectedness

Connectedness is the platform for the knowledge economy and society. Ensuring that all Canadians are connected by networks to the knowledge, information and opportunities necessary for economic success and social prosperity is at the core of the Connectedness Agenda. Canadian citizens and businesses are living and competing in a global economy where success depends on the development, acquisition, use and, most importantly, sharing of knowledge through networks.

Connected citizens are better able to access the knowledge they need to develop their skills, stay abreast of new technological developments, and acquire new ideas that lead to new and more effective ways of contributing to the economy and society.

Networked businesses are well positioned to take advantage of local and global opportunities and innovations that lead to increased productivity and prosperity. Through this competitive, knowledge-based advantage, countries can offer unique products and services for trade and become attractive locations for investment.

The Connectedness Challenge

The world is changing at a phenomenal pace, and Canada recognized early on that connectedness is the foundation of a strong economy and society. Canada is meeting the challenge of building the Information Highway and encouraging businesses and citizens to use it to their advantage. However, Canada must accelerate its efforts in the face of competition from other nations that are coming on-line and moving aggressively to surpass our accomplishments. The ultimate challenge — realizing the benefits of connectedness faster than our global competitors do — requires the support and commitment of both the private sector and governments. This will help to ensure that Canadians and businesses use connectivity to develop knowledge and skills and are better positioned to capitalize on new economic and market opportunities in the new economy.

A country with the advantage of an advanced Information Highway infrastructure will attract and retain investment and become a location of choice for e-commerce activity, thus allowing its businesses to capitalize on global market opportunities. Canadian businesses must be encouraged to adopt e-commerce applications and stimulate the development of made-in-Canada e-commerce applications, particularly

where these applications are expected to confer a competitive advantage.

Industry Canada's Response

Industry Canada has made tremendous progress toward the goal of making Canada the most connected country in the world. Networking, knowledge sharing and innovation are keys to success in the new economy. The Conference Board of Canada has developed a connectedness index for Canada and nine other countries — the G-7 countries, Australia, Finland and Sweden. Canada ranks second behind the United States in connectedness (*see Figure 1 on page 12*).

Progress on Industry Canada's connectedness goals is being achieved by focussing on activities, programs and policies related to the six pillars of the Connecting Canadians initiative. Although activities related to these pillars are still relevant and continue to bring us closer to our connectedness goals, the Connectedness Agenda is evolving beyond connectedness in order to maintain and accelerate our strong presence in the global economy.

NATIONAL BROADBAND TASK FORCE

The National Broadband Task Force was established in January 2001 by the Minister of Industry. The principal mandate of the task force is to map out a strategy for achieving the Government of Canada's goal of ensuring that broadband services are available to businesses and residents in every Canadian community by 2004. In addition, the task force was asked to advise the government on issues related to the development and deployment of broadband networks and services in Canada.

<http://broadband.gc.ca>

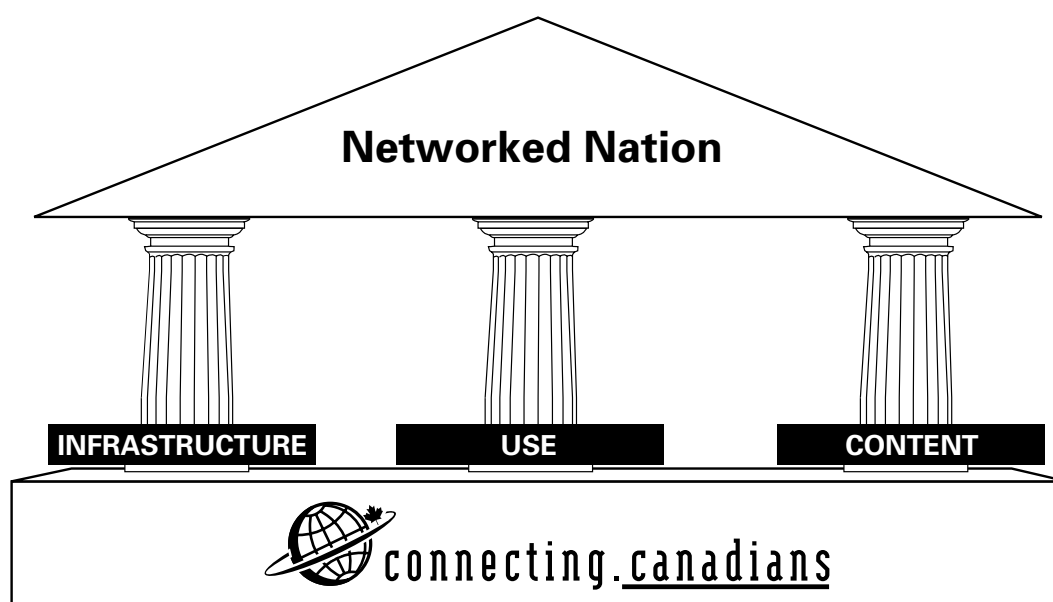
**FIGURE 1
SUMMARY OF CONNECTEDNESS INDEX RESULTS FOR 2000**

	Overall		Availability		Price		Reach		Use	
# of Indicators	33		10		7		9		7	
Weightings	100%		20%		5%		25%		50%	
Country	Rank Index		Rank Index		Rank Index		Rank Index		Rank Index	
United States	1	130	1	204	2	106	2	106.8	1	114
Canada	2	126	2	186	3	105	3	106.6	2	113
Sweden	3	121	3	181	6	99	1	109	3	105
Finland	4	117	5	174	1	107	4	104	4	102
United Kingdom	5	115	4	180	10	89	7	97	5	100
Australia	6	113	6	168	4	103	6	98	6	99
Germany	7	108	7	161	7	98	9	94	7	95
Japan	8	104	9	144	9	95	5	100	8	92
France	9	104	8	156	5	100	10	92	10	89
Italy	10	99	10	130	8	98	8	94	9	90

Source: Conference Board of Canada, January 2001.

Industry Canada has three main areas of focus as Canada moves beyond connectedness — infrastructure, use and content. These areas are intrinsically linked and must be addressed simultaneously, if we are to realize the benefits of the knowledge economy. Efforts must be undertaken in each of these areas to ensure our foundation and early lead are not wasted. We must strengthen our infrastructure through high-speed broadband, mobile Internet and other technologies, and continue our efforts on framework policies.

Efforts are also needed to bridge the digital divide, whether caused by geographical, financial or technological obstacles, and ensure that all Canadians have the opportunity to participate in the knowledge-based society. Due to the rapid pace of technological change, we must further develop, sustain and increase our skilled labour pool; help Canadian businesses harness the potential of e-commerce, the Internet and other technologies; and maximize the development of Canadian content and applications.



INFRASTRUCTURE

Canadians connected to each other and to the world in a way that is affordable and accessible

Within the pro-competitive market framework established and maintained by Industry Canada, the private sector, through the information and communications technology (ICT) industry, is increasing the capacity and speed of the communications infrastructure, particularly with respect to the Internet. As a result, Canada has one of the best communications infrastructures in the world, and is a leader in cable and telecommunications service, quality, market development and rates. However, not all Canadians have universal and affordable access to telecommunications services, the Internet, or new advanced systems and services. This contributes to a loss of economic and social opportunities and to a digital divide. Many rural and remote regions lack advanced infrastructure and may find the financial and technological hurdles difficult to overcome without the federal government's help.

PROVIDING CANADIANS WITH ACCESS

- **SchoolNet** doubled its goal by connecting 500,000 computers in schools and libraries across Canada (<http://www.schoolnet.ca>).
- **Computers for Schools** exceeded by 14,000 its target of 250,000 computers delivered to schools as of March 31, 2001 (<http://www.schoolnet.ca/cfs-ope>).
- The **Community Access Program (CAP)** has built a network of 8,800 CAP sites across Canada (<http://cap.ic.gc.ca>).
- **First Nations SchoolNet** had connected 108 of 156 eligible First Nations communities (without schools) to the Internet as of March 31, 2001 (<http://www.schoolnet.ca/aboriginal>).
- The **Voluntary Sector Network Support Program (VolNet)** had connected 7,491 organizations as of March 31, 2001, through 38 delivery agencies, and has selected 9,274 participating voluntary organizations (<http://www.volnet.org>).

THE CANADIAN YOUTH CONNECTION

Industry Canada is getting young Canadians involved in the technologies of tomorrow. Under the federal Youth Employment Strategy, Industry Canada provides young Canadians with that important first job experience and gives them the skills they need for the future. The following lists major achievements since the inception of each program.

- The **Student Connection Program** hired more than 3,800 post-secondary students to provide Internet training and e-commerce awareness and assistance to more than 90,000 business clients and seniors (<http://scp-ebb.com>).
- The **Community Access Program's Youth Initiative** hired more than 5,600 youth to work in CAP sites to inform community members about the potential of the Internet and provide training on the Internet and related technologies (<http://cap.ic.gc.ca/english/7000.shtml>).
- The **Computers for Schools Technical Work Experience Program** hired more than 1,600 youth for skills development and job-oriented experience in computer technology repair and refurbishing (<http://www.schoolnet.ca/cfs-ope>).
- **SchoolNet's Youth Employment Initiative** hired more than 1,900 youth to work in ICT-related areas in schools and libraries at jobs such as providing technical support and training for teachers, students and public library patrons on the use of the Internet (<http://www.schoolnet.ca/yei>).
- **Canada's Digital Collections** hired more than 2,500 youth to design and develop more than 400 Web sites of Canadian content featured on the Canada's Digital Collections Web site (<http://collections.ic.gc.ca>).
- **NetCorps Canada International** placed more than 500 youth in overseas internships in more than 60 countries (<http://www.netcorps-cyberjeunes.org>).
- **SkillNet.ca**, Canada's fastest-growing network of job and career information Web sites, has brought together more than 300,000 job seekers and 60,000 employers as of March 31, 2001 (<http://skillnet.ca>).

Insufficient levels of digital literacy also prevent Canadians from benefiting fully from the knowledge economy. In 2000–01, Industry Canada successfully connected and involved youth, communities, schools and voluntary organizations via a range of initiatives addressing access to ICTs. Other initiatives included outreach to rural communities, advancement of Canadian positions in international forums, and oversight of the transition of the .ca domain to the Canadian Internet Registration Authority (CIRA) (*see Appendix A-2 for details*).

USE

A world-leading environment for electronic commerce

E-commerce has emerged as an economic and social activity that is transforming how Canadians live and do business. E-commerce is enhancing access to new global markets and revenues: information technology lowers transactional and distribution costs; increases consumer choice; improves product support and information; facilitates the growth of niche markets, product customization and rapid response; and forges new relationships between businesses and consumers.

**FIGURE 2
E-READINESS RANKINGS**

Country	2000	2001
United States	1	1
Australia	16	2
United Kingdom	6	3
Canada	7	4
Norway	4	5
Sweden	2	6
Germany	13	12
France	14	15
Japan	21	18
Italy	19	22

Source: Economic Intelligence Unit/Pyramid Research, 2000 and 2001.

SOURCECAN

SourceCAN is a Canadian public/private sector electronic marketplace which continues to evolve in terms of partnerships and services. It provides businesses with the largest trading environment of its kind in Canada. A truly globalized electronic marketplace, SourceCAN is directly accessible through the Internet, providing SMEs with the following:

- business matching services connecting needs in Canada and around the world with individual Canadian businesses;
- domestic and international business opportunity and request-for-service postings;
- instant e-mail notifications of business opportunities;
- virtual trade shows and exhibit booths;
- on-line auctions and other dynamic marketing mechanisms; and
- Web sites with e-commerce and on-line catalogue capabilities.

<http://www.sourcecan.com>

Canada's policy framework for e-commerce is world-class — it creates the climate for the continued growth of e-commerce and illustrates the government's ongoing commitment to working in partnership with the private sector and NGOs. Canada currently ranks fourth in terms of e-readiness (i.e. the extent to which our business environment is conducive to Internet-based commercial opportunities) (*see Figure 2*). However, there is an ongoing need for leading-edge policies and processes that respond in a timely manner to challenges created by the evolution of the Internet and the knowledge economy. Businesses and consumers still lack confidence in the security and privacy of e-commerce transactions. Furthermore, harmonization between countries in terms of legislation, policies and practices that promote the security and privacy of information must still be addressed; there remains a lack of awareness of the advantages of e-commerce

INDUSTRY CANADA'S PARTNERSHIP SITES AND PORTALS

Industry Canada leads or participates in a number of partnership sites or portals that provide government-wide information according to client needs.

BusinessGateway.ca (<http://BusinessGateway.ca>) is one of three gateways that together constitute the **Canada site** (<http://Canada.gc.ca>); it provides client-centred, single-stop access to all government services.

The **Innovation in Canada Portal** provides a comprehensive inventory of the best links to universities, public laboratories, municipal agencies and businesses across Canada (<http://innovation.gc.ca>).

The **Sources of Financing** Web site assists Canadians in locating private and public sector sources of financing for small businesses (<http://strategis.gc.ca/sources>).

The **Canadian Consumer Information Gateway** provides Canadians with easily accessible tools to help them make better decisions about goods and services in the marketplace (<http://consumerinformation.ca>).

ExportSource provides information to Canadian firms wishing to expand their business in the international marketplace (<http://exportsource.gc.ca>).

SourceCAN has been designed for companies to access domestic and international tendering opportunities (<http://www.sourcecan.com>).

The **Canada Business Service Centres** (CBSCs) Web site (<http://cbsc.org>) helps SMEs with interactive planning tools and information on federal/provincial/territorial programs, services and regulations. A new CBSC Web offering called the **Business Start-Up Assistant** (<http://bsa.cbsc.org>) is specifically aimed at providing information and services related to starting a business in Canada.

Strategis provides more than 30,000 business documents and access to more than 1 million reports within departmental data bases. On average, 1 million documents were accessed each week by 200,000 individual clients (<http://strategis.gc.ca>).

The **Canadian Strategy to Promote Safe, Wise and Responsible Internet Use**, found on the Connecting Canadians Web site, provides access to a range of resources, tools and tips to deal with illegal and offensive content on the Internet, and help inform and train children to become safe, wise and responsible Internet users (<http://www.connect.gc.ca/cyberwise>).

among businesses, and consumers are slow to adopt e-commerce processes as a means of carrying out transactions; and there are too few Canadian suppliers of Internet-based e-commerce solutions, applications and services to satisfy the needs of the marketplace.

In addressing these challenges in 2000–01, Industry Canada shared knowledge of successful e-business practices and promoted the uptake of e-commerce in Canada and abroad (see Appendix A-2 for details).

CONTENT

Canadian digital content and applications on-line maximized

There is a need for greater quantity and quality of multimedia applications, collections, information and services relating to Canada and Canadians. Specific challenges include the need for more community-based content, more Francophone content and more on-line learning opportunities. The current production of on-line content in Canada does not meet the need. This places Canada's Internet industries at serious risk of falling behind foreign competition. Untapped opportunities

CANADA'S DIGITAL COLLECTIONS PROGRAM

Canada's Digital Collections program of Industry Canada won the Stockholm Challenge 2000 Award, which is an international information technology contest that focusses on the benefits and positive changes that information technology can bring to communities, rather than on the sophistication of the technology itself. To date, the Canada's Digital Collections program has supported approximately 600 digitization projects.

<http://collections.ic.gc.ca>

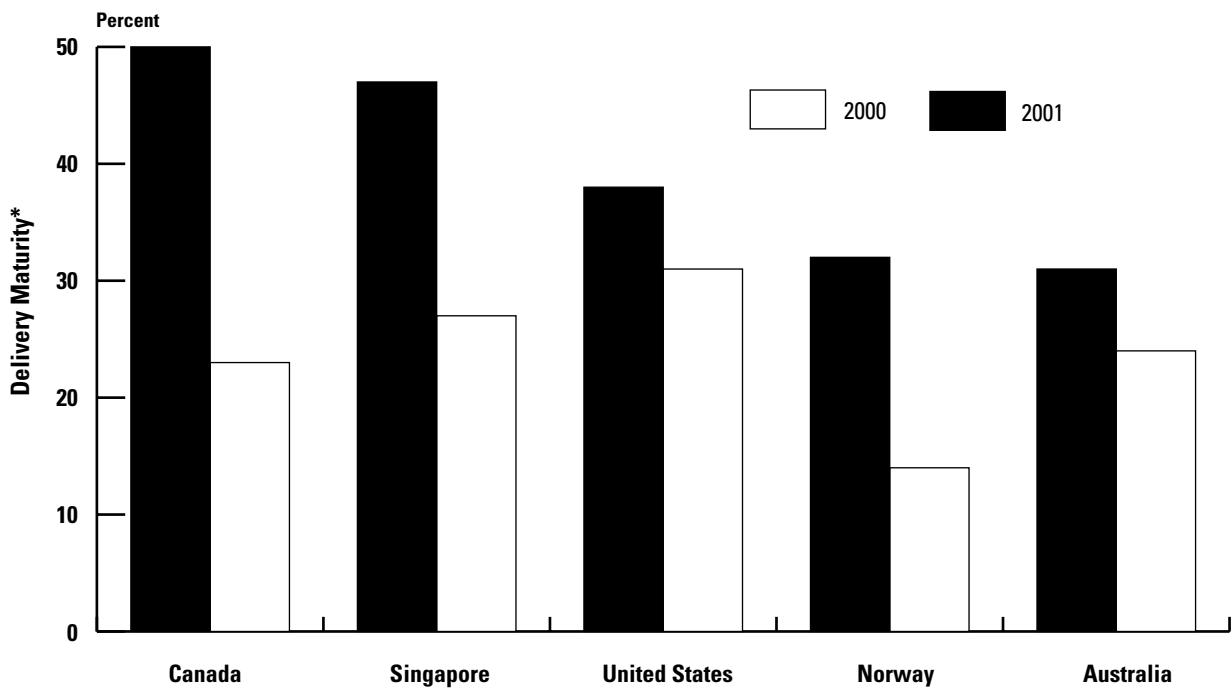
exist for developing more multimedia skills and experiences in all parts of Canada and in all communities. Key achievements illustrating Industry Canada's efforts in 2000-01 to build the electronic capacity of specific target groups and to leverage additional investments are detailed in Appendix A-2.

Expanded on-line delivery of key government services and information in an integrated way to businesses and consumers

The government is committed to using information technologies to improve services to Canadians. In the 2001 Speech from the Throne, it reinforced the goal to be the government most electronically connected to its citizens by 2004. Industry Canada continues to work with stakeholders to provide on-line information and services that are client-driven, integrated and interactive.

Accenture has researched the breadth and depth of national government services available on-line for two years in order to assess e-government maturity in 22 countries. The e-government leadership research for 2001 ranks Canada number one, now ahead of the United States and Singapore (*see Figure 3*) (<http://www.accenture.com>).

**FIGURE 3
GOVERNMENT ON-LINE SERVICE DELIVERY**



**"Delivery maturity" is a measure of the sophistication of on-line services, the extent to which governments are incorporating techniques such as customer relationship management, intentions-based design and portal models in their on-line delivery.

Source: Accenture, April 2001.

New markets, new opportunities and new competitors mean a whole new way of doing business. *Strategis* and its simplified navigation bring the global marketplace to *your* desktop.

