



Industry
Canada

Industrie
Canada

Industry Canada Performance Report



For the period ending
March 31, 1999

A handwritten signature in black ink, appearing to read "Joe May".

Minister of Industry

Introduction

In response to the government's commitment to providing improved information on expenditure management, Industry Canada has developed a long-term strategic planning framework that will provide Parliament, Canadians and our clients with a clearer results-oriented view of how the department makes a difference. During 1998–99, the department made the creation of this framework a departmental priority and challenged its executive to develop a planning and reporting framework based on the department's strategic objectives.

During the year, Industry Canada's executive worked together to develop a framework that would better demonstrate to Canadians how Industry Canada contributes to the government's Jobs and Growth Agenda. In response to the challenge, 16 key results were identified to articulate what Industry Canada wants to achieve and to provide a framework for reporting accomplishments.

The framework provides the outline for a compelling story that explains to readers why Industry Canada has chosen the programs and services it delivers. It illustrates how those programs and services will enable the department to fulfil its mandate by achieving its intended results and strategic objectives, and provides the architecture for reporting on what the department has already accomplished. (*The framework appears on page v.*)

This shift in focus from business lines to strategic objectives was developed and used in the department's *Report on Plans and Priorities* (RPP) for 1999–2000. For the sake of consistency, the department is using this framework, based on strategic objectives, to report on its 1998–99 RPP and has included a crosswalk (*see Appendix B*) to help readers make the link from the previous business lines to the five strategic objectives.



Chart of Key Results Commitments

Industry Canada Priorities Chart



<ul style="list-style-type: none"> ▶ Increased recognition of innovation as a critical success factor by organizations in all sectors ▶ Expanded knowledge base, especially in fields with good opportunities for early application ▶ Accelerated commercialization and adoption of innovative processes and products by Canadian organizations 	<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 	<ul style="list-style-type: none"> ▶ A fair, efficient and competitive marketplace framework created and maintained for businesses, consumers and investors ▶ Behavioural change induced so that the marketplace operates in accordance with the framework statutes, regulations, policies and procedures ▶ Confidence instilled that the marketplace is fair, efficient and competitive 	<ul style="list-style-type: none"> ▶ Improved domestic and international investment climate ▶ Increased awareness of Canada 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 — internationally competitive and export-oriented industries and firms ▶ International market development — increased exports of Canadian goods and services
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Section I: Minister's Message

At the dawn of the new millennium, Canada, with its strong and dynamic economy, is well positioned to take a lead role in the global, knowledge-based economy and to realize its benefits for all Canadians. The new global economy is fundamentally different from the one we have known for most of this century: its key building blocks are knowledge, information, innovation and technology, and it is changing at an unprecedented pace. Today, it is important for businesses and individuals to be connected to the Information Highway, but tomorrow it will be essential. Electronic communications are breaking the barriers of time and distance, and the effects are being felt everywhere in Canada, from the largest cities to remote areas where the Information Highway is the only highway.

To keep Canada in the vanguard of this global economy, the government is investing heavily in knowledge, innovation and connectedness, in order to generate well-paying jobs and a higher standard of living for Canadians. As Minister of Industry, I am responsible for a Portfolio which brings together most of the federal departments and agencies responsible for promoting innovation through science and technology (S&T) and advancing knowledge. With over 40 percent of federal spending on S&T, a wide range of programs to help businesses — especially small and medium-sized businesses — in every region of the country, a world-leading electronic commerce framework, and flexible support for exporters, the Industry Portfolio represents a powerful toolkit to help Canada make the transition to the knowledge-based economy and society of the 21st century.

The trend towards globalization also poses other challenges to Canada, which has one of the most open economies in the world. The Industry Portfolio is working with partners in the public and private sectors and in academia to help Canadian companies respond and adapt to these challenges, so they can become and remain competitive in the global market. The government's agenda is based on seizing the opportunities presented by the global economy to create jobs and wealth for Canadians, and the Industry Portfolio has a key role in delivering this agenda.

The Industry Portfolio is...

- Atlantic Canada Opportunities Agency
- Business Development Bank of Canada*
- Canadian Space Agency
- Competition Tribunal
- Copyright Board Canada
- Canada Economic Development for Quebec Regions
- 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*


I am pleased to present this Performance Report for Industry Canada. This report shows the contribution that Industry Canada is making to the government's agenda by setting out the commitments that Industry Canada has made and measuring its success in meeting these commitments over the 1998–99 fiscal year.

Industry Canada's Departmental Performance Report demonstrates the significant impact that the department had in 1998–99 in helping to make Canadians more productive and competitive in the global, knowledge-based economy. Highlights of our accomplishments include the following:

- the SchoolNet program achieved its ambitious goal of connecting Canada's schools and public libraries to the Internet;
- we joined forces with other organizations and businesses to create the Deceptive Telemarketing Prevention Forum to help fight telephone fraud;
- Technology Partnerships Canada placed 22 new investments, representing a multi-year commitment of \$214 million, which will leverage a further \$1.2 billion in innovation spending;
- Investment Partnerships Canada prospecting contributed to 15 new major investment projects in Canada by multinational corporations, with a total value of \$1.34 billion;
- domestic investment was boosted significantly through the Small Business Loans Administration provision of loan insurance for almost 23,000 loans to small businesses across Canada, for a total value of \$1.6 billion in investment; and
- as one of three core partners, we were instrumental in expanding Team Canada Inc membership to include 17 additional federal departments and agencies.

These are but a few of the many Industry Canada achievements covered in the 1998–99 Departmental Performance Report, which I invite the reader to peruse.

I am proud of the contribution the Industry Portfolio makes toward the government's priorities of building a stronger Canada, creating opportunities for Canadians, and investing in knowledge and innovation.