Industry Canada On-Line		Services and Regulations
Aboriginal Business Canada http://strategis.gc.ca/abc	Guides to Canadian Industry http://strategis.gc.ca/gci	Canadian Intellectual Property Office http://cipo.gc.ca
Canadian Business Map http://commercecan.ic.gc.ca	Investment http://investincanada.gc.ca	Competition Bureau http://competition.ic.gc.ca
Canadian Company Capabilities http://strategis.gc.ca/cdncc	Research, Technology and Innovation http://strategis.gc.ca/innovation	Corporations Directorate http://strategis.gc.ca/corporations
Canadian Industry Statistics http://strategis.gc.ca/cis	Sources of Financing http://strategis.gc.ca/sources	Lobbyists Registration System http://strategis.gc.ca/lobbyist
Consumer Information http://strategis.gc.ca/consumer	Steps to Competitiveness http://strategis.gc.ca/steps	Measurement Canada http://strategis.gc.ca/meascan
Contact! http://strategis.gc.ca/contact	Steps to Growth Capital http://strategis.gc.ca/growth	Office of the Ethics Counsellor http://strategis.gc.ca/ethics
e-START.ca <i>Strategis</i> for Students http://strategis.gc.ca/e-start.ca	Technology Partnerships Canada http://tpc.ic.gc.ca	Office of the Superintendent of Bankruptcy Canada http://osb-bsf.ic.gc.ca
Electronic Commerce in Canada http://strategis.gc.ca/e-com	Technology Roadmaps http://strategis.gc.ca/trm	Radio Spectrum Management and Telecommunications http://strategis.gc.ca/spectrum
Employers Online http://employers.gc.ca	Trade Data Online http://strategis.gc.ca/tdo	
FedNor http://strategis.gc.ca/fednor		

MARKETPLACE — Building a fair, efficient and competitive marketplace

The Importance of the Marketplace

A fair, efficient and competitive marketplace is an essential foundation for a prosperous economy, in which innovation and efficiency are rewarded. It is also important for attracting investment, encouraging trade and promoting economic growth, and it sets the stage for productivity, job creation and sustainable development. For Canada to be the location of choice for investment, to make innovation and productivity our strengths, and to continue to flourish as a trading nation, we need marketplace laws and services that foster excellence, creativity and informed decision making. We also need laws and services that compare well with those of other countries, since global, knowledge-based firms have considerable latitude in choosing where they do business.

The Marketplace Challenge

Marketplace legislation must keep pace with the globalization of markets and unprecedented levels of technological change. Up-to-date rules for business transactions within Canada and within the global marketplace are especially important in the increasingly integrated North American economy. With trade barriers continuing to fall worldwide, Canada's marketplace legislation must continually be modernized to encourage Canadian businesses to take advantage of new opportunities in world markets and to attract investment from abroad.

The integration of markets makes it all the more important that we have the tools and cooperation of our trading partners to enforce legislation across borders. The integration of markets also means that framework policies, such as trade and competition, need to be complementary, focussing on common goals to benefit consumers and businesses worldwide.

Technological change, particularly in telecommunications and information technologies, continues to dramatically alter the structure of markets. Canadians are becoming global consumers, more informed and demanding. Businesses seeking strategic and competitive advantages are looking beyond national borders to realize their full potential. Traditional enforcement methods to detect, deter and prevent fraudulent, unfair and deceptive behaviour must be augmented by sophisticated electronic tools that keep pace with technological advancements. New issues relating to e-commerce, biotechnology, competition, corporate governance, intellectual property rights and international standards must be resolved if Canadians are to take full advantage of their capacity for innovation.

Industry Canada's Response

Industry Canada is committed to building a marketplace environment that attracts and retains the world's best firms. Marketplace service organizations (MSOs) are proactively modernizing the rules of the marketplace, the services provided to clients, and their

MARKETPLACE SERVICE ORGANIZATIONS

The MSOs ensure that legislation and regulation do not disadvantage business, consumers and investors. Frameworks, services, products and enforcement tools are reviewed and benchmarked on a systematic basis to ensure that they remain state-of-the-art and contribute to a healthy Canadian economy. The following are the eight MSOs:

- Canadian Intellectual Property Office
- Competition Bureau
- Corporate Governance
- Corporations Directorate
- Measurement Canada
- Office of Consumer Affairs
- Office of the Superintendent of Bankruptcy Canada
- Spectrum, Information Technologies and Telecommunications

operational tools. A fair, efficient and competitive marketplace stimulates innovation by establishing clear and effective intellectual property rights. It also provides an informed and competitive environment responsive to discerning consumers who call for choice in high-quality goods and services. Competition legislation promotes an efficient economy and safeguards against unfair practices and abuse of market power, which hurt other businesses and erode consumer choice and confidence.

Sound corporate governance inspires confidence in investors; bankruptcy legislation and administration put resources back to productive use quickly and fairly. Finally, consistent and reliable Canadian standards for labelling and for measuring products and services

ensure consumer confidence in the marketplace at home and abroad.

A responsive marketplace framework for business, consumers and investors that is fair, efficient, competitive and world-class

In order for the marketplace to be responsive, to foster innovation and trade, and to attract investment and responsible consumer spending, marketplace frameworks must contribute to competitive prices, product choice, accurate and timely information, and the confidence of marketplace participants. The MSOs are responsible for numerous legislative acts and regulations in such areas as bankruptcy, intellectual property, competition and restraints of trade, weights and measures, incorporation, corporate governance, packaging and

LEGISLATIVE REFORM

- Bill S-11, An Act to amend the *Canada Business Corporations Act* (CBCA) and the *Canada Cooperatives Act* and to amend other Acts in consequence, was introduced in the Senate in February 2001 and received Royal Assent in June 2001. Bill S-11 will help enhance Canada's position as a preferred investment location and facilitate electronic communications between corporations and shareholders. The amendments will encourage wider shareholder participation; provide for stronger international representation on the boards of CBCA corporations; clarify responsibility by addressing the liabilities of directors, officers, shareholders and other parties, notably in regard to the provision of financial information; and eliminate duplication and reduce costs by harmonizing the Act with provincial laws. Bill S-11 helps fulfil the government's commitment to encourage entrepreneurship, trade and global competitiveness by reforming and modernizing important marketplace framework legislation. More information is available at <http://strategis.gc.ca/CLPD>
- Bill S-17, An Act to amend the *Patent Act*, which was also introduced in the Senate in February 2001, came into force on July 12, 2001. This legislation implements the World Trade Organization (WTO) ruling on Canada's patent term and brings the *Patent Act* into conformity with Canada's international obligations under the WTO. In the course of its defense before the WTO, Canada succeeded in validating a fundamental component of our patent regime (the "early-working" exception), which encourages timely entry of lower priced generic drugs onto the market. Canada also agreed to amend the term of protection for certain pre-1989 patents to comply with the WTO-mandated standard of 20 years from filing. This amendment does not undermine Canada's balanced drug patent regime. Bill S-17 is in keeping with the Speech from the Throne's commitment of ensuring that Canadian intellectual property laws and regulations remain among the most modern and progressive in the world. More information is available at <http://strategis.gc.ca>
- The adoption in August 2000 of the Regulations respecting anti-competitive acts of persons operating a domestic airline service and consultations on the draft *Enforcement Guidelines on the Abuse of Dominance in the Airline Industry* following passage of Bill C-26 will ensure that the competition law framework reflects the realities of the Canadian airline industry.
- The *BCTel Act* was repealed, removing barriers to competition.

performance of non-food consumer products, and the management of the radio spectrum. These frameworks must be considered world-class from consumer, business and investor perspectives and be seen as responsive to the changing global economy. Industry Canada's efforts in 2000–01 are summarized in Appendix A-3.

A marketplace that operates in accordance with the framework statutes, regulations, policies and procedures

Setting the rules of the marketplace is not enough. New forms of marketplace conduct, the result of changes in technology, business innovations and legal development, necessitate innovative adjustments to the operation of the marketplace framework. Industry Canada works closely with its clientele to ensure compliance with the marketplace rules

ENFORCING THE RULES OF THE MARKETPLACE

- The Commissioner of Competition concluded that the proposed merger of the two largest waste management companies in Canada was likely to result in a substantial lessening and prevention of competition. Consequently, the parties restructured the deal to eliminate all but one issue. The remaining issue, the acquisition of the Ridge landfill in southern Ontario, was contested by the Commissioner. The Competition Tribunal ruled that the acquisition would prevent disposal prices from falling to competitive levels. The Competition Bureau estimates that the Tribunal ruling, along with the parties' restructuring of the initial transaction due to Bureau concerns, will save customers many millions of dollars annually. The use of electronic courtroom proceedings for the first time also resulted in significant savings in court time and related expenses.
- In April 2000, a Calgary-based manufacturer and retailer of pine shakes pleaded guilty to rigging bids for the purchase of commercial timber permits at an auction held by the Alberta Land and Forest Service in 1996. Evidence showed that, prior to the auction, there was an agreement among some of the pre-qualified participants to bid only on designated permits, and not in competition against one another. This allowed bidders to acquire permits for the minimum bid price, eliminated competition and potentially increased costs to the Alberta government.
- Canada is among the leaders in aggressively pursuing international cartels that have affected the Canadian economy. In July 2000, a large company pleaded guilty to participating in an international conspiracy to fix prices and allocate markets for graphite electrodes. The company was fined \$12.5 million, the largest single fine ever levied under section 46 of the *Competition Act*. This conviction followed the March 1999 conviction of another company (\$11-million fine) for its participation in the same conspiracy. It is estimated that during the five years of this conspiracy, graphite electrode prices in Canada increased by more than 90 percent. With the break-up of the cartel, prices have been influenced by normal market forces.
- In 1999–2000, the Competition Bureau developed a conformity strategy for the retail jewellery industry in response to concerns from consumers, competitors and industry associations. Under the first component of the strategy, personalized letters were sent to more than 3,000 jewellery retailers in Canada, inviting them to review their obligations under the *Competition Act* and the *Precious Metals Marking Act*. Consumers were alerted to questionable practices by jewellers and invited to report any suspected misleading activities. The second component of the strategy concentrated on monitoring jewellers' marketing practices and giving them the opportunity to voluntarily undertake corrective actions. During this component, a significant increase in the number of jewellery retailers complying with the *Competition Act* was observed. At the end of 2000–01, 78 percent of corporate entities potentially engaging in deceptive marketing practices had changed their behaviour. Specifically, 73 corporate entities implemented corrective measures, 54 corporate entities committed to implement specific corrections to their marketing practices and 36 corporate entities continue to be subject to examination. During the third component of the strategy, to be carried out in fiscal year 2001–02, enforcement actions will be undertaken against non-compliant retailers.

through a broad continuum of activities, ranging from direct enforcement to education, the dissemination of information and active support for voluntary compliance. The Department encourages partnerships and strategic alliances with governments, businesses and consumers, to work together to make sure that monitoring, inspection and enforcement lead to responsible conduct in the marketplace. Vigorous enforcement of the rules of the marketplace ensures that Canadians may enjoy competitive prices, product choice and business advantage, both nationally and abroad. Specific examples of the range of activities undertaken during 2000–01 can be found in Appendix A-3.

Confidence in the marketplace

Confidence in the marketplace is essential to attracting investment, fostering innovation and providing a climate in which consumers are well informed. With the speed of technological change, businesses, investors and consumers must have access to state-of-the-art, user-friendly tools and information in order to thrive in the knowledge-based economy.

Research, the dissemination of information, expert advice and consumer education enhance the effectiveness of marketplace framework policies by keeping businesses and consumers well informed. Such information allows businesses to take advantage of marketplace opportunities while conducting their activities in proper accordance with marketplace rules. Businesses and consumers can be confident that the businesses they deal with, or compete with, are operating by the same rules and that these rules are administered efficiently and fairly. Industry Canada's activities during the year helped to ensure that Canadians can have confidence in the reliability of marketplace information and the fairness of the transactions they undertake. In 2000–01, Industry Canada launched the Canadian Consumer Information Gateway, developed and updated standards and

IMMUNITY PROGRAM

On September 21, 2000, the Competition Bureau released its bulletin entitled *Immunity under the Competition Act*. The bulletin was developed to clarify the Bureau's approach to immunity applications and to make the process more transparent. It explains the policy and procedures involved in granting immunity from prosecution for criminal offences under the *Competition Act*. This new policy was designed to detect and dispatch cartels and other forms of anti-competitive behaviour.

Since the introduction of the Immunity Program, the Bureau has experienced an increase in the number and complexity of requests for immunity. The Bureau is confident that its Immunity Program will continue to contribute to the break-up of cartels and to the prosecution of their members.

regulations for radio services and telecommunications, and established a Personal Insolvency Task Force. Other examples of activities undertaken by the Department are included in Appendix A-3.

INVESTMENT — Improving Canada's position as a preferred location for domestic and foreign investment

The Importance of Investment

Investment and capital formation are essential for stimulating Canada's economic growth, innovation and sustainable development. Moreover, with our open economy, limited pool of domestic savings, and increasing outward flows of Canadian investment, Canada, like other developed economies, is dependent on foreign direct investment (FDI) to spur business development and related job creation. Besides offering the potential for immediate jobs, FDI can also increase Canadian economic productivity and stimulate innovation by transferring new knowledge and technologies, upgrading management and marketing skills, promoting sustainable development, and broadening

market access. As in other countries, Canadian jobs, GDP and standard of living depend directly on FDI.

In addition, domestic investment, particularly from the Canada-based business sector, and including Aboriginal investment, contributes significantly to the creation of jobs. Studies by Statistics Canada indicate that, in recent years, small businesses created between 70 and 80 percent of all net new jobs in Canada.

The Investment Challenge

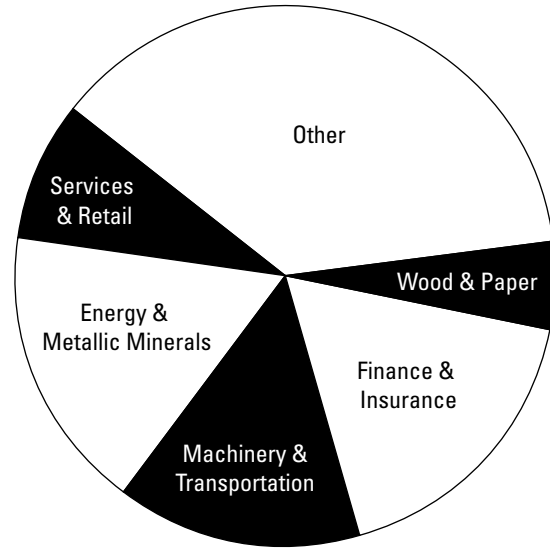
In the knowledge-based economy, international investors are making their investment decisions based on factors such as the availability of skilled labour, sound infrastructure facilities and an innovative, dynamic economy. Canada already ranks well in terms of many of these factors, but more needs to be done. In particular, we need to communicate better the advantages of investing in Canada compared with investing in the United States, our main

ENCOURAGING INVESTMENT

The federal government announced several initiatives in *Budget 2000* and the October 2000 *Economic Statement and Budget Update*, which consisted of almost \$7 billion in stimulus for the Canadian economy and \$17 billion in tax measures. These included the reduction of tax on capital gains, an increase in the investment amount for tax-free rollovers, a cut of one percentage point to corporate income tax rates and a plan to reduce the corporate rates by two points in each of the next three years. This initiative would bring corporate rates below levels in the United States. In addition, since corporate tax cuts are being fully legislated, businesses should begin to factor them into their investment plans immediately.

competitor. We also need to capitalize on the resulting enhanced awareness of prospective international investors to realize new investment opportunities with benefits both for the investor and for Canada.

**FIGURE 4
DISTRIBUTION OF FOREIGN DIRECT INVESTMENT BY INDUSTRY**



Total direct investment = \$292 billion

Source: Statistics Canada, 2000.

In 2000, Canada’s stock of FDI from all geographic sources reached \$292 billion (see Figure 4). This represents an increase of more than 20 percent from the previous year’s total of \$240 billion. However, the challenge still remains to increase Canada’s share of NAFTA-bound FDI, which has declined about 9 percent over the past 10 years, from 21 percent in 1989 to 13 percent in 1999. Real and perceived regulatory impediments, as well as immoderately high sensitivity to risk by some foreign investors, are contributing factors to less investment by multinational firms and less re-investment by firms in Canada than might otherwise be the case. Internationally there is a continuous need to brand Canada as a competitive market welcoming foreign investments. Domestically, although Canadian small businesses are responsible for creating most jobs in Canada, an increase in investment by SMEs and Aboriginal businesses would further benefit the Canadian economy.

Investment by Canadian firms to strengthen existing operations is also an important contributor to productivity improvement and economic growth. One reason for Canada's relatively weak productivity performance has been our low investment rate as a proportion of our GDP, especially in machinery and equipment (M&E), relative to other countries. According to an Industry Canada estimate based on Statistics Canada and OECD data, Canada's M&E investment as a share of GDP was 20 percent below the OECD average over the 1980-97 period. Although Canada's M&E investment increased by 9.7 percent in 2000, we still need to continue to increase investment in order to close the gap between Canada and other countries.

Industry Canada's Response

Responsibility for addressing Canada's investment challenge is shared by both the public and the private sectors. Therefore, the roles of the various levels of government are important. Industry Canada's response to this investment challenge was guided by the 1996 Federal Investment Strategy, which provided a broad framework for all federal investment promotion activities (including domestic retention of FDI). This strategy was extended with the creation of Investment Partnerships Canada (IPC) as a focal point of federal investment-related activities. IPC is a joint Industry Canada-Department of Foreign Affairs and International Trade (DFAIT) initiative to develop and coordinate select investment campaigns targeted at multinationals in priority sectors and key global markets. The Department and IPC also promote and brand Canada as a key investment location of choice, and help address policy and regulatory issues that are considered to be investment impediments by some potential investors.

The fundamental factors that attract investment are the attributes of a productive and dynamic economy: a good marketplace

INVESTMENT PRIORITY SECTORS

An important aspect of increasing FDI is identifying industrial sectors in which Canada is competitive as an investment site and which offer the greatest potential for economic benefits. Within these sectors, specific companies that are believed to be the best prospects are then selected for priority attention. Industry Canada's investment priority sectors are

- information and communications technologies;
- life sciences (biotechnology, medical devices and pharmaceuticals);
- aerospace and defence;
- automotive industries;
- energy technologies; and
- chemicals/petrochemicals.

Agriculture and Agri-Food Canada and Natural Resources Canada are key sectoral partners.

framework, high levels of innovation, access to a highly skilled work force, sectors with high growth potential and a healthy relationship with our trading partners. In these respects, the Department's other strategic objectives are crucial, though indirect, components of an investment strategy.

Improved domestic and international investment climate

There is a need to address real and perceived regulatory impediments to foreign and domestic investment, without compromising the integrity of the regulation's intent. There is also a need for a better knowledge and understanding of the key impediments, as well as stronger and more strategic partnerships to deal with the investment climate.

In collaboration with partners and clients, Industry Canada worked to improve the domestic and international investment climate by adopting competitive, efficient and fair marketplace laws and regulations

for both businesses and consumers. This was undertaken by strengthening the competition law; implementing policies to address investment barriers related to intellectual property, patent protection and risk management; harmonizing with other jurisdictions; promoting Canadian standards; and participating in bilateral, regional and multilateral trade and investment treaties. Specific achievements contributing to this result can be found in Appendix A-4.

ACCELERATED REDUCTION AND ELIMINATION OF TOXICS

Launched in 1994, Accelerated Reduction and Elimination of Toxics (ARET) was a voluntary multi-stakeholder pollution prevention and abatement initiative. It helped promote the Canadian approach to governance with respect to industry regulation through voluntary initiatives that achieved environmental performance. The year 2000 was the final reporting year for ARET participants. Results include the following.

- Emissions were reduced by 26,360 tonnes or 67 percent from the base year, through the submission and implementation of ARET action plans by 169 companies and government organizations.
- For all categories of substances on which they reported, 136 of 316 facilities met or exceeded ARET year 2000 targets.

Canada branded and recognized as an investment location of choice

Research has shown that Canada is not “top of mind” for many investors, there is a lack of business awareness and consideration of Canada as an investment destination, core messages are not consistently promoted, and there is a lack of appropriate comparative information on Canadian investment opportunities.

Industry Canada is taking steps to increase awareness of Canada as an investment location of choice. An effective approach is to build awareness among potential investors.

AUTOMOTIVE INVESTMENT RESULTS

In Canada, automotive is a priority sector, representing 14 percent of the manufacturing GDP. Canada must retain and expand existing assembly/parts capacity, attract new parts firms, and improve R&D capability.

Utilizing a team approach through a combination of activities, the following successes were reported.

There were 11 new investments in assembly, parts manufacturing and R&D by U.S., Japanese and German firms, valued at \$2.9 billion. These new investments have created 1,240 new manufacturing jobs and 560 R&D jobs, while retaining 2,800 existing positions. For example, UBE will manufacture cast aluminum wheels in Sarnia, Ontario, and is investing \$350 million and creating 400 jobs.

They need to be made more aware of opportunities to develop value-added businesses within Canada, especially in priority sectors. Enhancing Canada’s “brand image” is an effective means to eliminate the gap between the misperceptions held by potential investors and reality. The Department’s efforts and those of its partners are paying off, as international investors are showing more interest in Canada. According to A.T. Kearney, a Chicago-based management consulting firm that publishes a well-known FDI confidence index, Canada ranked 12th as a preferred destination for FDI in 2001, up from 17th in 1998.

To capitalize on the enhanced perception, federal, provincial and territorial ministers, as well as Canadian-based chief executive officers in the private sector, were invited to make the case in international forums for investing and expanding operations in Canada. Our investment efforts and resources at foreign missions were strengthened, especially in key areas such as the United States and Western Europe, to enhance the capacity to promote foreign investment in Canada. Toll-free telephone service has been installed in major markets to serve potential foreign

investors. Specific achievements contributing to this result can be found in Appendix A-4.

Increased attraction and retention of multinational investment in Canada

Industry Canada worked to attract and retain increased multinational investment through coordinated and targeted campaigns. In cooperation with embassies abroad, the Department provided one-stop servicing of the investment needs of selected multinationals and supported the Deputy Ministers' Investment Champion Campaigns Program to define opportunities and promote Canada in response to the need for greater investment and re-investment by targeted multinationals. Also, Industry Canada worked to develop a systematic and well-coordinated capacity to gather strategic and coherent business intelligence for serious prospective investors and to coordinate investment opportunities among interested parties.

Departmental efforts were focussed on investment opportunities in priority sectors and targeted markets in Asia (South Korea and Japan), Europe (the United Kingdom, France, the Netherlands, Germany and Sweden) and the United States. Specific achievements contributing to this result can be found in Appendix A-4.

Increased investment by SMEs and by Aboriginal businesses

Industry Canada worked toward increased investment by SMEs and targeted groups that play a major role in stimulating growth and jobs in the Canadian economy. There is a need to develop capacity at the community level to stimulate investment by SMEs and target groups, particularly in Northern and rural Ontario and among Aboriginal people. Other issues that need to be addressed include insufficient business capacity (in terms of marketing and promotion), inadequate access to capital and the limited availability of venture capital.

One way in which the government supports SMEs and Aboriginal businesses is through the building of infrastructure in urban and rural communities across Canada. In *Budget 2000*, the government announced that it was allocating \$2.65 billion to strengthen provincial and municipal infrastructure and highways. Specific achievements contributing to this result can be found in Appendix A-4.

AEROSPACE INVESTMENT
<p>Canada's aerospace manufacturing sector is an investment priority, representing 3 percent of the manufacturing GDP. It operates in an extremely competitive, global market. Bombardier is the third-largest aircraft manufacturer in the world and is a key draw for global suppliers to Canada. Because of the major restructuring of multinationals, Canada is in an excellent position to attract new investments, and to grow beyond the 500 establishments already located here.</p> <ul style="list-style-type: none">• From 1999 to 2000, total investment in the sector was forecasted to reach \$2.4 billion, with an increase of 7,800 jobs in the sector.• Bombardier's \$200-million investment in the new CRJ900 Series jet resulted in the construction of a new plant, and will add 4,000 new jobs over the next three years.• Rolls-Royce plc invested \$160 million for a research project on industrial gas turbine technology.

IMPROVING ABORIGINAL ENTREPRENEURSHIP

Aboriginal Business Canada (ABC), a branch of Industry Canada, promotes the growth of Aboriginal firms by providing support and services to entrepreneurs as well as to financial and business organizations. ABC regularly consults with the National Aboriginal Economic Development Board, a body of experienced Aboriginal and non-Aboriginal business leaders with connections to the Aboriginal and non-Aboriginal economies.

ABC strives to make continuous improvements to the program. Results from client satisfaction studies are used to re-engineer program delivery and process methods. The impact of its funding investments on its clients has been studied in three research projects over the past 10 years. More recently, this research has been expanded to investigate the changing needs of current and potential Aboriginal clients.

The following are some of the key findings of the study *Assessment of the Industry Canada Aboriginal Business Canada (ABC) Program 1996–2000: Impact of Financial Assistance and Client Profile*. It is the first of several studies that will assist ABC in assessing its performance and exploring possible improvements.

- ABC business clients operate across a spectrum of business sectors (70 percent in service sectors and 30 percent in goods sectors), are located in all regions of the country (54.3 percent in urban centres, 30.5 percent in rural centres and 15.2 percent in remote centres) and range in size from businesses with a single owner/operator to businesses with more than 100 employees.
- Virtually all of the survey respondents indicated that, in the absence of ABC assistance, the project in question would have been altered. Many of the projects would not have proceeded (41.4 percent), others would have been delayed (30.7 percent), and some would have been smaller in size (26.2 percent). The few remaining businesses would have found other ways of carrying out the project, such as obtaining financing elsewhere.
- ABC helped to increase the rate of business formation. Out of 964 clients in the study, ABC assisted 450 businesses during the start-up of operations. Over half (54 percent) indicated that they would not be in business without ABC support and a further 17 percent were unsure.
- ABC contributed to a greater business survival rate. The overall survival rate of ABC clients was 69.8 percent, which is higher than the expected 65.2 percent, based on survival and hazard rates in the general business population. Moreover, one fifth (20.2 percent) of ongoing businesses also believed that they would not be in business without ABC assistance, and 9.9 percent were unsure.
- ABC assistance led to greater growth of businesses. The majority of clients (83.1 percent) indicate that sales have increased since receiving ABC assistance. As well, about half (50.6 percent) of businesses have grown over the past year, and an additional 39.1 percent of businesses have stayed the same size. In addition, the majority of clients (66.8 percent) are optimistic that their business will grow over the next year, and 32.5 percent anticipate that the business will remain the same size.
- ABC's financial contributions worked to improve the circumstances of communities in which client businesses were located. Since receiving ABC assistance, client businesses have generated 2,677 new full-time equivalent jobs, with many of these new positions staffed from the ranks of the unemployed. In addition, economic spinoffs, such as increased consumer spending, would have increased prosperity in affected communities, although these effects were not measured.

<http://strategis.gc.ca/abc>

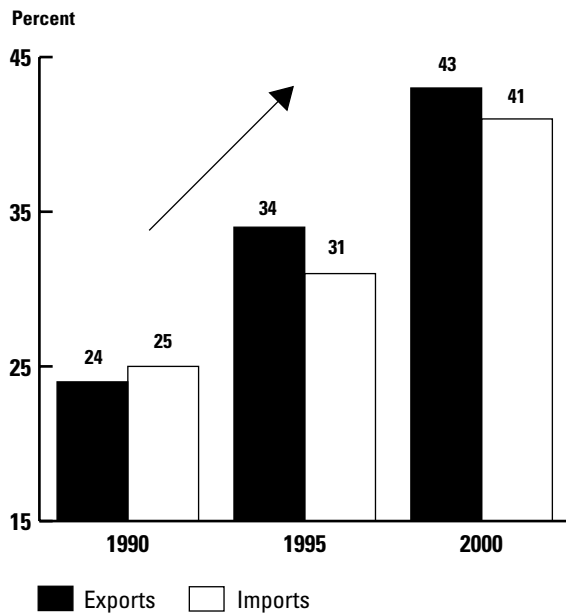
TRADE — Working with Canadians to increase Canada's share of global trade

The Importance of Trade

Canada is a highly trade-oriented country. More than 43 percent of Canada's GDP is dependent on exports (*see Figure 5*). In 2000,

Canada's exports reached \$473.9 billion, an increase of 15 percent over 1999, which represents the greatest increase since 1995. Canada's export growth helps to generate jobs and plays a major role in fostering knowledge-intensive, high-wage jobs — the jobs of the future.

**FIGURE 5
RATIOS OF REAL EXPORTS
AND IMPORTS TO GDP**



Source: Compilations based on Statistics Canada data, 2001.

This growth was, in large part, due to the booming U.S. economy, the destination of some 87 percent of Canada's exports. Growth in Asian and European markets also increased by more than 14 percent over 1999. While Canada works towards solidifying its position in the United States, it is equally important to diversify our products and markets to ensure that Canadian companies are able to capture opportunities worldwide.

At the same time as supporting international market development, it is important to foster the interprovincial movement of products to ensure that Canadian companies can compete more efficiently at home.

The Trade Challenge

Successful exporters are important contributors to a dynamic economy. Studies show that exporting firms are more profitable and generate more jobs; and employees of exporting firms enjoy higher salaries than those in non-exporting firms. However, Canadian exporters face numerous challenges. Studies

have shown that almost 50 percent of firms that become active in international markets have done so within two years of their founding. Not only are these companies new to the business world, they are new to the export world. They are often lean in human and financial resources. The first year of exporting appears to be critical to their continued success. Because market intelligence and marketing capabilities are important factors in export success, it is important for new exporters to be well prepared. Current exporters are looking for more tailored programs from governments to help them to be better equipped to sustain their exporting efforts. New exporters need to learn the fundamentals of exporting in order to make informed decisions about export opportunities and the market potential for their products and services.

The Government of Canada's International Business Development Strategy is to assist Canadian business to capture international opportunities while minimizing risk in a rapidly changing global economy. The overarching objectives are high employment, high wages and a higher standard of living for Canadians. To this end, the Government of Canada's trade goals are to become the world's best trading nation by enhancing our international competitiveness, and to exercise leadership in global trade liberalization.

Industry Canada's Response

With its presence across Canada, Industry Canada is uniquely positioned to work with Canadians to increase Canada's share of global trade. In its trade role, Industry Canada can build on the role it plays in helping Canadian companies to be more productive and competitive in the knowledge-based economy by increasing innovation and attracting more investment. Competitive sectors of the knowledge-based economy are then ready to compete for markets at home and abroad.

In addition to paving the way for Canada's companies to increase domestic and international trade through improved market access, Industry Canada and its partners continually improve and develop programs, products and services to serve the specific needs of clients.

The Department works with an extensive network, including Team Canada Inc (<http://exportsource.gc.ca>); other federal departments and agencies; provincial, territorial and local governments; and the private sector to bring programs and services to Canadian firms and the exporting community in an integrated manner. Industry Canada works to continually improve its analytical base to provide the best strategic information and intelligence to Canadian businesses.

Secure market access maintained and improved

Industry Canada is committed to securing and opening markets at home and abroad for Canadian companies to help them grow and compete on a level playing field. As companies strive to become competitive globally, they seek a predictable and open trading environment. Industry Canada has an important role to play in cooperation with DFAIT and our international partners, multilaterally and bilaterally, to eliminate barriers where they exist and harmonize standards, policies and regulations. The Department also works with its domestic partners in addressing domestic market restrictions that hamper a firm's ability to reach critical mass to succeed internationally and that place Canadian firms at a competitive disadvantage in their own market. The Agreement on Internal Trade serves as the formal mechanism to reduce impediments to internal trade. In 2000–01, the Department addressed these issues, and several achievements are listed in Appendix A-5.

Export capability and preparedness

Only a small number of Canadian firms are exporting. Although SMEs have the potential to increase exports, few do so on a consistent basis. Potential exporters may not be aware of the opportunities to diversify their markets beyond Canada or may not have knowledge of exporting practices and mechanisms. Furthermore, smaller companies, particularly in the new, knowledge-intensive industries, have difficulty in securing support when they attempt to expand into international markets.

CANADA BUSINESS SERVICE CENTRES

The Canada Business Service Centres answered an average of 1,426 trade-related calls per month, down somewhat because of limited promotion of the Team Canada Inc (TCI) Export Information Service (1-888-811-1119). Thirty-four percent of calls came from active exporters, 47 percent were from businesses exploring exporting for the first time and 19 percent were from those who were prepared to export. Consistent with previous years, the most popular area of TCI inquiries related to issues around regulations, tariffs and the logistics of exporting.

With its 10 International Trade Centres (ITCs) located across the country, Industry Canada is ideally situated to work closely with Canadian exporters, especially SMEs, to help them become better prepared to export and to improve their capacity to develop a sustained export presence. ITCs have excellent networks in the regions and continue to work with the Regional Trade Networks (which include provincial, regional and local governments; other federal departments and agencies; Chambers of Commerce; non-governmental agencies; and the private sector) to respond to the specific needs of businesses in each region. Nonetheless, in 1999, a series of focus groups conducted across the country underscored that clients were unaware of the range of services they could expect from ITCs.

TRADE TEAM CANADA SECTORS

Trade Team Canada Sectors are national public-private partnerships that plan and implement packages of sector-specific trade promotion activities, including trade shows, incoming and outgoing business missions, seminars, and matchmaking events. Preliminary analysis indicates strong client satisfaction with organized trade fairs and missions.

- BIO: 80 percent were extremely satisfied with the event; 78 percent expected sales as a result; and 53 percent expected partnerships/strategic alliances as a result.
- Medica: four deals were signed on-site, with another 25 in negotiation; the first year of sales was estimated at \$3.8 million; and projected sales over five years are estimated at \$31 million.
- Farnborough International: 92 percent of SMEs identified qualified sales leads; and SMEs identified more than 40 joint venture/strategic alliance leads.
- Environmental mission to Texas and Mexico: 92 percent rated the mission as very good or excellent; 40 solid business leads were identified; and \$5.5 million in net export sales is expected.

THE INFORMATION AND COMMUNICATIONS TECHNOLOGY SECTOR

Canadian information and communications technology (ICT) trade is growing at a remarkable pace. Exports were valued at \$30.3 billion in 1999, more than twice as much as their value in 1993. This represents 8.0 percent of total exports. Imports reached \$53.8 billion, more than double their value in 1993, representing 15.4 percent of total Canadian imports. Between 1993 and 1998, total Canadian exports experienced unprecedented growth, at an average annual rate of 11.2 percent, and ICT exports grew even more at an average rate of 12.8 percent annually.

Industry Canada has a Trade Team Canada Sector (TTCS) targeted at assisting the ICT community. In the past year, it has achieved the following.

- It branded Canada as a high technology leader through the development of ICT trade and investment promotional brochures (related to software, multimedia, wireless and ICT overall), published in several languages, and in CD-ROM format.
- It led in the development and implementation of an information technology strategy, including an international activities data base to facilitate registration in international events and to share market information and intelligence with Canadian exporters. The data base will also be adapted for use by the other TTCSs.
- It participated in the Prime Minister's Team Canada Mission to China and Hong Kong which resulted in ICT companies signing 21 contracts worth more than \$1.096 billion, nine memorandums of understanding worth more than \$7.5 million, one letter of intent worth \$2 million, and five other forms of agreements worth more than \$51 million.
- It organized Canadian participation in the CommunicAsia 2001 and BroadcastAsia 2001 trade shows, held in Singapore. As reported by the 27 firms that completed a detailed questionnaire, on-site sales were estimated to be between \$600,000 and \$2.2 million; sales projected over the next six months were estimated to be between \$3.1 million and \$6 million; 12 distribution agreements were struck; six joint ventures were established and six joint production agreements were concluded.
- It carried out a series of projects that facilitated market access, including Telecommunications Executive Management Institute of Canada training projects, the India Telecom Framework Project, and the Public Policy Options Project for E-Commerce (China).

Source: Statistics Canada, *Beyond the Information Highway: Networked Canada, 2001*.

In 2000–01, Industry Canada responded by developing a branding program and by contributing to international events and financial infrastructures, which attracted new Canadian firms to export. More details can be found in Appendix A-5.

International market development

Canada is now well established in the knowledge-based economy, with industries such as telecommunications, biotechnology, advanced manufacturing and robotics, and new environmental technologies. In view of the growing worldwide demand for these high value-added products, Industry Canada plays an important role in promoting them (see *Trade Team Canada Sectors and The Information and Communications Technologies Sector on page 29*). In doing so, it sets the stage in helping to brand Canada as a source of sophisticated goods and services and as an innovative country with good investment and business opportunities.

In order to achieve this goal, Industry Canada broadened the coverage of the Sustainable Cities Initiative (now estimated at \$2 billion), increased its efficiency of export opportunities abroad, and published indicators to report on progress made. Refer to Appendix A-5 for more activities contributing to this result.

A more coordinated and cohesive approach to international trade development

Industry Canada works with an extensive network of Team Canada Inc members to bring programs and services to the Canadian exporting community in a coordinated and integrated manner. Regional Trade Networks, co-chaired by the Senior Trade Commissioner at each of the ITCs and a senior provincial government representative, are key in bringing international business development tools directly to the firms that need them. Key improvements made over the period are reported in Appendix A-5.

REACHING COMMUNITIES

In association with several Regional Trade Network (RTN) partners, the ICT in British Columbia created the Pacific Export Club. This concept aims to fill a void that existed and assist smaller, novice exporters in identifying and accessing the range of resources that support exporting. The club provides networking opportunities where exporters can meet with freight forwarders, customs brokers, bankers, investors, financiers, lawyers, and RTN partners to discuss the challenges and solutions for getting goods to market. There are also local trade networks in several areas of the Pacific region that unite export service providers and those interested in exporting in the Okanagan, on Vancouver Island and in the Yukon Territory.

In Newfoundland and Labrador, the RTN is providing support to pilot Community Trade Networks in reaching companies in rural areas to help increase their awareness of exporting as a growth option and to improve their access to tools and information about exporting requirements and opportunities.