John Manley
Minister of Industry

Section 2: Departmental Overview

2.1 Mandate

Industry Canada's mandate is to help make Canadians more productive and competitive in the global, knowledge-based economy. The department's policies, programs and services help create an 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.

The department's programs and services are provided directly to Canadian businesses and consumers across the country. Industry Canada works in partnership with industry, universities, non-governmental organizations, other members of the Industry Portfolio, other government departments, and provincial and territorial governments to develop and sustain a micro-economic policy environment that meets these objectives.

2.2 Operating Environment

Jobs, incomes and our overall standard of living depend on an economy that is growing, sustainable, and able to support the needs and ambitions of citizens and businesses as they adapt to the global, knowledge-based economy. Improving productivity growth will mean that governments can direct resources to address Canadians' social, economic and environmental priorities, and continue to support the programs that Canadians value and that enhance quality of life. It will mean that industry will have the resources it needs to target investment in growth-enhancing sectors and technologies, thus remaining competitive and building a sustainable future. It will also

mean that individual Canadians will have the opportunity to participate in a thriving economy through increased employment and better jobs, and to save and invest for the future.

2.3 Jobs and Growth Agenda

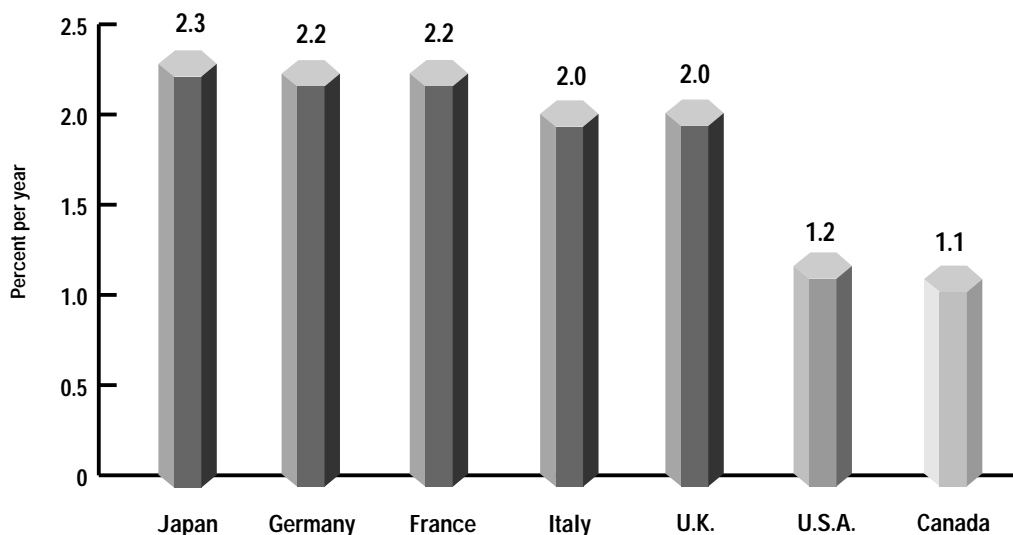
Canada enjoys a high standard of living compared with most of the world. In 1999, the United Nations ranked Canada number one in terms of quality of life for the sixth year in a row. The past several years have been good-news years for Canada's economy: we have had low inflation, low interest rates and significant job gains (a net gain of more than 1.5 million new jobs since the end of 1993). The following points provide an overview of Canada's recent economic performance.

- The macro-economic climate is right for productivity growth.
- Labour productivity performance has begun to improve.
- Canada is the most open of the G-7 countries in terms of trade and investment.
- Canada is building an excellent base to become the most connected country in the world by the year 2000.
- We are first in the world in producing knowledge workers.

However, Canada's standard of living is growing much less quickly than in the past. In comparison with our main competitors, Canada's levels of productivity and income are below potential (*see Figure 1 on page 4*). The challenge, therefore, is to maintain our enviable position in overall quality of life by creating the conditions that will allow us to consistently achieve our potential for economic growth and improve our standard of living.



FIGURE 1
G-7 Labour Productivity Growth, 1979-97 (Business Sector)



Source: Organisation for Economic Co-operation and Development (December 1998) except Canada (Statistics Canada) and U.S.A. (Bureau of Labor Statistics)

Raising the level of Canadian productivity is a broad societal challenge. Maintaining Canada's position as number one in the world in terms of quality of life will take a concerted effort by all sectors of the economy and society: businesses, governments, communities and individuals. Our standard of living, the primary indicator of our quality of life, depends directly on the actions taken by all of these sectors toward raising our level of productivity.

Since it is the main wealth creator in the economy, there is no question that the *private sector* must lead on raising productivity. Productivity improvements occur at the firm level. They are a result of the decisions and actions taken by individual managers and workers that affect how each business operates and prospers. But these decisions and actions are not taken in isolation from the overall business climate.

Transition to the Knowledge-based Economy

There is ample evidence that the world economy and society are undergoing a fundamental change — the shift to knowledge-based growth. Knowledge has always been the predominant factor in long-term economic growth. In the knowledge-based economy, however, the effective management of knowledge is becoming the *decisive* determinant of success. Knowledge is now as important as physical capital and financial capital in driving the global economy. Knowledge is also changing what makes business competitive. Successful businesses are the leaders in improving productivity in the economy.

In the long run, knowledge — especially technological knowledge — and a work force with the skills to apply this knowledge are the main sources for raising our productivity level, increasing income growth, and improving quality of life. **For this reason, the transition to the knowledge-based**

economy is the lens through which Industry Canada examines each of its policies and programs.