2.5 INDUSTRY CANADA'S CONTRIBUTION TO RESULTS FOR CANADIANS

Citizen-Centred Service Delivery

Results for Canadians promotes the sharpening of the Government of Canada's focus on citizens in the design, delivery and evaluation of reports on its activities. Using the elements of the Service Improvement Initiative as a guide, Industry Canada has been working toward improving its service to Canadian citizens through a variety of initiatives.

Throughout fiscal year 2000–01, a series of organizational assessments was carried out to establish a baseline of existing strengths, as well as areas where new approaches would significantly improve service to Canadians. Internationally recognized national quality award criteria were used for the assessment of 17 different organizations within the Department. In all cases, strengths as well

as areas for further improvement were identified. Improvement plans now exist in most of these organizations and are being implemented.

Other focussed and unique initiatives have been completed. For example, Measurement Canada has achieved ISO 9002:1994 registration for its Accreditation Program Quality Management System in Headquarters and in the Ontario Region, and will pursue ISO 9002:1994 registration in the remaining regions in 2001–02. As well, the Competition Bureau has completed a benchmarking exercise of its Merger Review process (*see Benchmarking for Client-Centred Service, below*). In addition, Aboriginal Business Canada has made its application process available on-line in two pilot locations — Alberta/Northwest Territories and Quebec/Nunavut — in preparation for a nationwide launch in the fall of 2001.

Five Service Canada pilots took place across Canada over the fiscal year. These projects are an attempt to provide easy access for Canadians to a wide variety of government services at a specific location or through innovative Internet applications, thereby providing a type of one-stop, integrated access.

- County of Oxford Integrated Network
- Service New Brunswick Network
- Canadian Consumer Information Gateway (<http://consumerinformation.ca>)
- Talk to Us — Web and telephone integration (http://www.cbcs.org/vweb/talktous_na.cfm)
- Enterprise Toronto (<http://www.enterprisetoronto.com>).

The first four projects proved so successful they will continue to operate beyond the pilot period. Responsibility for the fifth project

BENCHMARKING FOR CLIENT-CENTRED SERVICE

Faced with a rising number of merger filings and an increase in complex multi-jurisdictional mergers, the Competition Bureau introduced fees and service standards for merger review in 1997. Subsequently, a benchmarking exercise was undertaken to study and improve the merger review process.

- The Mergers Branch is successful at meeting service standards (92 percent in complex cases), which demonstrates that the standards are probably appropriate. The standards are not so easy that they are met 100 percent of the time by the Branch, and yet they are not so unrealistic as to discourage staff.
- In 2000–01, the Mergers Branch completed 349 transactions for merger review services. Stakeholders returned feedback cards for 63, or 18 percent, of these transactions. Not one of the responses during 2000–01 rated the service as fair or poor. In comparison, 10 percent of the responses from November 1997 to March 31, 2000, rated the quality of service as fair or poor. Comments such as “the review was conducted in a professional and timely manner” and ratings of good and excellent indicate very positive feedback from stakeholders.
- As indicated in the Competition Bureau’s *Merger Review Benchmarking Report* (available at <http://strategis.gc.ca/SSG/ct02194e.html>), the study included a process-mapping exercise of the merger review process, interviews with Mergers Branch staff and other internal stakeholders such as the Department of Justice Canada, in-depth interviews with lawyers who deal with the Branch on a regular basis, and interviews with other competition agencies (in the United States, the United Kingdom and Australia) and lawyers in these countries to obtain their views on their country’s system and their insight into what they consider to be best practices related to merger review.

Changes made during and after the benchmarking review, such as the creation of the Merger Notification Unit, training and seamless interaction with clients have resulted in significant process improvements. As a result of the benchmarking initiative, it is expected that Canada will have an effective, efficient and responsive system linking the best practices at home with the best learning and practices from abroad.

was transferred to another department. Further information on Service Canada is available at <http://www.servicecanada.gc.ca>

To provide integrated, easy access to services targeted specifically at small businesses across Canada, the network of Canada Business Service Centres (CBSCs) continued to operate and to grow (http://www.cbsc.org/annual_report). In partnership with the Government of Nunavut, Industry Canada opened two additional access sites (Rankin Inlet and Lugluktuk). The Canada–Yukon Business Service Centre and Service Canada joined forces to provide one-stop access to information on government programs and services for both individuals and businesses from a new joint site located at Watson Lake. Finally, the expansion of the network of Community Futures Development Corporations in Ontario was undertaken in order to provide universal coverage of all rural areas of the province.

Within the Department, several organizations now produce semi-annual or quarterly performance reports. For example, the Canadian Intellectual Property Office's (CIPO) quarterly report is regularly reviewed by its senior management team to make decisions related to improving service to clients. Client satisfaction and performance against published client service standards are routinely tracked and reviewed. These efforts are positioning the Department to better respond to the ever-increasing expectations of Canadian citizens.

Government On-Line

One of the key objectives of the Government On-Line initiative is to promote integrated service delivery to Canadians, organized by client needs and across departmental boundaries. Industry Canada leads or participates in a number of partnership sites or portals (*see box on page 15*) that provide government-wide information.

STRATEGIS: HIGHLIGHTS AND ACCOMPLISHMENTS

- *Strategis* surpassed its goal of 7.2 million visits to the site. By the end of the fiscal year, it had achieved 8.4 million visits. Usage grew by 50 percent over the previous year.
- An annual survey of *Strategis* clients revealed that the majority of users were post-secondary school graduates employed in the senior ranks of SMEs with fewer than 100 employees.
- The survey and other unsolicited feedback indicated that the site would benefit from an overhaul. In response to user needs, the site's URL was shortened to facilitate user recall, the interface was redesigned, and additional modes of navigation were added to enhance the functionality of the site.
- Some of the *Strategis* products that were added or significantly improved include the following:
 - Telehealth/E-Health Pathfinder
 - Sustainable Development Strategy
 - Trade Data Online
 - Canada Community Investment Plan (CCIP)
 - Spectrum Direct
 - Biotechnology Gateway.
- There were about 30,000 inquiries to the *Strategis* Help Desk in 2000–01, representing a 28 percent increase over the previous fiscal year. However, through a strategy focussed on optimizing client self service, the number of clients who needed Help Desk assistance declined 25 percent, from four per 1,000 visits to three per 1,000 visits.

<http://strategis.gc.ca>

Within the Department, information on all of Industry Canada's key programs, policies and services as well as key client forums are available on-line through a number of Web sites (*see page 17 and refer to Appendix B*). In addition, components of most of Industry Canada's key external services are also available electronically, with additional components constantly being brought on. For example, the Canada Business Service Centres completed four successful pilots of an innovative service enhancement called

Talk to Us. The service integrates the telephone and the Web to help business clients find information (http://www.cbsc.org/vweb/talktous_na.cfm). Approximately 500 clients used the service during the pilot phase and gave high ratings to the quality of the service interactions. Another example is the Corporations Directorate multimedia on-line video, which assists businesses to incorporate and file documents on-line. It also introduced an auto-return service allowing businesses to incorporate on-line within a few hours by giving them access to pre-approved text to include in their application. Client satisfaction with Corporations Directorate's on-line services has been very high.

In 2000-01, Industry Canada successfully met all Tier 1 requirements of the Government On-Line initiative. Information on all of the Department's programs and services, as well as key client forms, were available electronically by December 31, 2000.

Modernizing Comptrollership

Modern comptrollership is one of the government's key priorities. It is a government-wide approach focussed on the sound management of public resources and effective decision making. It is intended to provide managers with integrated financial and non-financial performance information, a sound approach to risk management, appropriate control systems and a shared set of values and ethics (http://www.tbs-sct.gc.ca/CMO_MFC/contents.asp).

Industry Canada is one of the 15 departments and agencies that took part in the pilot phase of the modern comptrollership initiative. The following achievements in 2000-01 contributed to the modernization of the Department's comptrollership function:

- the successful implementation of the Financial Information Strategy by April 1, 2001, and delivery of financial management-related training for managers, administrative staff and functional specialists;

- the completion of a baseline assessment of the Department's modern management practices, based on interviews with more than 40 Industry Canada managers and specialists across headquarters, sectors and regions; and
- the review of the contracting policy and procedures, which led to the implementation of a contracting review process for contracts over \$25,000.

Improved Reporting to Parliament

Improved reporting to Parliament aims to provide parliamentarians and Canadians with high-quality information about the Government of Canada's plans and achievements. Not only is it intended to improve the expenditure management documents supplied to Parliament, such as the Reports on Plans and Priorities and the Departmental Performance Reports, it is also intended to increase the focus on results and on performance information. Further, it allows Canadians an opportunity to better understand and shape public policy.

Industry Canada has adopted a results-based management approach to ensure that clients, stakeholders, beneficiaries, parliamentarians and the general public understand how the Department is making a difference for Canadians. This approach also ensures that management decision making is based more extensively on performance information that distinguishes between program strengths and weaknesses, and provides guidance on what does and does not work. This in turn supports a culture of learning and continual improvement.

This report is based on a corporate-level performance framework that demonstrates how the Department's programs and activities contribute to its strategic objectives and ultimately to the broader government agenda. This framework is validated each year by the Department's senior officials to ensure its continuing relevance. Minor

modifications are occasionally introduced to reflect the continuing evolution of the Department's responsibilities in response to the rapidly changing environment in which it operates. For example, in 2000–01, Industry Canada added a fourth key result under the innovation strategic objective to reflect the Department's commitment to link the desired goals of productivity and innovation with environmental performance.

In 2000–01, the Department also made progress toward developing a corporate-level performance measurement strategy, by identifying the issues that it is trying to address through the achievement of the key results to which it is committed. This will allow the Department to identify performance indicators that will illustrate whether or not the Department's programs, activities and services are having the desired impact of resolving those issues. Industry Canada is currently examining a series of demonstration projects that will allow it to roll out a performance measurement strategy across the Department.

Ultimately, the Department will implement a performance measurement strategy that will enable it to produce reliable, relevant performance information for use by departmental managers in their day-to-day decision making, as well as by parliamentarians, clients and stakeholders to assess the Department's contribution to Canadians.

Exemplary Workplace

Industry Canada's success in delivering on its five strategic objectives depends on the talents, skills and motivation of its employees. The Department is working hard to foster a work culture and environment based on the values and principles at the core of the public service and attuned to the profile and characteristics of effective, knowledge-based organizations.

An important element continues to be Industry Canada's People Management Plan and its focus on recruitment, representation, retention and learning. A total of 20 projects were approved for 2000–01 to help build and maintain Industry Canada's knowledge-based organization and its commitment to becoming a workplace of choice. Initiatives dealt with Aboriginal employment, career counselling and mentoring, accommodation of persons with disabilities, leadership speaker series and a development program, long-service awards, personal learning plans, sponsorship of the Jeux du commerce, study on leading-edge Canadian workplace health practices and programs, targeted recruiting for engineers, a project performance measurement framework, well-being in the workplace, and work–life balance.

HUMAN RESOURCE MANAGEMENT INITIATIVES

The following were the key human resource management initiatives for 2000–01.

- An integrated recruitment, retention and representation strategy was developed.
- A departmental branding strategy for educational institutions was developed.
- An integrated management development program to address forecasted severe shortages at all levels of the EX group over the next five years was developed.
- A systems dynamics study on the recruitment and retention of engineers was conducted.
- A follow-up plan to the issues raised in the 1999 Public Service Employee Survey, including harassment and discrimination, was developed.
- The Department sponsored the Canadian Labour and Business Centre's workplace well-being study and participated in the Linda Duxbury/Health Canada survey on work–life balance.
- A departmental strategy was developed to address the Perinbam Report and an action plan to address results of the Employment Equity Audit was developed.

SECTION 3: CONSOLIDATED REPORTING

3.1 TRANSFER PAYMENTS

This section presents the results of Industry Canada's active grants and contributions programs (programs under which new contributions may be approved, either directly by the Department or through indirect delivery) to March 31, 2001.

Aboriginal Business Canada Programs

Aboriginal Business Development Program

Aboriginal Business Loan Insurance Program

Additional results from Aboriginal Business Canada can be found on pages 26, 63 and 75.

<http://aboriginalmap.ic.gc.ca>

Canadian Institute for Advanced Research

- The Canadian Institute for Advanced Research (CIAR) has established multidisciplinary research teams to investigate areas of scientific interest, such as evolutionary biology, nanoelectronics, superconductivity, economic growth and policy, cosmology and gravity, earth system evolution, and population health and human development.
- The CIAR has leveraged investments by provincial governments and the private sector in excess of the \$3.5 million in federal funds contributed to the institute.

<http://www.ciar.ca>

CANARIE — Phase III

- In 2000–01, the Canadian Network for the Advancement of Research, Industry and Education (CANARIE) saw the completion of CA*net 3 construction, with the successful implementation of ethernet linkages to Newfoundland (August 2000) and Prince Edward Island (January 2001).
- Every provincial optical network has now been connected to CA*net 3. CA*net 3 now connects more than 200 institutions, 2,000 schools and peers with 56 international research and education networks.
- CANARIE also successfully hosted several industry-related events, including NET 2000 Conference, e-learning workshops, the sixth national IWAY Awards and the sixth Advanced Networking Workshop.
- CA*net 3 traffic has grown to the point that outgoing traffic exceeds incoming traffic, which indicates Canadian researchers are now net information providers, rather than seekers of more information from the networks of other countries. More than 1,000 scientists and 5,000 educators use the network daily.

Additional results from this program can be found on pages 62 and 65.

<http://www.canarie.ca>

Federal Economic Development Initiative in Northern Ontario (FedNor)

Access to Capital for Small Business

FedNor expended more than \$10.3 million toward 26 investment projects.

Access to Information for Small Business

FedNor provided more than \$1.4 million to 14 innovation projects.

FedNor provided more than \$3.2 million to 37 connectedness projects.

Access to Markets for Small Business

FedNor provided more than \$1.5 million to 14 trade-related projects.

Promotion of Sustainable Self-Reliant Communities

FedNor provided more than \$14.7 million to 509 community partnership projects.

Community Futures Program

- Under the Community Futures Program in Ontario, FedNor delivered more than \$15.05 million in contributions.
- Under the FedNor Program, more than \$8.3 million in additional capital was provided toward the investment funds of Community Futures Development Corporations (CFDCs), and more than \$177,000 was provided for eight new CFDC informatics upgrading projects.
- The expansion of the network of CFDCs in Ontario was initiated, with the objective of providing universal coverage of all rural areas in Ontario.

Additional results from FedNor can be found on pages 63, 65 and 75.

<http://strategis.gc.ca/fednor>

Information Highway Programs

Community Access Program

Results from this program can be found on page 13.

<http://cap.ic.gc.ca>

Computers for Schools

Results from this program can be found on page 13.

<http://www.schoolnet.ca/cfs-ope>

Francommunautés virtuelles

Results from this program can be found on page 67.

<http://francommunautes.ic.gc.ca>

Information Highway, Science and Entrepreneurship Camps

- Information Highway, Science and Entrepreneurship Camps provide meaningful, short-term work experience to youth to better position them for career-related employment.

- During 2000–01, 108 young people were hired to run camps across Canada that encourage children to develop their interest and skills in the Internet, other information technologies, science and entrepreneurship — fields that are increasingly important to their future.

<http://www.schoolnet.ca/ise>

NetCorps Canada International

Results from this program can be found on page 13.

<http://www.netcorps-cyberjeunes.org>

SchoolNet

Results from this program can be found on page 13.

<http://www.schoolnet.ca>

SchoolNet Multimedia Learnware and Public Access Applications Program

Results from this program can be found on page 67.

<http://www.schoolnet.ca/funds>

Smart Communities Program

Results from this program can be found on page 65.

<http://smartcommunities.ic.gc.ca>

Voluntary Sector Network Support Program (VolNet)

Results from this program can be found on page 13.

<http://www.volnet.org>

Pre-Competitive Applied Research Network (PRECARN)

A total investment by PRECARN of \$11 million leveraged an additional \$18 million in private sector commitments, for a total R&D value of \$29 million.

Additional results from this program can be found on pages 62 and 64.

<http://www.precarn.ca>

Support Payments to Consumer Groups and Other Voluntary Organizations Working in the Consumer Interest

Eighteen organizations submitted 91 funding requests. The amount requested was approximately four times the available \$1 million. Ten organizations were awarded funding for 27 projects. Projects addressed a range of consumer issues relating to automobile retailing, biotechnology, consumer credit, consumer organization self-sufficiency, e-commerce, energy deregulation, financial services, privacy, standards, sustainable consumption and telecommunications. Projects spanned a period of weeks or months, starting in April 2000 and ending in March 2001.

<http://consumerconnection.ic.gc.ca>

Technology Partnerships Canada

Results from this program can be found on page 9.

<http://tpc.ic.gc.ca>

3.2 SUSTAINABLE DEVELOPMENT

This section presents Industry Canada's sustainable development accomplishments. It includes the final phase of the Department's first Sustainable Development Strategy for 1997–2000 (SDS I), as well as progress made since the implementation of its new strategy for 2000–03 (SDS II).

SDS I committed the Department to promoting sustainable development while pursuing its overall mandate to create a more competitive, knowledge-based economy. Although the Department successfully completed the implementation of SDS I during the last reporting period, further work continued on SDS I initiatives during the transition to SDS II. Table 1 shows some noteworthy progress made under SDS I during the period.

While the thrust of SDS I was largely concerned with learning and discovery, the Department's new strategy, SDS II, is focussed on leadership and partnerships that promote sustainable development through the following three objectives:

- productivity through eco-efficiency;
- environmental technologies; and
- integrating sustainable development into decision making.

Table 2 outlines some of the Department's sustainable development accomplishments since the adoption of SDS II in February 2001. Industry Canada's Sustainable Development Web site offers more detailed information on both strategies (<http://strategis.gc.ca/sd>).

Table 1: Selected Accomplishments Under the Final Phase of the 1997–2000 Sustainable Development Strategy (SDS I)

Corporate Strategic Objective	Accomplishments in 2000–01
<p>1. Marketplace Foster a marketplace climate that promotes sustainable development.</p>	<ul style="list-style-type: none"> • Participated in a forum to investigate biodiversity stewardship in resource industries to consider how industry might voluntarily mitigate the impacts of resource development on wildlife. • Hosted a series of workshops held by the interdepartmental committee on corporate stewardship aimed at identifying industry initiatives for promoting sustainable development. • Funded a study by the Consumers' Association of Canada, entitled Monitoring Consumer Information on Sustainability.
<p>2. Innovation Enhance the ability of Canadian firms to develop and use innovative technologies and tools that contribute to sustainable development.</p>	<ul style="list-style-type: none"> • Technology Partnerships Canada (TPC) invested \$9.9 million in sustainable development-related technology, which will leverage approximately an additional \$20 million from other sources. • Created the Canada Foundation for Sustainable Development Technology in partnership with Natural Resources Canada and Environment Canada. • Completed the Industry Issue Table analysis of the greenhouse gas reductions and costs associated with various policy measures.