By developing policies, delivering programs and providing services that help to ease this transition, Industry Canada makes an important contribution toward improving productivity, employment growth and growth in income.

As shown in the Industry Canada Priorities Chart on page v, the department focusses on a crucial set of micro-economic fundamentals in order to meet the productivity challenge. In 1998–99, the department intensified its efforts on five strategic micro-economic objectives in order to build the competitive advantage Canada needs for long-term productivity growth: improving Canada’s **innovation** performance; making Canada the most **connected** nation in the world; building a fair, efficient and competitive **marketplace**; improving conditions for **investment**; and increasing Canada’s share of global **trade**.

Innovation: Improving Canada’s innovation performance and the transition to a knowledge-based economy

Innovation and knowledge are the new raw materials of the 21st century economy. They provide the new tools and techniques that change the way we do things, help us use our resources more effectively and sustainably, and make the economy more dynamic and prosperous. Recognizing the important role that innovation plays in addressing the productivity challenge, Industry Canada continues to be a major contributor to the government’s innovation strategy. This strategy, which has been evolving over the past several years, focusses on supporting three key aspects of knowledge: its creation, dissemination and application (i.e. commercialization). By helping businesses, organizations and individuals put new ideas to work, Industry Canada promotes a more

productive economy and a better standard of living for all Canadians.

Connectedness: Making Canada the most connected nation in the world

Making sure that Canadians can access opportunities offered by the new economy is an important factor in raising productivity. Industry Canada contributes to this effort by making sure that Canadians have affordable access to the Information Highway through the Connecting Canadians initiative. Its goal is to “make the information and knowledge infrastructure accessible to all Canadians by the year 2000, thereby making Canada the most connected nation in the world,” a bold commitment made by the government in the 1997 Speech from the Throne. As part of this ambitious project, a related goal is to make Canada a location of choice for the development of electronic commerce products and services, which will attract investment and stimulate innovation throughout the economy.

Marketplace: Building a fair, efficient and competitive marketplace

To contribute to productivity growth and overall economic well-being, Industry Canada is committed to ensuring that Canada’s marketplace framework instruments, and associated services and products, are geared to making Canada a leader in the global, knowledge-based economy. A fair, efficient and competitive marketplace is essential to attracting investment, enhancing trade and encouraging innovation. It provides the stability and efficiency required to conduct business, while maintaining consumer confidence in the products, services and transactions of the marketplace. It also entails client-centred, leading-edge delivery of marketplace services and products. Marketplace frameworks that directly affect knowledge as a commodity in the knowledge-based economy include



intellectual property policy, corporations, competition law and consumer protection frameworks, among others.

Investment: Improving conditions for investment in the Canadian economy

Investment by business brings not only immediate jobs and growth, but also related economic benefits such as increased trade flows and access to the knowledge embedded in global technology and management expertise. One reason for Canada's poor productivity performance has been our low investment rate — especially compared with the United States. Industry Canada works to improve the domestic and international investment climate, in order to support investment.

Trade: Working with Canadian companies to increase Canada's share of global trade

Exploiting our global trade opportunities is key to reaping the rewards of our productive effort. Canada is the most open of the G-7 countries. Trade represents more than three quarters of our gross domestic product (GDP), compared with about one quarter in the United States. But we have major challenges still: our top five exporters account for 21 percent of Canadian exports; less than 10 percent of small and medium-sized enterprises (SMEs) export; and more than 80 percent of our exports go to a single market — the United States. Opportunities to address these challenges exist in the growing global markets for knowledge-intensive products and services. Industry Canada works to foster an orientation to these global markets, and encourage more companies to make their products and services export-ready.

In addition to these five strategic objectives, Industry Canada is committed to a number of overarching priorities for


ensuring the integration of economic, environmental and social objectives.

These priorities include sustainable development, regulatory initiatives and Year 2000 preparedness. In promoting these priorities, the department supports its overall mission for a growing, competitive, knowledge-based Canadian economy. (*Reference to these initiatives is made throughout this document.*)

In 1999–2000, Canada is celebrating the Year of La Francophonie, dedicated to showcasing the contributions of Francophones and Francophone communities to Canada's economic, technological, social and cultural development. Industry Canada is proud to support La Francophonie.

2.4 Serving Canadians

Industry Canada delivers to Canadians a broad range of programs and services that are focussed on the achievement of its five strategic objectives. The department's programs and services are designed to benefit a diverse client base across Canada. To reach its clients, Industry Canada collaborates extensively with partners at all levels of government and the private sector, and provides leading-edge service products such as the Canada Business Service Centres, and Internet services such as *Strategis* (<http://strategis.ic.gc.ca>) and *ExportSource* (<http://exportsource.gc.ca>). These services provide businesses and individuals with strategic information services 24 hours a day, seven days a week. For clients who prefer personal contact with the department, Industry Canada has regional offices, as well as local service points located in 50 communities. (*Refer to Section 3.3 for further information on service delivery.*)



Industry Canada On-line

Strategis →

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

Task Force Year 2000
<http://strategis.ic.gc.ca/sos2000>

Technology Partnerships Canada
<http://tpc.ic.gc.ca>

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

Canadian Company Capabilities
<http://strategis.ic.gc.ca/cdncc>

Guide to Canadian Industries (GCI)
<http://strategis.ic.gc.ca/gci>

Canadian Business Map
<http://commercecan.ic.gc.ca>

Steps to Competitiveness
<http://strategis.ic.gc.ca/steps>

Sources of Financing
<http://strategis.ic.gc.ca/sources>

Steps to Growth Capital
<http://strategis.ic.gc.ca/growth>

Technology Roadmaps
<http://strategis.ic.gc.ca/trm>

Trade Data Online
<http://strategis.ic.gc.ca/tdo>

Contact!
<http://strategis.ic.gc.ca/contact>

Consumer Connection
<http://strategis.ic.gc.ca/consumer>

Canadian Industry Statistics
<http://strategis.ic.gc.ca/cis>

Research, Technology and Innovation
<http://strategis.ic.gc.ca/til>

Services and Regulations

Canadian Intellectual Property Office (CIPO)
<http://cipo.gc.ca>

Office of the Ethics Counsellor
<http://strategis.ic.gc.ca/ethics>

Competition Bureau
<http://competition.ic.gc.ca>

Corporations Directorate
<http://strategis.ic.gc.ca/corporations>

Measurement Canada
<http://strategis.ic.gc.ca/meascan>

Lobbyists Registration System
<http://strategis.ic.gc.ca/lobbyist>

Radio Spectrum Management
and Telecommunications
<http://strategis.ic.gc.ca/spectrum>

Office of the Superintendent
of Bankruptcy
<http://osb-bsf.ic.gc.ca>

Section 3: Departmental Performance

3.1 Performance Expectations

Industry Canada's performance goals for 1998–99 are presented using the new planning and reporting framework developed in 1998–99 and presented on page v as the Industry Canada Priorities Chart. A cross-walk (see *Appendix B*) has been provided to help readers make the link from the previous business lines accounting framework to the new planning and reporting framework. The detailed accomplishments of the commitments made in the 1998–99 RPP follow in this section.

3.2 Performance Accomplishments

Summary of Financial Performance Information

Industry Canada

Planned Spending	\$1,105,200,000
Total Authorities	\$1,335,331,500
1998–99 Actuals	\$1,256,120,162

Industry Canada receives its budget through Main and Supplementary Estimates approved by Parliament. Industry Canada's 1998–99 Main Estimates budget was approved at \$1,015.7 million (\$1,105 million was included as planned spending in the 1998–99 *Report on Plans and Priorities*). Through Supplementary Estimates plus other authorities, the department received an additional \$319.6 million, for a total authority of \$1,335.3 million. The most significant of the Supplementary Estimates items were \$200.0 million for the grant to the Canada Foundation for Innovation to modernize research infrastructure, \$58.5 million for SchoolNet and the Community Access

Program, and \$20.1 million for payments to lenders in respect of claims for loans made under the *Small Business Loans Act*.

Detailed Performance Achievements

INNOVATION

The Importance of Innovation

Innovation and knowledge are the new raw materials of the 21st century. Innovation is a key element of productivity, and a significant contributor to our standard of living. In order to maintain our high standard of living and remain competitive in the global, knowledge-based economy, Canadians must innovate; we must both expand our knowledge base and put our knowledge to new use. We must encourage and support innovation in all parts of Canadian society.

Innovation improves productivity and competitiveness in all sectors of our economy and society, from primary resources to service industries, from traditional manufacturing to high technology, from government departments to hospitals, educational institutions and social service agencies. Increasingly, success is based on products, processes and services that are knowledge-intensive.

By improving its innovation performance, Canada stands to reap the rewards of faster economic growth, more good jobs and an improved standard of living. The returns on Canadian investments in innovation have been high.

▶ Innovative Canadian Industries

Research shows that highly innovative Canadian industries

- have six to nine times higher productivity growth in comparison with other industries;
- experience twice the growth of low innovation industries;
- generate the best jobs — which require greater education and skill, and provide pay that is 60 percent higher than that provided by low innovation industries; and
- are twice as likely to export compared with their lower innovation counterparts.

The Innovation Challenge

Studies by the Organisation for Economic Co-operation and Development (OECD) suggest that an “innovation gap” separates Canada from our competitors. Although it has been reduced over time, in many respects a gap still remains.

- Spending on research and development (R&D) in the business sector, as a percentage of GDP, is higher in most G-7 countries than in Canada, despite our generous tax incentive program.
- Canada has a smaller proportion of high-tech manufacturing compared with other G-7 countries.
- Canadian firms, especially SMEs, are slower than their U.S. counterparts in adopting leading-edge methods and processes. This hampers our relative productivity performance and international competitiveness.

The Government's Response

The federal government has made a major commitment to promoting innovation. Large investments have been made in Canada's knowledge infrastructure — the Canada Foundation for Innovation, Networks of Centres of Excellence, research granting councils, the Canadian Network for the Advancement of Research, Industry and Education (CANARIE), and the Pre-Competitive Applied Research Network (PRECARN) — and private sector innovation and research are encouraged through the most generous system of tax credits in the world. In addition, the government has made itself a partner in several strategic, near-market innovative technologies through targeted investments.

Industry Canada has made improving Canada's innovation performance one of its five strategic objectives toward the transition to a knowledge-based economy. Innovation is also closely linked to the department's other strategic objectives. A sound marketplace framework must include clear and enforceable intellectual property rights, which contribute to the incentives to invent. Innovation in turn feeds into and benefits from the Connecting Canadians initiative, which depends on being at the forefront of telecommunications technology and infrastructure. Trade clearly depends on an innovative and productive Canadian economy. And, for investment, innovation works both ways: an innovative economy will attract investment, and foreign investment brings skills and ideas, as well as financial resources to Canada.



PERFORMANCE ACCOMPLISHMENTS

KEY RESULTS

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

To achieve this result, Industry Canada undertakes activities intended first to change perceptions of innovation and later to encourage different organizational behaviour with respect to innovation in organizations throughout all sectors and strata of Canadian society. Examples of our efforts in 1998–99 included the following.