Corporate Strategic Objective	Accomplishments in 2000-01
<p>3. Trade and Investment Encourage trade and investment flows that contribute to sustainable development in Canada and abroad.</p>	<ul style="list-style-type: none"> • Participated in the WTO's and OECD's committees on trade and the environment. • Participated in the OECD's Extended Producer Responsibility program. • Participated in the ongoing work program for the Basel Convention on hazardous wastes.
<p>4. Stewardship and Management Continue to improve the capacity of Industry Canada to manage and deliver departmental policies, programs and operations that contribute to sustainable development.</p>	<ul style="list-style-type: none"> • Delivered a sustainable development training course and an environmental assessment training module to 134 participants. • Launched a Department-wide pilot program to test an improved Strategic Environmental Assessment guideline and questionnaire. • Expanded recycling facilities to include cell phone and alkaline batteries.

Table 2: Selected Accomplishments Under the 2000-03 Sustainable Development Strategy (SDS II)

Corporate Strategic Objective	Accomplishments in 2000-01
<p>1. Eco-efficiency Enhance the capacity of Canadians, industries and firms to develop and use eco-efficient practices, tools, technologies and products that contribute to increased productivity and environmental performance.</p>	<ul style="list-style-type: none"> • Developed an on-line tool to test user knowledge of eco-efficiency and productivity. • Completed a draft eco-efficiency self-assessment tool designed for use by SMEs. • Launched new Networks of Centres of Excellence, including the Automobile of the 21st Century. • Completed an interim report entitled <i>Canadian Corporate Sustainability Reporting Benchmark Survey</i>.
<p>2. Environmental Technologies Facilitate the development and diffusion of environmental and enabling technologies that produce long-term economic and environmental benefits.</p>	<ul style="list-style-type: none"> • TPC invested \$203 million in nine sustainable development-related projects, which will leverage approximately an additional \$907 million from other sources. • Initiated three sustainable development-related projects focussing on pollution prevention by PRECARN. • Funded 12 university research projects, through the Canada Foundation for Innovation, in areas such as environmental engineering, soil science and hydrology.
<p>3. Decision Making Improve the integration of sustainable development objectives into decision making, including the development and delivery of departmental policies, plans and operations.</p>	<ul style="list-style-type: none"> • Undertook the development of a <i>Sustainable Development and Environmental Management System Manual</i>, which provides written procedures for establishing, documenting and maintaining the processes related to the Department's Sustainable Development Strategy.

3.3 REGULATORY INITIATIVES

Performance of Significant Regulatory Initiatives

Purpose of Regulatory Initiative	Expected Results	Achieved Results
<p>Radiocommunication Regulations — Non-Broadcast Radio Licensing Fee Reform</p> <p>A new licence fee structure for non-broadcast spectrum must be put in place because new technology has dictated the need for change.</p>	<p>There will be a new licence fee structure for non-broadcast spectrum that is simple and flexible for all applicants.</p>	<p>Because of resourcing issues and some unanticipated difficulties with the computer processing of data needed to properly develop the fee proposal, the consultation has been delayed until 2001–02.</p>

3.4 COLLECTIVE INITIATIVES

The following table presents some of the key collective initiatives in which Industry Canada plays a significant or leadership role.

Collective initiatives are programs, strategies or activities that are undertaken and achieved through public policies, and that involve more than one jurisdiction, department or partner working toward shared objectives to achieve a specific mandate.

COLLECTIVE INITIATIVE	KEY COMMITMENT	PARTNER(S)	RESULTS
<p>Access to Capital (a component of the Aboriginal Business Development Initiative)</p>	<p>Strengthen the institutional capacity of Aboriginal developmental lending institutions and foster increased availability of capital for developmental lending.</p>	<ul style="list-style-type: none"> • Industry Canada • Canada Economic Development for Quebec Regions (CED) • Atlantic Canada Opportunities Agency (ACOA) • Indian and Northern Affairs Canada (INAC) • Western Economic Diversification Canada (WD) 	<p>See page 75.</p> <p>http://strategis.gc.ca/abc</p> <p>http://www.nacca.net/aboutus.htm</p>

COLLECTIVE INITIATIVE	KEY COMMITMENT	PARTNER(S)	RESULTS
Canshare	Improve cooperation and coordination among law enforcement agencies across Canada by combining information from complaints related to consumer protection or market fairness.	<ul style="list-style-type: none"> • Industry Canada • Ontario Provincial Police (Project PhoneBusters) • Provincial and territorial governments 	More than 90 alerts have been distributed to Canshare members concerning companies and individuals linked to telemarketing and Internet fraud, unlicensed charities, and so on.
Connecting Canadians Interdepartmental Committee	Determine a course of action that secures the future well-being of our citizens, through a horizontal agenda.	<ul style="list-style-type: none"> • Industry Canada • Agriculture and Agri-Food Canada (AAFC) • ACOA • Canada Customs and Revenue Agency (CCRA) • Canadian Coast Guard • CED • Canadian International Development Agency (CIDA) • Citizenship and Immigration Canada • Department of Canadian Heritage • Department of Finance Canada • Department of Justice Canada • DFAIT • Environment Canada • Health Canada • Human Resources Development Canada (HRDC) • INAC • Natural Resources Canada (NRCan) • Public Works and Government Services Canada (PWGSC) • Solicitor General Canada • Statistics Canada • Treasury Board of Canada • WD 	<p>The federal government fulfilled its promise to protect personal information. The <i>Personal Information Protection and Electronic Document Act</i> received Royal Assent.</p> <p>Consultations with the private sector, provinces and NGOs on the future of authentication and certification were completed.</p>

COLLECTIVE INITIATIVE	KEY COMMITMENT	PARTNER(S)	RESULTS
Deceptive Telemarketing Prevention Forum	Apprise and educate consumers in the area of deceptive telemarketing practices through the implementation of a public education strategy.	Various members from government, not-for-profit organizations and the private sector, including Bell Canada, Canada Post, the RCMP, and Industry Canada as Forum Chair.	Consumer education and enforcement has resulted in a 95 percent decline in Canadian complaints to Phone-Busters since 1995. http://www.phonebusters.com/Eng/DeceptiveTelemarketingForum/index.html
G8 DOT Force	Identify measures that will help bridge the digital divide between countries by participating in high-level discussions organized by the G8.	<ul style="list-style-type: none"> • Industry Canada • DFAIT • CIDA • International Development Research Centre • Private companies • Civil society representatives 	The DOT Force report and action plan were developed and presented to G8 leaders in July 2001. Under Canadian leadership, a framework for implementation has also been developed. Industry Canada has been coordinating the development of Canadian positions with DFAIT, CIDA, the Department of Finance Canada, representatives of the private sector and the public. http://www.dotforce.org
International Marketing Supervision Network	Develop strategies to prevent and redress deceptive marketing practices with an international component.	Delegates from Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hungary, Ireland, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom and the United States established the network in 1992, with participation from representatives of the OECD and the European Union. The Czech Republic, Greece, Italy, Korea, Luxemburg, Malta, Mexico, Poland, and Slovakia have since joined the network.	Industry Canada participated in an international Internet sweep to address misleading representations on the Internet. It helped identify 50 national and international problem sites, and sent warning e-mails to targeted sites with suspected misleading practices. http://www.imsnricc.org

COLLECTIVE INITIATIVE	KEY COMMITMENT	PARTNER(S)	RESULTS
Internet Safety Strategy	Raise awareness of the pitfalls of children using the Internet, and strengthen consumer confidence in the Internet.	<ul style="list-style-type: none"> • Industry Canada • Department of Canadian Heritage • HRDC • Department of Justice Canada • CCRA • Criminal Intelligence Service Canada • RCMP • Health Canada 	See page 15. http://www.connect.gc.ca/cyberwise
Lawful Access	Ensure that Canadian companies remain competitive in international markets by conducting research and analysis, and consulting with them on approaches to lawful access to communications.	<ul style="list-style-type: none"> • Industry Canada • Department of Justice Canada • Solicitor General Canada 	Extensive industry analysis has been conducted for wireline, wireless, cryptography and the Internet. Analysis has been conducted on the different approaches taken to lawful access in other countries and on the domestic approach with respect to the wireless industry. http://e-com.ic.gc.ca/english/crypto/631d15.html
National Broadband Task Force	Advise the Government of Canada on how best to make high-speed broadband Internet services available to all Canadian communities by 2004.	<ul style="list-style-type: none"> • Industry Canada • HRDC • Department of Canadian Heritage • Government On-Line • Health Canada • INAC • Rural secretariat • CANARIE • Communications Research Centre Canada (CRC) • Industry stakeholders (digital content producers, rural communities, Aboriginal groups, and users in the education, library and health communities) • Private sector 	http://broadband.gc.ca

COLLECTIVE INITIATIVE	KEY COMMITMENT	PARTNER(S)	RESULTS
Partners Against Consumer Telefraud (PACT)	Provide information and promote awareness of deceptive telemarketing practices, with senior citizens as the primary target audience.	<ul style="list-style-type: none"> • Industry Canada • Senior Citizens' Secretariat • The Canadian Council of Better Business Bureaus • Nova Scotia Department of Business and Consumer Services • RCMP 	Members of PACT made 10 presentations to senior citizens' groups in Nova Scotia and set up an information booth at the 50+ Expo held in Halifax.
Project Emptor	Target cross-border deceptive telemarketing and deceptive mail operations, through a collaborative enforcement initiative of Canadian and U.S. law enforcement agencies.	<ul style="list-style-type: none"> • Industry Canada • RCMP • British Columbia Auditor General • U.S. Federal Trade Commission • U.S. Federal Bureau of Investigation 	Nine illegal telemarketing activities have been shut down, 16 people have been criminally charged or civilly sued and more than \$19 million in cash or assets have been seized.
SchoolNet GrassRoots Program	<p>Facilitate the integration of information and communications technologies (ICTs) into K–12 learning and teaching.</p> <p>Contribute to the development of the skills and spirit of innovation of Canada's youth by stimulating the use of the Internet and ICTs in a classroom learning environment.</p>	Federal, provincial and territorial governments, universities and colleges, education associations, not-for-profit organizations and the private sector.	See page 67. http://www.schoolnet.ca/grassroots
SkillNet.ca	Offer recruitment services to job-seekers and employers in areas and industries poorly served by commercial on-line career services.	<ul style="list-style-type: none"> • Industry Canada • Canadian Association of Career Educators and Employers • Canadian Aviation Maintenance Council • Canadian Nurses Association • Canadian Tourism Human Resources Council • Cultural Human Resources Council • Centre for Education and Training (Peel School Board) • Volunteer Canada 	See page 13. http://skillnet.ca

COLLECTIVE INITIATIVE	KEY COMMITMENT	PARTNER(S)	RESULTS
Team Canada Inc	Create jobs and prosperity by assisting Canadian firms to take full advantage of international business opportunities and by facilitating the flow of investment and technology.	<ul style="list-style-type: none"> • Industry Canada • AAFC • ACOA • Business Development Bank of Canada • CCRA • CED • Department of Canadian Heritage • Canada Mortgage and Housing Corporation • Canadian Commercial Corporation • Fisheries and Oceans Canada • CIDA • DFAIT • Environment Canada • Export Development Corporation • HRDC • INAC • National Farm Products Council • NRC • NRCan • PWGSC • Statistics Canada • Transport Canada • WD 	http://exportsource.gc.ca
Toronto Strategic Partnership	Establish a framework for cooperation and coordination with respect to the enforcement of laws respecting deceptive marketing practices.	<ul style="list-style-type: none"> • Industry Canada • Ontario Ministry of Consumer and Business Services • Toronto Police Service • Federal Trade Commission (Bureau of Consumer Protection) • U.S. Postal Inspection Service 	Received the 2001 National Association of Consumer Agency Administrators' Consumer Agency Achievement Award for its activities, which include returning more than \$800,000 to consumers.

COLLECTIVE INITIATIVE	KEY COMMITMENT	PARTNER(S)	RESULTS
Youth Employment Strategy (YES)	Help young Canadians gain access to career information, learning opportunities and work experience.	<ul style="list-style-type: none"> • Industry Canada • Department of Canadian Heritage • HRDC • Environment Canada • NRCan • AAFC • Student Connection Program (http://scp-ebb.com) • SchoolNet Youth Employment Initiative (http://www.schoolnet.ca/yei) • Computers for Schools Technical Work Experience Program (http://www.schoolnet.ca/cfs-ope) • Community Access Program's Youth Initiative (http://cap.ic.gc.ca/english/7000.shtml) • Information Highway, Science and Entrepreneurship Camps (http://www.schoolnet.ca/ise) • Canada's Digital Collections (http://collections.ic.gc.ca) • NetCorps Canada International (http://www.netcorps-cyberjeunes.org) 	See page 13. http://www.youth.gc.ca/yesinfo/index_e.html

SECTION 4: FINANCIAL PERFORMANCE

The information contained in the following financial tables is presented in accordance with the Department's approved Planning, Reporting and Accountability Structure (PRAS) and corresponds to its three principal lines of business: Micro-Economic Policy, Industry Sector Development, and Marketplace Rules and Services. The Department is currently revising the PRAS to correspond to its five strategic objectives, which better illustrate how Industry Canada is making a difference for Canadians. Readers who are interested in understanding how the financial information corresponding to the Department's business lines equates to its five strategic objectives will find the information on the Department's Web site (<http://www.ic.gc.ca/crosswalk>).

4.1 FINANCIAL PERFORMANCE OVERVIEW

Planned Spending	\$1,168,887,000
Total Authorities	\$1,388,034,334
2000-01 Actuals	\$1,236,922,020

Industry Canada receives its budget through the Main and Supplementary Estimates approved by Parliament. In 2000-01, Industry Canada's Main Estimates budget was approved at \$1,168.9 million. Through the Supplementary Estimates plus other authorities, the Department received an additional \$219.1 million, for a total authority of \$1,388.0 million.

4.2 FINANCIAL SUMMARY TABLES

Table 1	Summary of Voted Appropriations
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FINANCIAL TABLE 1: Summary of Voted Appropriations

Financial Requirements by Authority

(millions of dollars)

Vote		Planned Spending 2000-01	Total Authorities* 2000-01	Actual 2000-01
Industry Canada Program				
1	Operating expenditures	493.9	568.9	549.0
5	Grants and contributions	549.1	634.0	563.8
(S)	Minister of Industry — Salary and motor car allowance	0.0	0.0	0.0
(S)	Insurance payments under the Enterprise Development Program and guarantees under the Industrial and Regional Development Program	10.0	0.0	0.0
(S)	Canadian Intellectual Property Office Revolving Fund	(5.0)	40.5	(17.6)
(S)	Liabilities under the <i>Small Business Loans Act</i>	69.0	75.7	75.7
(S)	Liabilities under the <i>Small Business Financing Act</i>	2.0	8.8	8.8
(S)	Contributions to employee benefit plans	49.1	55.1	55.1
(S)	Spending of proceeds from the disposal of surplus Crown assets	0.0	0.6	0.5
(S)	Collection agency fees	0.0	0.0	0.0
(S)	Court Awards	0.0	0.0	0.0
(S)	Refunds of amounts credited to revenues in previous years	0.0	1.6	1.6
L10	Payments pursuant to subsection 14(2) of the <i>Department of Industry Act</i>	0.3	0.3	0.0
L15	Loans pursuant to paragraph 14(1)(a) of the <i>Department of Industry Act</i>	0.5	0.5	0.0
L97b	Advances to regional offices and employees posted abroad	0.0	2.0	0.0
Total Department		1,168.9	1,388.0	1,236.9

*Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

FINANCIAL TABLE 2: Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Business Line

(millions of dollars)

Business Lines	FTEs	Operating	Capital	Grants & Contributions	Subtotal: Gross Expenditures	Non-Budgetary Loans, Investments and Advances	Total Gross Expenditures	Less: Respendable Revenues*	Total Net Expenditures
Micro-Economic Policy	314.0	29.1	—	25.4	54.5	—	54.5	—	54.5
(total authorities)	<i>314.0</i>	<i>42.6</i>	—	<i>12.8</i>	<i>55.4</i>	—	<i>55.4</i>	—	<i>55.4</i>
(actuals)	340.0	41.1	—	12.7	53.8	—	53.8	—	53.8
Marketplace Rules and Services	2,333.0	193.8	—	1.0	194.8	—	194.8	(77.7)	117.1
(total authorities)	<i>2,333.0</i>	<i>273.8</i>	<i>0.9</i>	<i>1.0</i>	<i>275.7</i>	—	<i>275.7</i>	<i>(84.8)</i>	<i>190.9</i>
(actuals)	2,341.0	228.9	0.1	1.0	230.0	—	230.0	(104.4)	125.6
Industry Sector Development	1,700.0	245.4	—	636.6**	882.0	0.8	882.8	(9.7)	873.1
(total authorities)	<i>1,700.0</i>	<i>254.0</i>	—	<i>704.7**</i>	<i>958.7</i>	<i>2.8</i>	<i>961.5</i>	<i>(6.5)</i>	<i>955.0</i>
(actuals)	1,581.0	250.6	—	634.6**	885.2	0.0	885.2	(6.5)	878.7
Tourism	147.0	69.2	—	—	69.2	—	69.2	—	69.2
(total authorities)	<i>147.0</i>	<i>83.1</i>	—	—	<i>83.1</i>	—	<i>83.1</i>	—	<i>83.1</i>
(actuals)	84.0	83.1	—	—	83.1	—	83.1	—	83.1
Corporate and Management Services	919.0	95.0	—	—	95.0	—	95.0	—	95.0
(total authorities)	<i>919.0</i>	<i>103.6</i>	—	—	<i>103.6</i>	—	<i>103.6</i>	—	<i>103.6</i>
(actuals)	917.0	95.7	—	—	95.7	—	95.7	—	95.7
Total	5,413.0	632.5	0.0	663.0	1,295.5	0.8	1,296.3	(87.4)	1,208.9
(total authorities)	<i>5,413.0</i>	<i>757.1</i>	<i>0.9</i>	<i>718.5</i>	<i>1,476.5</i>	<i>2.8</i>	<i>1,479.3</i>	<i>(91.3)</i>	<i>1,388.0</i>
(actuals)	5,263.0	699.4	0.1	648.3	1,347.8	0.0	1,347.8	(110.9)	1,236.9
Other Revenues and Expenditures									
Non-Respendable Revenues***	—	—	—	—	—	—	—	—	(235.7)
(total authorities)	—	—	—	—	—	—	—	—	(235.7)
(actuals)	—	—	—	—	—	—	—	—	(277.6)
Cost of services provided by other departments	—	—	—	—	—	—	—	—	54.4
(total authorities)	—	—	—	—	—	—	—	—	54.4
(actuals)	—	—	—	—	—	—	—	—	56.8
Net Cost of the Program	—	—	—	—	—	—	—	—	1,027.6
(total authorities)	—	—	—	—	—	—	—	—	1,206.7
(actuals)	—	—	—	—	—	—	—	—	1,016.1

Note: Numbers in italics denote total authorities for 2000-01 (Main Estimates plus Supplementary Estimates plus other authorities). Bolded numbers denote actual expenditures/revenues in 2000-01.

*These revenues were formerly called "Revenues Credited to the Vote."