- Industry Canada coordinated the inter-departmental preparation of *Building Momentum*, the annual report on federal science and technology (S&T), and produced the companion booklet *Science and Technology Data — 1998*. These reports contain both qualitative and quantitative descriptions of the federal S&T effort over the past year. A key feature of the *Building Momentum* report is the inclusion of short highlights from each science-based department and agency, providing information on mandates and S&T performance as well as contact information.
- The Prime Minister's Advisory Council on Science and Technology (ACST) provides advice to the government on ways to better integrate innovation into all facets of the economy. ACST's expert panels are an innovative means of gaining expert opinion on complex and sensitive issues. ACST developed recommendations on commercializing university research in 1998–99 and presented them to the government in May 1999.
- Industry Canada worked with the private sector on human resource issues related to innovation. The skills issue has become a major focus of the departmental research agenda. For example, a human resource skills roundtable for the micro-electronics

industry resulted in a number of proposals to increase the supply of design engineers; a human resource skills summit for information technology was held at which the Taking Action Committee, comprised of senior industry and association officials, was formed to pursue recommendations flowing from the summit; a report entitled *Assessment of the Skills and Training Situation in the Canadian Aerospace Industry* was released; and a National Aerospace Skills Symposium attracted 80 stakeholders from industry, academia, labour and government.

Expanded knowledge base, especially in fields with good opportunities for early application

Expanding the knowledge base, with a special focus on early application of new knowledge, requires several types of activities. There is a need to develop foresight about the most productive avenues for research, particularly in specific sectors. Also, there is a need to adjust rules and regulations so that they encourage research rather than inhibit it. In addition, Canada's knowledge infrastructure must be brought up to the leading edge if we are to produce and profit from new knowledge. Examples of our efforts in 1998–99 included the following.

- Public consultations, involving more than 5,000 Canadians, were undertaken to address issues such as the social and ethical considerations of biotechnology. This led to the announcement of the Canadian Biotechnology Strategy in August 1998 by the federal Minister of Industry on behalf of his Cabinet colleagues from the departments of Health, Agriculture and Agri-Food, Environment, Natural Resources, Fisheries and Oceans, and Foreign Affairs and International Trade. The strategy establishes a new policy framework, a broad-based external advisory body that will



report to ministers, coordination machinery for activities that cut across sector files, and 10 priority themes for the development of a coordinated work plan for the strategy.

- Industry Canada conducted the Automotive Competitiveness Review, which identified the low level of R&D in the Canadian automotive sector as one of four major issues facing the industry. The department continues to work with the industry to identify how and where it could increase its level of R&D.
- Technology Roadmaps, tools used to identify the technologies required to meet future demands in the marketplace, identified 11 critical technologies and nine key markets for the Geomatics Technology Roadmap; and the Aerospace and Defence Technology Roadmap alerted participants to the early adoption of electronic commerce and data interchange as a means to improve productivity and performance within the industry.
- An expanded R&D regime for the radio and spectrum licence condition was established to widen the range of R&D investments that meet the conditions of licence (e.g. partnerships with research centres, CANARIE, PRECARN, universities and SMEs).
- The Networks of Centres of Excellence (NCE) program became permanent in 1997, and at the end of 1998–99 there were 14 NCEs across Canada. The NCEs, managed by Industry Canada and the granting councils, have generated technological breakthroughs across a wide range of research areas, including health and biotechnology, infrastructure, information technology, natural resources and computer-aided learning. In 1998–99, three new NCEs (Canadian Arthritis Network, Mathematics of Information Technology and Complex Systems, and

Geomatics for Informed Decisions) were initiated. These new networks will help establish Canadian scientific prominence internationally and bring social and economic benefits to Canadians.

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

Accelerating the commercialization and adoption of innovative processes and products is a twofold process. First, government must ensure that its own laboratories adopt best practices with respect to commercialization and make the rapid movement of innovations to market one of their priorities. Second, government must ensure that the necessary frameworks to facilitate commercialization are in place, including strategic initiatives, international agreements, competitive tax regimes and accessible financing. Examples of our efforts in 1998–99 included the following.

- Targeted growth strategies are being developed to deliver analytical and policy frameworks and specific strategies for sectors where Canada is already strong and has shown marked potential for further growth and global leadership. The four initial sectors identified are aerospace, biotechnologies, information and communications technologies (ICTs), and environmental technologies.
- Industry Canada partnered with the Department of Foreign Affairs and International Trade (DFAIT) to produce private–public sector partnerships in international R&D consortia. These included support for the Canada–Israel Industrial Research and Development Foundation and information technology exchanges with China, the European Union (EU), Mexico and Japan. Industry Canada’s ongoing leadership in the Asia-Pacific Economic

► CRC

The Communications Research Centre's (CRC) special capabilities in broadband communications, wireless access and applications demonstrations will become vital to developing the networks of the future.

In 1998-99, the CRC

- developed video compression technologies to reduce the cost of production (IMAX);
- conducted propagation tests in the Multipoint Distribution Television Systems (MDS-TV) frequency band on behalf of Canadian companies;
- developed audio watermarking technology to monitor the use of radio broadcast programs; and
- developed computer models to determine the probability and level of interference between GEO and non-GEO satellite systems.

Cooperation (APEC) Industrial S&T Working Group has led to joint opportunities for Canada in such areas as digital collections, best practices for the participation of women in science and engineering, and improved S&T indicators for the region. In addition, through the OECD, Canada supported work on best practices for innovation in Canadian businesses, improved access for Canadian researchers to large science facilities, and advanced the regulatory environment for the biotechnology industry.

- Industry Canada partnered with the private sector and Environment Canada, Natural Resources Canada, DFAIT and the Department of Finance Canada, to meet new commitments under the Kyoto Protocol to the UN Framework Convention on Climate Change. The Industry Portfolio Assistant Deputy Ministers Committee on

Climate Change and associated working groups were established to coordinate and provide direction to support and enhance climate change-related activities for the Industry Portfolio.