**Includes Statutory Grants and Contributions.

***These revenues were formerly called "Revenues Credited to the General Government Revenues (GGR)."

FINANCIAL TABLE 3: Historical Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending by Business Line

(millions of dollars)

Business Lines	Actual 1998-99*	Actual 1999-2000*	Planned Spending 2000-01	Total Authorities 2000-01**	Actual 2000-01
Micro-Economic Policy	256.2	51.4	54.5	55.4	53.8
Marketplace Rules and Services	130.9	118.5	117.1	190.9	125.6
Industry Sector Development***	725.0	1,744.9	873.1	955.0	878.7
Tourism	67.1	68.9	69.2	83.1	83.1
Corporate and Management Services	76.9	84.7	95.0	103.6	95.7
Total Planned to Actual Spending	1,256.1	2,068.4	1,208.9	1,388.0	1,236.9

* Figures are shown using the current Planning, Reporting and Accountability Structure for purposes of comparison.

** Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

*** 1999-2000 total authorities and actuals include a \$900-million grant to the Canada Foundation for Innovation to modernize research infrastructure and a \$160-million grant to Genome Canada.

FINANCIAL TABLE 4: Revenues (Respendable and Non-Respendable)

Revenues by Business Line

(millions of dollars)

Respendable Revenues*	2000-01				
	Actual 1998-99***	Actual 1999-2000***	Planned Revenues	Total Authorities****	Actual
Business Lines					
Micro-Economic Policy	—	—	—	—	—
Marketplace Rules and Services	91.3	98.8	77.7	84.8	104.4
Industry Sector Development	7.3	7.2	9.7	6.5	6.5
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Respendable Revenues	98.6	106.0	87.4	91.3	110.9

Non-Respendable Revenues**	2000-01				
	Actual 1998-99***	Actual 1999-2000***	Planned Revenues	Total Authorities****	Actual
Business Lines					
Micro-Economic Policy	—	—	—	—	—
Marketplace Rules and Services	357.6	487.2	207.9	207.9	155.2
Industry Sector Development	127.4	129.0	27.8	27.8	122.4
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Non-Respendable Revenues	485.0	616.2	235.7	235.7	277.6

* These revenues were formerly called "Revenues Credited to the Vote."

** These revenues were formerly called "Revenues Credited to the CRF."

*** Figures are shown using the current Planning, Reporting and Accountability Structure for purposes of comparison.

**** Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

FINANCIAL TABLE 5: Statutory Payments

Statutory Payments by Business Line

(millions of dollars)

Business Lines	Actual 1998-99*	Actual 1999-2000*	Planned Spending 2000-01	Total Authorities 2000-01	Actual 2000-01
Micro-Economic Policy	4.0	4.2	3.5	3.6	3.6
Marketplace Rules and Services	16.8	2.0	12.1	65.2	7.1
Industry Sector Development	111.9	113.1	100.3	103.8	103.7
Tourism	0.8	2.3	1.9	1.9	1.9
Corporate and Management Services	8.8	8.4	7.4	7.8	7.8
Total Statutory Payments	142.3	130.0	125.2***	182.3**	124.1

Note: All figures include contributions to employee benefit plans and other.

*Figures are shown using the current Planning, Reporting and Accountability Structure for purposes of comparison.

**Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

***Does not include non-budgetary loans, investments and advances.

FINANCIAL TABLE 6: Transfer Payments

Transfer Payments by Business Line

(millions of dollars)

Business Lines	Actual 1998-99*	Actual 1999-2000*	Planned Spending 2000-01	Total Authorities 2000-01**	Actual 2000-01
GRANTS					
Micro-Economic Policy	200.0	—	—	1.0	1.0
Marketplace Rules and Services	—	—	—	—	—
Industry Sector Development	0.3	1,080.0	—	140.0	140.0
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Grants	200.3	1,080.0	0.0	141.0	141.0
CONTRIBUTIONS					
Micro-Economic Policy	13.0	11.8	25.4	11.8	11.7
Marketplace Rules and Services	1.0	1.0	1.0	1.0	1.0
Industry Sector Development***	490.4	424.3	636.6	564.7	494.6
Tourism	—	0.3	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Contributions	504.4	437.4	663.0	577.5	507.3
Total Transfer Payments	704.7	1,517.4	663.0	718.5	648.3

* Figures are shown using the current Planning, Reporting and Accountability Structure for purposes of comparison.

** Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

*** 1999-2000 total authorities and actuals include a \$900-million grant to the Canada Foundation for Innovation to modernize research infrastructure and a \$160-million grant to Genome Canada.

FINANCIAL TABLE 7: Loans, Investments and Advances
Loans, Investments and Advances by Business Line

(millions of dollars)

Business Line	Actual 1998-99	Actual 1999-2000	Planned Spending 2000-01	Total Authorities 2000-01*	Actual 2000-01
Industry Sector Development	—	—	0.8	2.8	—
Total	—	—	0.8	2.8	—

*Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

FINANCIAL TABLE 8: Revolving Fund Financial Summaries
Canadian Intellectual Property Office (CIPO) Revolving Fund

(millions of dollars)

	Actual 1998-99	Actual 1999-2000	Planned Spending 2000-01	Total Authorities 2000-01*	Actual 2000-01
Revenues	64.3	70.9	72.8	72.8	72.5
Expenses	67.1	61.3	66.4	66.4	64.3
Profit or (Loss)	(2.8)	9.6	6.4	6.4	8.2
Items not requiring use of funds:					
Add: Amortization	13.3	14.4	14.9	14.9	14.7
Less: Amortization of deferred capital assistance	(6.4)	(6.4)	(6.4)	(6.4)	(6.4)
Changes in working capital	(8.1)	(0.8)	(0.1)	2.1	3.5
Investing activities:					
Acquisition of depreciable assets	(6.2)	(1.9)	(4.0)	(4.6)	(3.7)
Other items	11.2	3.1	0.0	(6.3)	1.4
Cash surplus (requirement)	1.0	18.0	10.8	6.1	17.7
Authority: cumulative surplus (drawn down)	7.4	25.4	36.2	31.5	43.1

Note: A "line of credit" of \$15 million was approved as the maximum amount that may be drawn down from the Consolidated Revenue Fund (CRF) at any point in time.

*Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

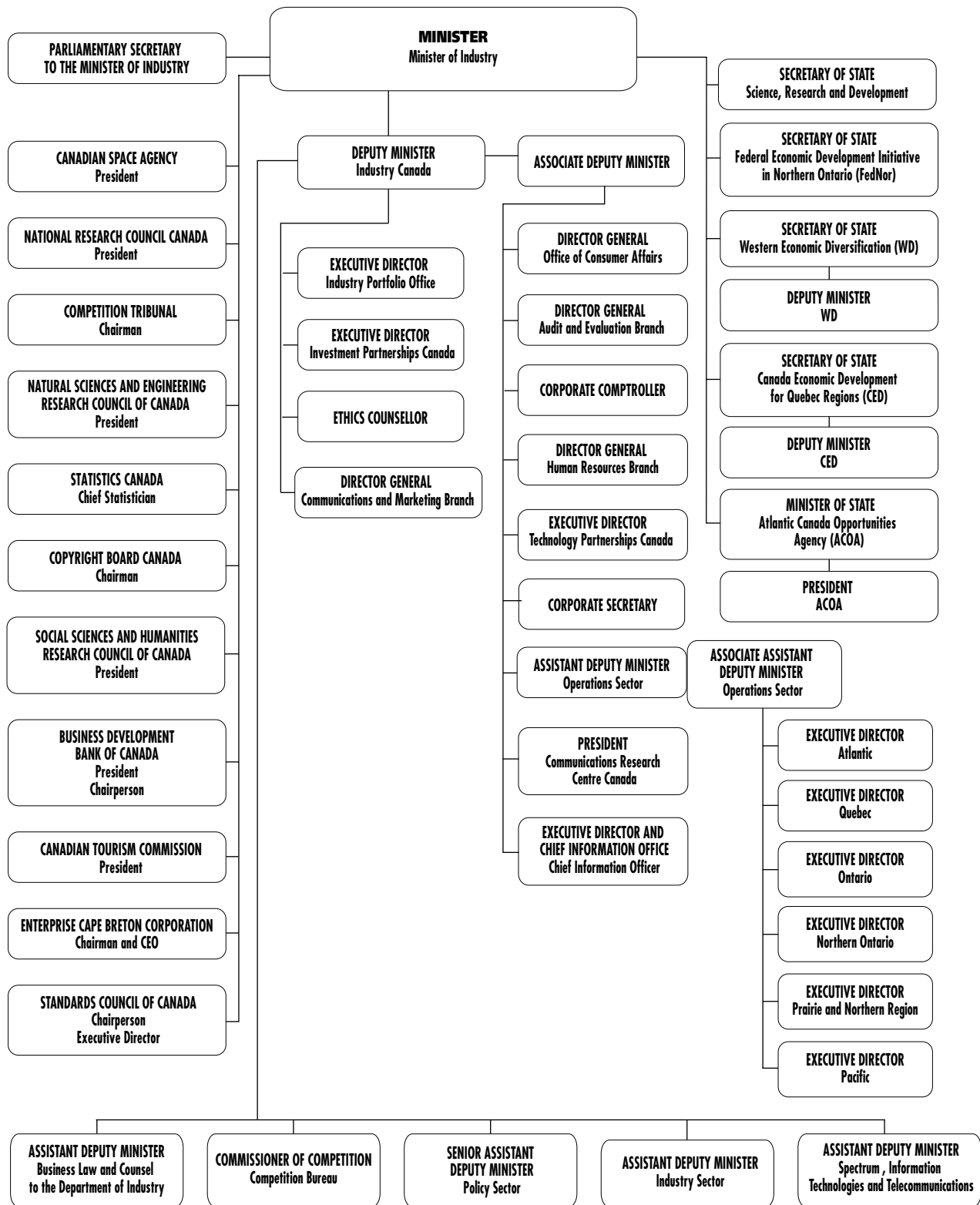
FINANCIAL TABLE 9: Contingent Liabilities

(millions of dollars)

List of Contingent Liabilities	Amount of Contingent Liability		
	March 31, 1999	March 31, 2000	Current as of March 31, 2001
Loan insurance and guarantees:			
- Enterprise Development Program	5.9	5.9	5.9
- <i>Small Business Loans Act</i>	1,161.9	959.5	830.9
- <i>Small Business Financing Act</i>	—	296.8	451.3
- Air Carriers Loan Guarantees (DHC-7 & 8)	365.9	324.4	310.7
- Supplemental Guarantee Program (DHC-8)	1.8	1.0	0.8
- Canadian Airlines Corporation	—	—	—
- Aboriginal Economic Program	4.6	5.1	4.6
- First Union Commercial Corporation	61.3	—	—
- <i>Regional Development Incentives Act</i>	—	58.8	64.0
Subtotal	1,601.4	1,651.5	1,668.2
Claims and Pending and Threatened Litigation	251.0	251.0	252.7
Total	1,852.4	1,902.5	1,920.9

SECTION 5: OTHER INFORMATION

5.1 INDUSTRY PORTFOLIO ORGANIZATIONAL STRUCTURE



5.2 HOW TO REACH US

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5.3 INDUSTRY CANADA'S REGIONAL OFFICES

Please consult the latest listing at
<http://www.ic.gc.ca/regional>

HEADQUARTERS

Industry Canada
C.D. Howe Building
235 Queen Street
Ottawa ON K1A 0H5
Tel.: (613) 954-2788
Fax: (613) 954-1894

ATLANTIC REGION

Industry Canada
10th Floor
John Cabot Building
10 Barter's Hill
P.O. Box 8950
St. John's NF A1B 3R9
Tel.: (709) 772-4866
Fax: (709) 772-5093

Industry Canada
2nd Floor
100 Sydney Street
P.O. Box 40
Charlottetown PE C1A 7K2
Tel.: (902) 566-7382
Fax: (902) 566-7450

Industry Canada
Suite 1605
1505 Barrington Street
Maritime Centre
Halifax NS B3J 3K5
Tel.: (902) 426-3458
Fax: (902) 426-2624

Mailing Address:
P.O. Box 940, Station M
Halifax NS B3J 2V9

Industry Canada
4th Floor, Unit 103
1045 Main Street
Moncton NB E1C 1H1
Tel.: (506) 851-6517
Fax: (506) 851-6502

QUEBEC REGION

Industry Canada
7th Floor
5 Place Ville-Marie
Montréal QC H3B 2G2
Tel.: (514) 496-1797
Fax: (514) 283-2247

ONTARIO REGION

Industry Canada
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151 Yonge Street
Toronto ON M5C 2W7
Tel.: (416) 973-5000
Fax: (416) 973-8714

NORTHERN ONTARIO REGION

FedNor
Suite 307
19 Lisgar Street
Sudbury ON P3E 3L4
Tel.: (705) 671-0711
Toll-free: 1-877-333-6673
Fax: (705) 671-0717

FedNor
Suite 600
Roberta Bondar Place
70 Foster Drive
Sault Ste. Marie ON P6A 6V4
Tel.: (705) 941-2014
Toll-free: 1-877-333-6673
Fax: (705) 941-2085

FedNor
244 Lincoln Street
Thunder Bay ON P7B 5L2
Tel.: (807) 766-1800
Toll-free: 1-877-333-6673
Fax: (807) 346-8474

PRAIRIE AND NORTHERN REGION

Industry Canada
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Winnipeg MB R3C 4K5
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Fax: (204) 983-3182

Industry Canada
7th Floor
123 Second Avenue South
Saskatoon SK S7K 7E6
Tel.: (306) 975-4400
Fax: (306) 975-6727

Industry Canada
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Regina SK S4P 0R7
Tel.: (306) 780-5010
Fax: (306) 780-6506

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Edmonton AB T5J 4C3
Tel.: (403) 495-4782
Fax: (403) 495-4507

Industry Canada
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639-5th Avenue SW
Calgary AB T2P 0M9
Tel.: (403) 292-4575
Fax: (403) 292-4295

Industry Canada
Suite 1006
4920-52nd Street
Yellowknife NT X1A 3T1
Tel.: (867) 920-6604
Fax: (867) 920-6601

Industry Canada*
969 Oimugjuk Building
Iqaluit, Nunavut X0A 0H0
Tel.: (867) 975-4669
Fax: (867) 975-4670

*Effective spring 2002

PACIFIC REGION (BRITISH COLUMBIA AND YUKON)

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Vancouver BC V6B 6E1
Tel.: (604) 666-5000
Fax: (604) 666-8330

Industry Canada
Suite 205
300 Main Street
Whitehorse YT Y1A 2B5
Tel.: (867) 667-5102
Fax: (867) 393-6711

APPENDIX A: DETAILED ACTIVITY INFORMATION

APPENDIX A-1: INNOVATION

Increased recognition of innovation as a critical success factor in all sectors	
Issues to be Addressed	Activities and Accomplishments
<p>Many Canadian organizations do not recognize that, in the knowledge-based economy, the development of innovative products and processes is key to success in the global marketplace.</p>	<ul style="list-style-type: none"> • Produced and published a number of reports and papers on productivity and innovation (http://strategis.gc.ca/sc_ecnmy/engdoc/homepage.html). • Financed and contributed research work to a new journal on productivity — the <i>International Productivity Monitor</i> — a semi-annual publication by the Centre for the Study of Living Standards. • Enhanced the federal role in Canada’s innovation system through federal-provincial science and technology (S&T) cooperation, interdepartmental S&T policy coordination and the utilization of external advice on horizontal S&T issues such as science advice in government decision making, the role and capacity of federal S&T, and ensuring excellence in federally performed S&T (http://strategis.gc.ca/S-Tinfo). • Published the S&T annual report and data booklet to provide information on the role of government in the national innovation system (http://strategis.gc.ca/SSG/te01167e.html and http://strategis.gc.ca/S-Tinfo). • Launched Employers Online in collaboration with HRDC to help SMEs manage their human resources and build business skills (http://employers.gc.ca). • Through the National Technology Index (NTI), provided single-window access to the technological potential of Canada’s public research performers. The NTI has 15,000 users and assists researchers in marketing their technologies (http://strategis.gc.ca/nti). • Through the Innovation in Canada Portal, provided a comprehensive inventory of the best links to universities, public laboratories, municipal agencies and businesses across Canada, to help firms become more innovative (http://innovation.gc.ca). • Through the Innovation Management Toolkit (IMT), provided a set of interactive, easy-to-use Internet-based tools that introduce approaches to improving innovation in SMEs. The IMT was recently cited by the Association de la recherche industrielle du Québec as an important contribution to smaller firms on the way to becoming innovative (http://prodt.businesscanada.gc.ca/cfdocs/firm_en/frame.cfm).

Expanded knowledge base, especially in fields with good opportunities	
Issues to be Addressed	Activities and Accomplishments
<p>Canada ranks relatively low among industrialized nations in the amount of research performed, particularly by the private sector, where the performance of research is concentrated among relatively few firms.</p>	<ul style="list-style-type: none"> • Conducted spectrum research projects on critical new wireless services and technologies, including digital television, digital radio broadcasting, third-generation cellular (3G), Intelligent Transportation Systems (ITS), broadband wireless, satellite communications, and 5 GHz radio local area networks (RLANS), in order to support Canadian positions at international meetings. • Completed the CANARIE — Phase III Program, which supported six e-commerce projects, 10 learning and content projects, nine telehealth projects and 10 projects in intelligent systems. • Stimulated pre-competitive R&D through the PRECARN program to develop advanced network-based technologies and applications for intelligent systems. • Supported the disability support industry by promoting the concepts of inclusive design and accessible procurement, by providing strategic business information, and by working in the standards arenas; and supported the implementation of the Government of Canada Disability Agenda. • Provided secretariat support to the Industry Climate Change Table, whose expert advice was reflected in the <i>Government of Canada Action Plan 2000 on Climate Change</i>, the federal contribution toward the National Climate Change Implementation Strategy which was announced in October 2000. • Supported the Technology Early Action Measures program which provides R&D and demonstration support to promising climate change technologies. • Worked with Pollution Probe to include information on biotechnology in their <i>Primer on Renewable Energy</i>. • Collaborated with the Software Human Resource Council, other government departments and industry associations to ensure the availability of skilled workers in knowledge-intensive industries.

Accelerated commercialization and adoption of innovative processes and products by Canadian organizations

Issues to be Addressed	Activities and Accomplishments
<p>In general, compared with our international competitors, Canada exhibits slower rates of commercialization of research findings and adoption of new processes and technologies.</p>	<ul style="list-style-type: none"> • Led the effort to revise the policy on the Title to Intellectual Property Arising Under Crown Procurement Contracts. The policy now ensures that, in most cases, ownership of intellectual property is assigned to the private sector, which is normally in the best position to actively pursue commercialization. • Invested \$4.3 million in 238 innovation projects through Aboriginal Business Canada, which leveraged an additional \$8-million in client equity and commercial financing for investment in innovation projects in the Aboriginal economy. • Assisted in the start-up of a new state-of-the-art commercial plastics injection moulding facility in a First Nations community in Northern Ontario, through FedNor, which leveraged an \$8 million investment by the private sector. • Placed 12 licences for advanced modem and codec technologies with seven Canadian satellite communications companies; and a licensed software package for the measurement of audio signals, CRC-System for Evaluation of Audio Quality, to companies in Canada, the Netherlands, the United Kingdom, Germany and the United States. • Developed the Spectrum Explorer, an advanced software-based tool which will improve the Department's ability to manage and control valuable spectrum resources. Carried out an audio subjective quality evaluation for a major media research company to support the development of an encryption system to identify original copies of audio documents. • Through the Innovation Centre of the Communications Research Centre Canada, supported currently enrolled and graduate small companies in developing products and growing businesses, which have created more than 1,000 jobs since the Centre's creation (http://www.crc.ca). • Worked with industry associations and sector councils to identify and respond to future skills needs to increase the supply of highly qualified people. Examples include the follow-on work to the Automotive Competitiveness Review, and a feasibility study on a skills development program for the Canadian biotechnology sector.