- Consultations were held with Revenue Canada, the Canadian Advanced Technology Association and Stentor, which were aimed at enhancing the administration and delivery of the Scientific Research and Experimental Development Tax Credit Program.
- In 1998-99, Technology Partnerships Canada (TPC) placed 22 new investments with Canadian companies engaged in technology development projects. These investments represent a multi-year commitment of some \$214 million by the agency and will leverage a further \$1.2 billion of innovation spending. Over their commercial lives, these projects, if successful, are expected to create or maintain 5,000 jobs. At year's end, TPC's cumulative investments had grown to 79 projects. TPC has met its target of ensuring that one third of funding be allocated for the environmental and enabling technologies component of the program.
- Industry Canada reduced barriers to innovation for SMEs, a strategically critical component of our economy, by creating a set of on-line innovation tools to assist firms in measuring their performance and in gathering benchmarking intelligence within their industry.



▶ On-line Tools for Business

- Business Intelligence Express, which assists in rating intellectual property levels in the minerals and metals industry.
<http://strategis.ic.gc.ca/SSG/mm01333e.html>
- The Canadian Business Environmental Performance Office, which contains a variety of external links under the "Performance Quiz" area for more than 30 industries. **<http://virtualoffice.ic.gc.ca/bepo>**
- An Aerospace and Defence Branch interactive Web site, which promotes exchange among Trade Team Canada Sector members.
<http://napoleon.ic.gc.ca/aerospace/nst.nsf/vHTML/lobby-E>
- Business Diagnostic and Benchmarking Tools (DBT), which is an easily accessible source of business improvement information for Canadian businesses of all sizes. **<http://strategis.ic.gc.ca/dbt>**
- Winning Retail, which is a diagnostic tool that employs industry averages and is designed to help SMEs in the retail business.
<http://strategis.ic.gc.ca/SSG/dm01279e.html>
- A Guide on Retailing on the Internet, which provides industry averages on Internet retailing. **<http://strategis.ic.gc.ca/SSG/ir01581e.html>**
- Some 235 guides to Canadian industry, which provide an industry structure benchmarking tool and a sector level performance benchmarking tool.
<http://strategis.ic.gc.ca/gci>
- Solutions for Advanced Manufacturing, which provides diagnostic capabilities around the advanced manufacturing technologies sector.
<http://strategis.ic.gc.ca/sam>
- Electrical Trade Virtual Network, which facilitates the on-line exchange of ideas and issues. **<http://napoleon.ic.gc.ca/ttcelectrical>**
- Aboriginal Business Map, which is a Web-based pathfinder bringing together in a single electronic window information from federal departments and agencies, provincial governments, professional organizations, and Aboriginal organizations. **<http://aboriginalmap.ic.gc.ca>**

CONNECTEDNESS

The Importance of Connectedness

As the turn of the century approaches, businesses must adapt to a more competitive global economy where success depends on the development, acquisition and innovative use of knowledge. Connecting businesses and consumers to the Information Highway, particularly the Internet, plays a central role in helping to adapt to the new realities of the knowledge-based economy and to seize its opportunities.

Connected citizens, through their homes, schools, communities and the workplace,

have better access to the knowledge needed to develop their skills, stay abreast of technological developments, engage in lifelong learning, and acquire innovative ideas that lead to new and more effective ways of contributing to the economy and to society.

Businesses connected to each other and to consumers are better positioned to take advantage of both local and global market opportunities and innovations that lead to increased productivity and prosperity. Through this competitive, knowledge-based advantage, businesses can offer products and services for trade anywhere.

Connectedness also has an important social dimension. Advanced information and communications infrastructure and applications contribute to social development and cohesion, by providing opportunities for Canadians to gain and share knowledge for learning, social and cultural interacting, and transacting business. The global trend to ubiquitous communications, offering access to anyone, anywhere, at any time, means that individuals can expand their horizons regardless of where they live and work.

The Connectedness Challenge

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 countries coming on-line. A country with the advantage of an advanced Information Highway infrastructure will attract and retain investment and become a location of choice for electronic commerce activity, thus allowing its businesses to capitalize on global market opportunities.

The ultimate challenge — realizing the benefits of connectedness — requires the support of both the private sector and governments. This support will help to ensure that Canadians use connectivity to develop knowledge and skills and to be better positioned to capitalize on new economic and market opportunities in the knowledge-based economy.

The Government's Response

In the 1997 Speech from the Throne, the government committed to making the information and knowledge infrastructure available to all Canadians by the year 2000, thereby making Canada the most connected nation in the world. Industry Canada is the lead department in delivering on the Connecting Canadians initiative (<http://www.connect.gc.ca>). However, success depends on the cooperation of other government departments, the provinces and the private sector, as this is a partnership agenda.

▶ Year 2000 Preparedness

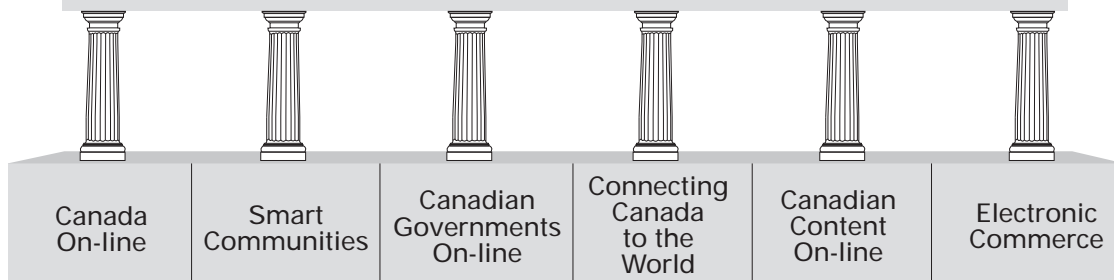
The government has made this a top priority and Industry Canada has responded through the following initiatives.

- Establishing the Task Force Year 2000 Secretariat to implement the Industry Minister's expanded mandate as a lead minister on the Year 2000 challenge.
- Raising business awareness of the Year 2000 problem and encouraging firms to take action to remedy the problem through a number of initiatives and programs, including the CAN2K Campaign (summer 1998), the Year 2000 First Step program (June 1998), a major survey of Canadian businesses (May 1998), a Year 2000 toll-free number and an SOS 2000 Web site.
- Raising public awareness of the Year 2000 issue through a number of initiatives, including the tabling of the government's response to the recommendations of the Standing Committee on Industry (October 1998), the broadcasting of public service announcements on major Canadian television networks (September 1998) and the distribution of the *Millennium Bug Home Check* to all Canadian households (February 1999).
- Distributing more than 20 million industry and consumer information brochures.

The private sector, through the ICT industry, is increasing the capacity and speed of the "backbone" 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.

Connecting Canadians

<http://www.connect.gc.ca>



The government has played an important role in support of the private sector by setting out new domestic policy and regulatory frameworks, which have led to the availability of new radio frequency spectrum and the promotion of competition and services such as wireless and satellite communications. (See the sub-section entitled "Marketplace" for details.)

Programs and activities under the Connecting Canadians initiative are organized according to the following six key pillars.

Canada On-line is providing all Canadians with access to a world-class infrastructure by fostering investment and innovation by the private sector in the Information Highway, by setting competitive policy frameworks and through partnerships with all levels of government to provide public access sites.

Smart Communities is partnering with communities and local industry to support pilot demonstration projects that use ICTs to link people and organizations together, stimulate productivity and innovations, foster demand for high technology goods and services, and address local economic and social needs.

Canadian Governments On-line is applying emerging ICTs to better serve citizens and business clients, especially via the Internet, and working with other government partners to provide easily accessible services on-line.

Governments have a responsibility to serve citizens well and to provide them with the tools that allow them to make informed choices. An important part of the connectedness goal is ensuring that governments become model users of technology in delivering quality services to their clients — the general public, consumers and businesses.

Connecting Canada to the World is promoting a brand image of Canada as a global centre of excellence for connectedness by working with international bodies to harmonize regulatory and policy frameworks, by promoting Canadian best practices to other countries, and by promoting global interconnectivity and interoperability of broadband networks, applications and services.

Canadian Content On-line is promoting Canada as a leading-edge supplier of digital content and advanced Internet applications, by strengthening strategic sectors of the Canadian economy, such as Canadian content and new media industries, and by sponsoring the digitization of Canadian collections.

Electronic Commerce is implementing a leading-edge domestic policy and legislative framework, promoting it internationally, and stimulating the development and use of electronic commerce by consumers and businesses to make Canada a global location of choice for electronic commerce by the year 2000.

PERFORMANCE ACCOMPLISHMENTS

KEY RESULTS

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

Canada is on track to be a world leader in connectedness. Industry Canada's programs ensure that Canadians, whether they live in a small town or on a First Nations reserve, have the opportunity to affordably access the Internet. In 1998, Statistics Canada reported that 36 percent of Canadian households had at least one member who is connected to the Internet from some location (i.e. home, work, school or a public access site), which is an increase of 6.5 percent over the previous year. More than 50 percent of SMEs in Canada had Internet access by the end of 1998, an improvement of 30 percent over the previous year, as reported by the Canadian Federation of Independent Business. The following key accomplishments contributed significantly to the achievement of these results.

Canada On-line

■ **Canada's SchoolNet** achieved its goal to connect Canada's schools and public libraries to the Internet by March 31, 1999. Canada was the first country in the world to reach this milestone. Canada's SchoolNet encourages the integration of ICTs in learning. It is a collaborative effort of federal, provincial and territorial governments, as well as education associations and the private sector. Building on Canada's success in connecting its schools, including First Nations schools, and public libraries to the Internet, Canada's SchoolNet continues to work with its partners to bring the benefits of the Information Highway to more Canadian learners. The next phase of Canada's SchoolNet initiative will extend connectivity to the classroom by March 2001. <http://www.schoolnet.ca>

■ Through the **Computers for Schools** program, 60,000 computers were delivered to schools and libraries across Canada in 1998–99. On March 24, 1999, the Prime Minister and the Minister of Industry oversaw the delivery of the 125,000th computer to Gloucester High School in Ottawa, marking the halfway point in the department's goal of 250,000 computers by March 31, 2001. With the extensive help of the Telephone Pioneers, who co-founded the program, provincial ministries of education, not-for-profit corporations managing the program in each province, and corporate Canada, computers are collected, refurbished and distributed at no cost to schools and libraries throughout Canada. <http://www.schoolnet.ca/cfs-ope>

■ The **Community Access Program** increased the national rural network by connecting 1,000 communities in 1998–99, for a multi-year total of 3,200 communities and 4,000 public access sites. <http://cap.ic.gc.ca>

■ Based on the recommendations of the VolNet National Advisory Committee, the **Voluntary Sector Network Support Program** (VolNet) was announced to “expand the technological capacity of the voluntary sector” by connecting 10,000 voluntary organizations to the Internet and each other by March 31, 2001. Nine out of 30 delivery agencies have been selected. www.volnet.org

Smart Communities

■ Industry Canada began implementation of the vision of the Panel on Smart Communities by launching a series of Smart Communities demonstration projects across Canada and developing on-line learning tools to support new smart communities. As announced in the 1999 budget, a competitive process will select pilot communities (one in each province and in

the North as well as an Aboriginal community) over the next three years with the interest and capacity to become “smart” by developing electronic information and services to support economic development and to enrich community life. The lessons learned in the course of these demonstration projects will advance the use of ICTs at the community level across Canada.