Increased development and application of eco-efficient practices and technologies in Canada	
Issues to be Addressed	Activities and Accomplishments
<p>Canadian organizations generally lag behind international competitors in terms of awareness, R&D performed, and adoption of eco-efficient practices and environmental technologies.</p>	<ul style="list-style-type: none"> • Developed an on-line tool to test user knowledge and increase awareness of eco-efficiency and productivity, and developed a draft eco-efficiency self-assessment tool for SMEs. • Initiated three projects by PRECARN — Phase III, which focus on using advanced information technology applications to develop new approaches for addressing pollution prevention (http://www.precarn.ca). • Undertook consultations with key Canadian government, academic and industrial organizations on the prospects for greater use of biomass and biotechnology to improve both economic and sustainable development. • Organized a national workshop, “Canada’s Bio-Based Future,” which resulted in the creation of a private, not-for-profit organization, BioProducts Canada, to promote the economic, environmental and ethical application of biotechnology in Canadian industry.

APPENDIX A-2: CONNECTEDNESS

Canadians connected to each other and to the world in a way that is affordable and accessible	
Issues to be Addressed	Activities and Accomplishments
<p>Not all Canadians have universal and affordable access to telecommunications services, the Internet, or new advanced systems and services. This contributes to a loss of economic and social opportunities and to a digital divide.</p> <p>Many rural and remote regions lack advanced infrastructure and may find the financial and technological hurdles difficult to overcome without the federal government’s help.</p> <p>Insufficient levels of digital literacy also prevent Canadians from benefiting fully from the knowledge economy.</p>	<ul style="list-style-type: none"> • Supported the CANARIE program to assist regional advanced networks to upgrade or connect to the national optical backbone, CA*net 3 (http://www.canarie.ca). • Demonstrated broadband satellite communications in remote and rural communities, leading the way for many telehealth and tele-education services. • Provided technical authority on the multimillion-dollar Payload Flight Demonstration project, to be launched in 2003, which will provide two-way broadband communications throughout Canada and will be important in serving remote and rural areas. The Advanced Satellite Communications Program (Advanced Satcom Program) has resulted in \$165 million in direct business to date for Canadian companies. • Through assistance from FedNor, supported Collège Boréal in Northern Ontario in providing broadband access to seven communities in northeastern Ontario. • With FedNor support, established four community telecommunication networks, which are now serving more than 100 communities across Northern Ontario. • Through a Canada-wide competition, selected 12 communities to implement their Smart Communities Program initiatives, five of which have officially launched their projects (http://smartcommunities.ic.gc.ca). • Oversaw the transition of management of the .ca domain to the Canadian Internet Registration Authority (CIRA).

A world-leading environment for electronic commerce	
Issues to be Addressed	Activities and Accomplishments
<p>There is an ongoing need for leading-edge policies and processes that respond in a timely manner to challenges created by the evolution of the Internet and the new knowledge economy.</p> <p>Businesses and consumers still lack confidence in the security and privacy of e-commerce transactions.</p> <p>Harmonization between countries in terms of legislation, policies and practices that promote the security and privacy of information must still be addressed.</p> <p>There is still a lack of awareness of the advantages of e-commerce among businesses, and consumers are slow to adopt e-commerce processes as a means of carrying out transactions.</p> <p>There are too few Canadian suppliers of Internet-based e-commerce solutions, applications and services to satisfy the needs of the marketplace.</p>	<ul style="list-style-type: none"> • Launched the E-Commerce First Step suite of services, through the Student Connection Program, to provide SMEs with practical, hands-on e-commerce training and targeted consultations (http://scp-ebb.com). • Gained and exchanged Canadian sector-specific knowledge related to e-business applications, barriers to engaging in on-line business, best practices, and impacts on profits and productivity, as part of the OECD Electronic Commerce Business Impacts Project, involving nine other countries, as well as from case studies conducted by business schools at four Canadian universities (http://strategis.gc.ca/SSG/ee00009e.html). • Produced a series of research case study reports describing how SMEs in manufacturing and services industries have benefited from engaging in electronic business with their suppliers, customers and partners (http://strategis.gc.ca/ebizenable). • Promoted the accelerated uptake of e-commerce at a series of small business information fairs, reaching almost 5,000 members of the public, at 25 key industry-specific conferences and trade shows, reaching more than 20,000 clients, and various other events, including e-business conferences and e-commerce round tables. • Launched the e-Team Canada Web site (http://ebusinessroundtable.ca). • Developed a draft <i>Canadian Code of Practice for Consumer Protection in Electronic Commerce</i> to establish benchmarks for good business practices by merchants belonging to on-line seal programs. • With the province of Manitoba and Western Economic Diversification Canada, opened a single point of presence for e-business-related programs and services in October 2000, to help accelerate the awareness and adoption of e-commerce (http://www.e-bsc.ca).

Canadian digital content and applications on-line maximized	
Issues to be Addressed	Activities and Accomplishments
<p>There is a need for greater quantity and quality of multimedia applications, collections, information, and services relating to Canada and Canadians. Specific challenges include the need for more community-based content, more French-language content and more on-line learning opportunities.</p> <p>The production of on-line content in Canada does not currently meet the domestic need for information products and services. This places Canada's Internet industries at serious risk of falling behind foreign competition.</p> <p>Untapped opportunities exist for developing more multi-media skills and experiences in all parts of Canada and in all communities.</p>	<ul style="list-style-type: none"> • Funded the development of on-line learning projects through SchoolNet GrassRoots Program, exceeding the target of 20,000, with some 21,000 projects completed (http://www.schoolnet.ca/grassroots). • Through the SchoolNet Multimedia Learnware and Public Access Applications Program, provided financing to develop new products for learning and public access on the Information Highway. Approximately \$9.7 million in federal funding has been matched by 11 partners for the development of learnware products expected to be introduced to the market in 2001 (http://www.schoolnet.ca/funds). • Funded 74 projects through Franccommunautés virtuelles, creating content, applications and services in French, linking Francophone and Acadian communities, and resulting in an overall increase in the ICT skills capacity for socio-economic development within these communities (http://francommunautes.ic.gc.ca). • Linked youth and seniors and increased the ICT skills of both groups through Generations CanConnect, with some 8,400 profiles posted on the Web site (http://generations-canconnect.ic.gc.ca). • Through the chairmanship of the International Steering Council of the World Wide Consortium Web Accessibility Initiative, supported Canada in becoming the first government to adopt the Web Content Accessibility Guidelines as part of its Common Look and Feel Standards.

Expanded on-line delivery of key government services and information in an integrated way to businesses and consumers	
Issues to be Addressed	Activities and Accomplishments
<p>All key government information and services are not yet available on-line.</p> <p>Current on-line services and information need to be more accessible and user-friendly.</p> <p>There is a need for greater coordination and linkage of services and information between various levels of government (federal, provincial/territorial and municipal).</p>	<ul style="list-style-type: none"> • Please refer to the sites/portals listed on page 15 and to the Web sites listed in Appendix B.

APPENDIX A-3: MARKETPLACE

A responsive marketplace framework for business, consumers and investors that is fair, efficient, competitive and world-class	
Issues to be Addressed	Activities and Accomplishments
<p>There is a need to renew frameworks in response to, and in anticipation of, evolving technology and business arrangements, regulatory reform, increasing globalization and changing social conditions.</p>	<ul style="list-style-type: none"> • Intervened before the Nova Scotia Utility and Review Board (NSURB) hearings in support of fair and effective competition in the supply of natural gas and related appliances and equipment to consumers. All nine of the Competition Bureau's recommendations were unanimously endorsed and will be instrumental in ensuring the benefits of competition for Nova Scotia natural gas consumers and in providing all businesses with the opportunity to compete in the relevant markets. • Took key leadership roles during the five-year negotiation of the Patent Law Treaty, which was adopted by consensus at a diplomatic conference under the auspices of the World Intellectual Property Organization (WIPO) and involved representatives from some 150 countries. The Patent Law Treaty streamlines and harmonizes the administrative requirements of obtaining and maintaining a patent, thus facilitating intellectual property protection for inventors and companies in Canada and abroad. • Through participation in the WIPO, influenced the re-organization of the Standing Committee on Information Technologies in order to reduce the development time for intellectual property data exchange standards and increase the accessibility of intellectual property information worldwide. • Gained access to the U.S. Patent and Trademark Office's updated intellectual property data base, which will improve the capacity in terms of searches performed on behalf of Canadian companies. • Issued provisional specifications for flow meters, and approval of type for gas meters and auxiliary devices, and policy guidelines designed to assist clients and staff in the consistent application of standards and requirements. • Adopted International Electrotechnical Commission (IEC) standards as the basis for new electricity meter specifications. • Held preliminary consultations with the intellectual property community to obtain client input into potential legislative and administrative improvements to patents, trade-marks and industrial design acts. • Supported the steady increase in consumer proposals from 1,818 in 1993 to 12,392 in 2000, which today constitute approximately 14 percent of all consumer filings. This is a result of the 1992 amendments to the <i>Bankruptcy and Insolvency Act</i>, and the introduction of consumer proposals as an alternative to bankruptcy. <p style="text-align: right;">(cont.)</p>

A responsive marketplace framework for business, consumers and investors that is fair, efficient, competitive and world-class (cont.)

Issues to be Addressed	Activities and Accomplishments
<p>There is a need to renew frameworks in response to, and in anticipation of, evolving technology and business arrangements, regulatory reform, increasing globalization and changing social conditions.</p>	<ul style="list-style-type: none"> • Led the Canadian Delegation to the World Radiocommunication Conference 2000 (WRC2000), where it achieved significant success for Canadian industry with respect to the next generation cellular phones, new and existing global positioning services, and the protection of Telesat’s Anik and Nimiq systems. • Negotiated Canada–United States agreements for the implementation of new technologies, including local multipoint communications systems, advanced multipoint communications systems and digital television. • Opened new radio frequency spectrum through an auction process that enabled the industry to meet the demands of the rapidly expanding wireless market in Canada and accommodate the third-generation cellular portable communication system that will bring the Internet to hand-held terminals. Through this auction, 52 ten-year licences were awarded, generating revenues of \$1.48 billion.

A marketplace that operates in accordance with the framework statutes, regulations, policies and procedures	
Issues to be Addressed	Activities and Accomplishments
<p>New forms of marketplace conduct, the result of changes in technology, business innovations and legal developments, necessitate innovative adjustments to the operation of the marketplace framework.</p>	<ul style="list-style-type: none"> • Through the May 2001 Federal-Provincial-Territorial Consumer Ministers' Meeting, obtained ministerial approval of a new approach to harmonized consumer protection legislation in e-commerce that will ensure consumers benefit from equal protection across the country. • Achieved ministerial ratification, following federal-provincial-territorial work, of a harmonization initiative that enables all provinces and territories to implement a common list of prohibited debt collection practices. This consistent approach to collection practices will ensure clarity for consumers, the industry and regulators. The practices discussed included such issues as excessive pressure, disclosure and privacy. • Implemented, communicated and supported through training the new bankruptcy trustee compliance strategy and data base, in an effort to better utilize the resources dedicated to ensuring trustee compliance. • Through the Biotechnology Regulatory Assistance Virtual Office (BRAVO), provided Internet users with ease of access to all regulatory information relevant to biotechnology products and applicable functions, while allowing them to manage this information more efficiently (http://www.bravo.ic.gc.ca). • Developed the Mutual Fund Fee Impact Calculator cooperatively with the Ontario Securities Commission (http://strategis.gc.ca/SSG/ca01457e.html).

Confidence in the marketplace	
Issues to be Addressed	Activities and Accomplishments
<p>There is a need for transparent, fair, user-friendly and accessible information, services, treatment and recourse mechanisms in response to, and in anticipation of, diverse and demanding marketplace participants and increasing marketplace complexity.</p>	<ul style="list-style-type: none"> • Launched a multi-departmental site, the Canadian Consumer Information Gateway, to provide access to federal, consumer-related information and services. The initiative involves 38 federal institutions, and is one of the first horizontal portals for the government (http://consumerinformation.ca). • Introduced new Measurement Canada dispute investigation procedures. • Hosted a National Emergency Telecom Forum and several Regional Emergency Telecom Committees to exchange information on emergency preparedness initiatives and to prepare for major events such as the Summit of the Americas. • Developed numerous standards and technical regulations for new radio services, such as digital television, multipoint communications systems, local multipoint communications systems, fixed wireless access, Automatic Meter Reading and studio-to-link. • Updated telecommunications equipment standards to reflect advanced technology, such as Digital Subscriber Loop (DSL). • Established a Personal Insolvency Task Force composed of a cross-section of clients and stakeholders to provide recommendations for the upcoming 2002 parliamentary review and to ensure the current system is efficient and responsive to changing needs of the marketplace. • Contributed to, and promoted, the development of voluntary industry sector environmental initiatives including the Vinyl Council of Canada's Environmental Management Program, the Information Technology Association of Canada's Extended Producer Responsibility Program, and the Canadian Chemical Producers' Association Memorandum of Understanding for Environmental Industry Virtual Office.

APPENDIX A-4: INVESTMENT

Improved domestic and international investment climate	
Issues to be Addressed	Activities and Accomplishments
<p>There is a need to address real and perceived regulatory impediments to foreign and domestic investment (e.g. concerning the environment, marketplace, immigration, taxation, and intellectual property) without compromising the integrity of the regulations' intent.</p> <p>There is a need for better knowledge and understanding of the key impediments to investment.</p> <p>Stronger and more strategic partnerships are needed in dealing with the investment climate.</p>	<ul style="list-style-type: none"> • Expedited the process for the entry of business visitors and a work permit program for the spouses of skilled temporary foreign workers. • Participated in multi-stakeholder consultations to clarify issues and develop guidelines related to the New Substance Notification Regulations, which is the most significant regulatory barrier for attracting investment from the chemicals industry (http://www.oecd.org/ehs/NewChem/CA-NC.HTM). • Developed Biotechnology Business Intelligence Express (Bio Bix) to help Canadian biotechnology companies access patent and trade-mark records as a source of technical and competitive intelligence (http://strategis.gc.ca/SSG/bo01331e.html). • Published the <i>Guide to Establishing a Medical Devices Investment in Canada</i> to encourage and assist potential investors to enter the Canadian medical devices industry (http://strategis.gc.ca/meddev). • Developed and published <i>Public-Private Partnerships: A Canadian Guide</i> to help practitioners to better recognize and respond to opportunities offered by these partnerships, and co-sponsored studies with the Canadian Council for Public-Private Partnerships (CCPPP) on public-private partnership labour transition issues and case studies (http://strategis.gc.ca/PPP).

Canada branded and recognized as an investment location of choice

Issues to be Addressed	Activities and Accomplishments
<p>Canada is not “top of mind” for many investors; there is a lack of business awareness and consideration of Canada as an investment destination.</p> <p>There is a lack of appropriate comparative information on Canadian investment opportunities provided by partners and others.</p> <p>Core messages are not consistently promoted by partners and others.</p>	<ul style="list-style-type: none"> • Conducted pilot projects in Boston and Dallas to develop and test more effective approaches to “brand” Canada internationally. Research results obtained and methodologies tested will serve as the foundation for the further development of high-impact and high-relevance branding and marketing content for various targeted international markets beyond the pilot regions. • Created a Network of Branding Ambassadors, which used various international events as platforms to carry the investment messages. • Created an Alumni Investment Network with 10 universities to enlist alumni who are active in industry as branding ambassadors. • Published <i>Canada’s Winning Secrets</i> and advertised in widely read investment magazines, leading to 70 investment leads from foreign companies. • Launched the Invest in Canada Web site, a single-window service point for potential investors, site selectors and investment officers. Worldwide usage doubled, from 2,500 to more than 5,500 visits (http://www.investincanada.gc.ca). • Organized and hosted the World Telecommunications Standardization Assembly 2000 in Montréal, attended by more than 600 participants from 86 countries. • Helped raise the profile of Canada as a competitive market by supporting international business in economic forums such as the World Economic Forum in Davos, Switzerland, Softworld 2000 in Halifax, and the Team Canada Mission to China in February 2001, as well as investment/financing programs in Singapore, Taiwan, Hong Kong, Germany and India.

Increased attraction and retention of multinational investment in Canada	
Issues to be Addressed	Activities and Accomplishments
<p>There is a need for greater investment into Canada by leading foreign firms in key sectors.</p> <p>There is a need for re-investment by multinational firms operating in Canada.</p> <p>There is a need to develop a systematic and well-coordinated capacity to gather strategic and coherent business intelligence for serious prospective investors.</p> <p>There is a need for stronger partnerships and better coordination of investment efforts among interested parties, including the public sector (at the federal, provincial/territorial and municipal levels), NGOs (e.g universities, research institutions) and the private sector.</p>	<ul style="list-style-type: none"> • Administered the <i>Investment Canada Act</i> to ensure that foreign investments represent a net benefit to Canada. The desire to acquire or establish a business in Canada illustrates a high level of international interest in investing here. In 2000–01, a record 776 investments were notified and approved. Of these, 653 involved foreign acquisitions of Canadian companies, and 123 were new business proposals by foreigners. • Conducted 16 campaigns under the Deputy Ministers’ Investment Champion Campaigns Program, during which more than 110 corporate calls were made to encourage potential investors to consider Canada as a preferred investment destination; and organized 45 special events and activities for investment promotion. • Increased awareness of Canada as a potential site for investment has resulted in companies such as Bayer AG, KoSa, CEPESA, Dow Chemicals Company, Degussa Inc., Stepan Company, and Eastman Chemicals Company announcing or considering their intentions to invest, which contributed to an estimated total investment of \$3 billion in the Canadian chemical industry. • Approved \$3.3 million in assistance through the Program for Export Market Development — Investment (PEMD-I), covering more that 170 projects throughout the country for 2000–01 (http://pemd-i.gc.ca).

Increased investment by SMEs and by Aboriginal businesses	
Issues to be Addressed	Activities and Accomplishments
<p>There is a need to develop capacity at the community level to stimulate investment by SMEs and target groups, particularly in Northern and rural Ontario and among Aboriginal people.</p> <p>Business capacity is insufficient (e.g. in terms of marketing and promotion).</p> <p>Access to capital (for SMEs and Aboriginal businesses) is inadequate.</p> <p>There is limited availability of venture capital.</p>	<ul style="list-style-type: none"> • Launched BusinessGateway.ca to improve efficiency for small business groups seeking information on the Internet (http://BusinessGateway.ca). • Guaranteed 14,270 loans under the <i>Canada Small Business Financing Act</i> (CSBFA), which represented \$1.6 billion in investment in small businesses across Canada. • Through the Ontario Community Futures Development Corporations, provided more than 1,800 businesses with investment and business counselling services, which resulted in 5,450 jobs created or maintained and \$51.8 million in investments leveraged from other sources. • Through FedNor, reached a Loan Loss Reserve Agreement with the Credit Unions of Northern Ontario to enhance access to capital for SMEs. • Through new Access to Capital programming, provided an additional credit of \$10 million to Aboriginal small business owners. • Through Aboriginal Business Canada, provided a total of \$32 million in funding to more than 1,000 Aboriginal business projects (http://abc.gc.ca). • Conducted extensive research and two rounds of consultations with the voluntary sector, resulting in the termination of further work on the voluntary sector pilot project under the CSBFA, as consultations showed that the proposal did not meet the needs of the sector.

APPENDIX A-5: TRADE

Secure market access maintained and improved	
Issues to be Addressed	Activities and Accomplishments
<p>Canadian companies face barriers to trade in foreign markets.</p> <p>Domestic market restrictions hamper a firm's ability to reach the critical mass to succeed internationally, and place Canadian companies at a competitive disadvantage in their own market.</p> <p>There are various gaps in the harmonization of standards, policies and regulations.</p> <p>The Agreement on Internal Trade does not cover a number of barriers and sectors.</p>	<ul style="list-style-type: none"> • Played a key role in the negotiation and signing of the Canada–Costa Rica Free Trade Agreement, which will help Canada gain further access to the Costa Rican market and to a variety of innovative products and technologies (http://strategis.gc.ca/SSG/bi18545e.html). • Played an instrumental role in the organization of two key international meetings: The Free Trade Area of the Americas (FTAA) Ministerial Meeting in Buenos Aires and the Québec City Summit. These meetings allowed international leaders to move ongoing trade negotiations into the second stage of a multi-year process (http://www.dfait-maeci.gc.ca/tna-nac/ftaa1-e.asp). • Held exploratory Free Trade Agreement discussions with the Central America Four (Nicaragua, Honduras, Guatemala and El Salvador), Singapore and CARICOM (Caribbean countries). • Held the first Memorandum of Understanding (MOU) meeting with Taiwan to advance ICT trade and market access issues. • Negotiated and signed MOUs and Letters of Understanding with Egypt, Argentina and Chile on environmental technology cooperation to enhance their environmental performance, while creating market opportunities for Canadian firms offering environmental technologies, products and services. • As a member of the WTO, approved the negotiating guidelines for WTO Trade in Services Negotiations. These guidelines include recommendations related to corporate social responsibilities (http://services2000.ic.gc.ca). • Received the approval of OECD ministers and the endorsement of international business associations for the revised OECD Guidelines for Multinational Enterprises. • Defended Canadian trade interests challenged at the WTO in the pharmaceutical, automotive and aerospace sectors. • Facilitated the establishment of an MOU between the Economic Developers Association of Canada and the south-east region (Szeged) of Hungary, to pursue initiatives such as Smart Communities, SchoolNet, Government On-Line and Community Access Centres. • Assisted with the ongoing negotiation of Russia's, Saudi Arabia's and China's accession to the WTO, helping to reduce trade barriers. <p style="text-align: right;"><i>(cont.)</i></p>

Secure market access maintained and improved (cont.)	
Issues to be Addressed	Activities and Accomplishments
<p>Canadian companies face barriers to trade in foreign markets.</p> <p>Domestic market restrictions hamper a firm's ability to reach the critical mass to succeed internationally, and place Canadian companies at a competitive disadvantage in their own market.</p> <p>There are various gaps in the harmonization of standards, policies and regulations.</p> <p>The Agreement on Internal Trade does not cover a number of barriers and sectors.</p>	<ul style="list-style-type: none"> • Undertook major public consultations on the Agreement on Internal Trade to identify ways of improving internal trade. The Federal/Provincial/Territorial Working Group on Investment developed recommendations dealing with the Code of Conduct on Incentives of the Investment Chapter of the Agreement on Internal Trade for presentation to ministers responsible for internal trade (http://strategis.gc.ca/sc_mrkti/iptrade/engdoc/iptrd_hpg.html and http://www.intrasec.mb.ca/). • Negotiated Mutual Recognition Agreements in telecommunications equipment with 70 countries to shorten Canadian manufacturers' time to export. • Promoted Canada's ethics framework to other governments and by speaking at international ethics forums in the United Kingdom, Argentina, Morocco and the United States. • Successfully negotiated and signed an agreement/protocol with Argentina and Mexico, allowing Canadian satellite carriers to obtain landing rights in these countries. • Chaired the INTELSAT Privatization Working Group.

Export capability and preparedness	
Issues to be Addressed	Activities and Accomplishments
<p>Potential exporters may not be aware of the benefits of exporting and/or may not have knowledge of exporting practices and mechanisms.</p> <p>Smaller companies, particularly in the new, knowledge-intensive industries, have difficulty in securing support when they attempt to expand into international markets.</p>	<ul style="list-style-type: none"> • Developed a branding program and communication plan that allows for tailoring the information to meet the specific needs of clients. An International Trade Centres (ITC) Web site was also developed to better inform businesses of the products and services available (http://strategis.gc.ca/itc-cci). • Participated with the ITC and RTN partners in Calgary in the successful World Petroleum Congress and the related National Petroleum Show, which is the largest one its kind in the world. Hundreds of Canadian companies in the petroleum sector explored international business opportunities with more than 35 visiting trade commissioners. • Offered more than 1,000 outreach events reaching 28,000 participants, and organized 556 missions, including New Exporters to Border States (NEBS), involving 4,800 participants. Some 2,900 new export-ready firms and almost 800 new active exporters were identified. • Approved 500 applications and \$11.4 million in assistance through the Program for Export Market Development. Companies receiving such assistance have an export plan and are better prepared to pursue export markets. • Provided export information via <i>ExportSource</i>, receiving 231,000 visits, a 28 percent increase over the previous year (http://exportsource.gc.ca). • Worked with public sector and private sector stakeholders on a proposal for a Canadian Development Finance Institution to provide funding for early-stage project development in emerging markets.

International market development	
Issues to be Addressed	Activities and Accomplishments
<p>More Canadian companies need to recognize and act swiftly upon foreign market opportunities. They need:</p> <ul style="list-style-type: none"> • information and intelligence on foreign markets and export opportunities that can help them make informed business decisions, access new markets, and secure greater export sales; • appropriate contacts and networks that facilitate access to foreign markets; and • an understanding of innovative approaches that can be used to develop international business. 	<ul style="list-style-type: none"> • Added two cities, San José (Costa Rica) and Córdoba (Argentina), to the Sustainable Cities Initiative, which focusses on the urban challenges faced by cities in developing economies. Some 32 projects, estimated at about \$2 billion, are under way. • Co-managed, with DFAIT, the International Business Opportunities Centre (IBOC), a sourcing centre that matches Canadian companies with export opportunities identified abroad. IBOC followed up on more than 5,000 business leads, and contacted more than 12,000 Canadian companies. Successful exports to date, as a result of IBOC's assistance, total \$28 million, with further and potential sales of \$25 million (http://www.iboc.gc.ca). • Worked with more than 3,000 Canadian exporters on 270 market access and trade development initiatives worldwide. The program consisted of global trade fairs, incoming and outgoing missions, visits and seminars. • Pursued the further development of SourceCAN (http://www.sourcecan.com), an integrated data base on Canadian company capabilities. Its services now include a sourcing search capability, instant e-mail notifications of business opportunities to clients' desktops, on-line auctions and on-line catalogue capabilities. • Produced the <i>Trade and Investment Monitor</i>, the <i>Micro-Economic Monitor</i>, the <i>Regional Economic Observer</i> and <i>Monthly Economic Indicators</i> in partnership with DFAIT (http://strategis.gc.ca/sc_ecnmy/engdoc/homepage.html).

A more coordinated and cohesive approach to international trade development

Issues to be Addressed	Activities and Accomplishments
<p>There is a need for more integrated Industry Canada trade development programs, for greater coordination and integration with the Department's partners through Team Canada Inc, and for better communication and marketing of Team Canada Inc partner services.</p>	<ul style="list-style-type: none">• Supported community trade networks to provide more personalized service to potential exporters.• Renewed MOUs with the Prairie provinces on the delivery of government programs and services. Similar collaborative mechanisms are in place with the other provincial governments.

APPENDIX B

WEB SITES MENTIONED IN THE DEPARTMENTAL PERFORMANCE REPORT

ABC (Aboriginal Business Canada)	http://abc.gc.ca
Aboriginal Business Canada Programs	http://aboriginalmap.ic.gc.ca
Accenture	http://www.accenture.com
Access to Capital (National Aboriginal Capital Corporation Association [NACCA])	http://www.nacca.net/aboutus.htm
Biotechnology Business Intelligence Express (Bio Bix)	http://www.strategis.gc.ca/SSG/bo01331e.html
Biotechnology Gateway	http://strategis.gc.ca/SSG/bo01376e.html
Biotechnology Regulatory Assistance Virtual Office (BRAVO)	http://www.bravo.ic.gc.ca
Business Start-Up Assistant	http://bsa.cbsc.org
BusinessGateway.ca	http://BusinessGateway.ca
Canada Business Service Centres (CBSCs)	http://cbsc.org
Canada Business Service Centres (CBSCs) (Annual Report)	http://www.cbsc.org/annual_report
Canada information	http://Canada.gc.ca
Canada's Digital Collections	http://collections.ic.gc.ca
Canada–Costa Rica Free Trade Agreement	http://strategis.gc.ca/SSG/bi18545e.html
Canadian Biotechnology Advisory Committee (CBAC)	http://cbac-cccb.ca
Canadian Biotechnology Strategy (CBS)	http://strategis.gc.ca/cbs
Canadian Consumer Information Gateway	http://consumerinformation.ca
Canadian Institute for Advanced Research	http://www.ciar.ca
Canadian intellectual property laws and regulations	http://strategis.gc.ca
Canadian Network for the Advancement of Research, Industry and Education (CANARIE)	http://www.canarie.ca
Canadian Strategy to Promote Safe, Wise and Responsible Internet Use	http://www.connect.gc.ca/cyberwise
CANARIE (Canadian Network for the Advancement of Research, Industry and Education)	http://www.canarie.ca
CAP (Community Access Program)	http://cap.ic.gc.ca
CBAC (Canadian Biotechnology Advisory Committee)	http://cbac-cccb.ca
CBS (Canadian Biotechnology Strategy)	http://strategis.gc.ca/cbs
CBSCs (Canada Business Service Centres)	http://cbsc.org
CBSCs (Canada Business Service Centres) (Annual Report)	http://www.cbsc.org/annual_report
Code of Conduct on Incentives of the Investment Chapter of the Agreement on Internal Trade	http://www.intrasec.mb.ca
Communications Research Centre Canada	http://www.crc.ca
Community Access Program (CAP)	http://cap.ic.gc.ca
Community Access Program's Youth Initiative	http://cap.ic.gc.ca/english/7000.shtml

Computers for Schools	http://www.schoolnet.ca/cfs-ope
Computers for Schools Technical Work Experience Program	http://www.schoolnet.ca/cfs-ope
Consumer Groups and Other Voluntary Organizations Working in the Consumer Interest	http://consumerconnection.ic.gc.ca
Crosswalk	http://www.ic.gc.ca/crosswalk
Deceptive Telemarketing Prevention Forum	http://www.phonebusters.com/Eng/DeceptiveTelemarketingForum/index.html
e-business-related programs and services	http://www.e-bsc.ca
Employers Online	http://employers.gc.ca
Enterprise Toronto	http://www.enterprisetoronto.com
e-Team Canada (Canadian E-Business Opportunities Roundtable)	http://ebusinessroundtable.ca
<i>ExportSource</i>	http://exportsource.gc.ca
Federal Economic Development Initiative in Northern Ontario (FedNor)	http://strategis.gc.ca/fednor
Federal/Provincial/Territorial Working Group on Investment	http://strategis.gc.ca/sc_mrkti/iptrade/engdoc/iptrd_hpg.html
FedNor (Federal Economic Development Initiative in Northern Ontario)	http://strategis.gc.ca/fednor
First Nations SchoolNet	http://www.schoolnet.ca/aboriginal
Francommunautés virtuelles	http://francommunautes.ic.gc.ca
The Free Trade Area of the Americas (FTAA)	http://www.dfait-maeci.gc.ca/tna-nac/ftaa1-e.asp
G8 DOT Force	http://www.dotforce.org
Generations CanConnect	http://generations-canconnect.ic.gc.ca
Genome Canada	http://www.genomecanada.ca
<i>Guide to Establishing a Medical Devices Investment in Canada</i>	http://strategis.gc.ca/meddev
IMT (Innovation Management Toolkit)	http://prodt.businesscanada.gc.ca/cfdocs/firm_en/frame.cfm
Industry Canada contact list	http://www.ic.gc.ca/contactlist
Industry Canada information	http://www.ic.gc.ca
Industry Canada's regional offices	http://www.ic.gc.ca/regional
Information Highway, Science and Entrepreneurship Camps	http://www.schoolnet.ca/ise
Innovation in Canada Portal	http://innovation.gc.ca
Innovation Management Toolkit (IMT)	http://prodt.businesscanada.gc.ca/cfdocs/firm_en/frame.cfm
International Business Opportunities Centre (IBOC)	http://www.iboc.gc.ca
International Marketing Supervision Network	http://www.imsnricc.org
International Trade Centres (ITC)	http://strategis.gc.ca/itc-cci
Internet Safety Strategy	http://www.connect.gc.ca/cyberwise
Invest in Canada	http://www.investincanada.gc.ca
Lawful Access (Electronic Commerce in Canada)	http://e-com.ic.gc.ca/english/crypto/631d15.html
marketplace framework legislation (Corporate Law Information Page)	http://strategis.gc.ca/CLPD
<i>Merger Review Benchmarking Report</i>	http://strategis.gc.ca/SSG/ct02194e.html

modern comptrollership (Comptrollership Modernization Office)	http://www.tbs-sct.gc.ca/CMO_MFC/contents.asp
Mutual Fund Fee Impact Calculator	http://strategis.gc.ca/SSG/ca01457e.html
National Broadband Task Force	http://broadband.gc.ca
National Technology Index (NTI)	http://strategis.gc.ca/nti
NetCorps Canada International	http://www.netcorps-cyberjeunes.org
New Substance Notification Regulations	http://www.oecd.org/ehs/NewChem/CA-NC.HTM
NTI (National Technology Index)	http://strategis.gc.ca/nti
OECD Electronic Commerce Business Impacts Project	http://strategis.gc.ca/SSG/ee00009e.html
on-line tool to test awareness of eco-efficiency and productivity	http://www.eco-efficiency.ca
Ontario Aboriginal Business Services Network	www.cbcs.org/ontario/ABSNet
<i>Pathways to Growth: Opportunities for Biotechnology</i>	http://strategis.gc.ca/SSG/bo01604e.html
PRECARN (Pre-Competitive Applied Research Network)	http://www.precarn.ca
Pre-Competitive Applied Research Network (PRECARN)	http://www.precarn.ca
productivity and innovation	http://strategis.gc.ca/sc_ecnmy/engdoc/homepage.html
Program for Export Market Development — Investment (PEMD-I)	http://pemd-i.gc.ca
<i>Public-Private Partnerships: A Canadian Guide</i>	http://strategis.gc.ca/PPP
S&T (science and technology) annual report	http://strategis.gc.ca/SSG/te01167e.html
S&T data booklet	http://strategis.gc.ca/S-Tinfo
SchoolNet	http://www.schoolnet.ca
SchoolNet GrassRoots Program	http://www.schoolnet.ca/grassroots
SchoolNet Multimedia Learnware and Public Access Applications Program	http://www.schoolnet.ca/funds
SchoolNet Youth Employment Initiative	http://www.schoolnet.ca/yei
science and technology (S&T)	http://strategis.gc.ca/S-Tinfo
Service Canada	http://www.servicecanada.gc.ca
SkillNet.ca	http://skillnet.ca
Smart Communities Program	http://smartcommunities.ic.gc.ca
SME research case study reports	http://strategis.gc.ca/ebizenable
SourceCAN	http://www.sourcecan.com
Sources of Financing	http://strategis.gc.ca/sources
strategic objectives	www.ic.gc.ca/priorities
Strategis (see the end of this section for a detailed list of Strategis sites)	http://strategis.gc.ca
Student Connection Program	http://scp-ebb.com
Sustainable Development Strategy	http://strategis.gc.ca/sd
Talk to Us	http://www.cbcs.org/vweb/talktous_na.cfm
Team Canada Inc	http://exportsource.gc.ca
Technology Partnerships Canada (TPC)	http://tpc.ic.gc.ca
<i>Technology Roadmapping: A Strategy for Success</i>	http://strategis.gc.ca/sc_indps/trm/engdoc/trmguide_e.pdf
TPC (Technology Partnerships Canada)	http://tpc.ic.gc.ca

<i>Trade and Investment Monitor, Micro-Economic Monitor, Regional Economic Observer, Monthly Economic Indicators</i>	http://strategis.gc.ca/sc_ecnmy/engdoc/homepage.html
Voluntary Sector Network Support Program (VolNet)	http://www.volnet.org
WTO Trade in Services Negotiations	http://services2000.ic.gc.ca
YES (Youth Employment Strategy)	http://www.youth.gc.ca/yesinfo/index_e.html



Industry Canada On-Line

Aboriginal Business Canada	http://strategis.gc.ca/abc
Canadian Business Map	http://commercecan.ic.gc.ca
Canadian Company Capabilities	http://strategis.gc.ca/cdncc
Canadian Industry Statistics	http://strategis.gc.ca/cis
Consumer Information	http://strategis.gc.ca/consumer
Contact!	http://strategis.gc.ca/contact
e-START.ca <i>Strategis</i> for Students	http://strategis.gc.ca/e-start.ca
Electronic Commerce in Canada	http://strategis.gc.ca/e-com
Employers Online	http://employers.gc.ca
FedNor	http://strategis.gc.ca/fednor
Guides to Canadian Industry	http://strategis.gc.ca/gci
Investment	http://investincanada.gc.ca
Research, Technology and Innovation	http://strategis.gc.ca/innovation
Sources of Financing	http://strategis.gc.ca/sources
Steps to Competitiveness	http://strategis.gc.ca/steps
Steps to Growth Capital	http://strategis.gc.ca/growth
Technology Partnerships Canada	http://tpc.ic.gc.ca
Technology Roadmaps	http://strategis.gc.ca/trm
Trade Data Online	http://strategis.gc.ca/tdo

Services and Regulations

Canadian Intellectual Property Office	http://cipo.gc.ca
Competition Bureau	http://competition.ic.gc.ca
Corporations Directorate	http://strategis.gc.ca/corporations
Lobbyists Registration System	http://strategis.gc.ca/lobbyist
Measurement Canada	http://strategis.gc.ca/meascan
Office of the Ethics Counsellor	http://strategis.gc.ca/ethics
Office of the Superintendent of Bankruptcy Canada	http://osb-bsf.ic.gc.ca
Radio Spectrum Management and Telecommunications	http://strategis.gc.ca/spectrum

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