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

Canadian Governments On-line

The Internet has become a major vehicle for obtaining access to government services and information. Putting government services on-line creates unparalleled ease of connection between government and citizens. Industry Canada has continued to work with government partners to encourage the provision of on-line services that are client-focussed, integrated and interactive, and that enhance the electronic delivery of government services, particularly for the deployment of electronic commerce applications.

- *Strategis* continued to grow in content, quality and diversity in 1998–99. The most notable advancements were the addition of several electronic commerce functions, which helped *Strategis* evolve from an information delivery channel to an interactive communications tool. Seven new electronic commerce initiatives were launched (corporations forms, trade-mark application, insolvency debtor name search, insolvency unclaimed dividends, investment review, lobbyists registration, and enquiry, complaint and merger feedback forms) for a total of eight services available to clients as of March 31, 1999. An additional 15 services will be developed and launched before the end of 1999. Our commitment is that any Industry Canada client wishing to transact business electronically with the department will be able to do so by the end

of 2000. (*Further information about Strategis is reported in Section 3.3 and on page 7.*)

Connecting Canada to the World

- Canada hosted the successful OECD Ministerial Conference on Electronic Commerce. This was the first OECD ministerial conference ever held in Canada and the first to include senior representatives from business, labour, social interest groups and observer countries, in addition to the 29 members of the OECD. This event provided an opportunity to showcase Canada’s electronic commerce strategy and influence the international agenda for addressing connectivity issues, as well as to help brand Canada as an electronic commerce location of choice.

<http://www.ottawaoecdconference.org>

- Nine new international partnership agreements relating to Information Highway applications were signed, and the previous 16 are in varying stages of implementation, generating a total of more than \$6.5 million in contracts to organizations in the Canadian private and public sectors in the areas of telecommunications, learnware, Web-based business applications and consulting. A single point of access is provided to the best of Canada’s ICT skills and products for any country or foreign organization seeking to build their own electronic learning network.
- The adoption of common standards and norms for the interoperability of networks and universal communications was encouraged through domestic and international standards organizations. In particular, a standards roadmap for Canada’s Information Highway was developed and presented to the International Telecommunication Union (ITU). This has formed the basis for the development of an international roadmap that incorporates European and U.S. standards options.

A world-leading environment for electronic commerce

Electronic commerce has emerged as an economic and social activity that is transforming how Canadians live and do business. Electronic 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.

In an effort to create a world-leading environment for electronic commerce, Industry Canada focussed first on developing the most comprehensive policy and regulatory regime to stimulate the growth of electronic commerce. Industry Canada then began to focus on the implementation of the regime and promotion of Canadian businesses to take advantage of opportunities presented by the growth of the Internet. Key accomplishments in 1998–99 included the following.

- The Canadian Electronic Commerce Strategy to address challenges and opportunities for businesses and consumers was unveiled on September 22, 1998, by the Prime Minister. This placed Canada among the first countries to outline a comprehensive strategy. The strategy identified “seven firsts” for Canada to achieve in 1999, addressing privacy, cryptography, consumer protection, electronic signature legislation, taxation, public key infrastructure and standards. Several of these commitments, as described below, were met by early 1999.
- A new cryptography policy for Canada was announced on October 1, 1998. Cryptography allows users to authenticate credit card numbers, electronically signed documents, e-mail or other information

The Canadian Electronic Commerce Strategy

The strategy's main components are:

Building trust in the digital marketplace

- Security/cryptography
- Privacy
- Consumer protection

Clarifying marketplace rules

- Digital signatures/legal framework
- Taxation/financial issues
- Intellectual property

Strengthening the information infrastructure

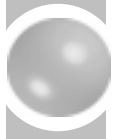
- Network access and availability
- Standards

Realizing the opportunities/market development

- Public awareness
- Governments as model users
- Private sector growth

stored in computers or transmitted over networks such as the Internet. It protects sensitive information such as communications, bank accounts, medical records and intellectual property. The policy allows Canadians to develop, import and use whatever encryption products they wish and does not impose mandatory key recovery requirements or a licensing regime.

- Following extensive consultations with stakeholders, Bill C-54 (the *Personal Information Protection and Electronic Documents Act*) was tabled in Parliament on October 1, 1998. The bill introduces measures to protect personal information in the private sector, creates an electronic alternative for doing business with the federal government and clarifies how the



courts assess the reliability of electronic records used as evidence. The bill is aimed at re-creating in cyberspace the same expectations of trust, confidence and reliability that now exist in everyday commerce.

- Work on developing a Canadian framework of consumer protection principles for electronic commerce progressed well. A working group of key consumer and business stakeholders, with representation from a number of provincial governments has been engaged on this project. The principles should be released in the autumn of 1999.
- In partnership with the Government of Canada Public Key Infrastructure Task Force and other government partners, a new Treasury Board policy was developed for the management of public key infrastructure, which will provide the foundation for secure electronic transactions between the government and its clients.
- The Electronic Commerce Market Growth and Business Development Strategy was developed through the Industry Portfolio to accelerate the development and use of electronic commerce in Canada. Targeted communications, brochures and presentations promoted the adoption of electronic commerce applications by the Canadian business community and stimulated the development of made-in-Canada electronic commerce applications, particularly where these applications are expected to confer a competitive advantage.
- A framework has been developed for increasing the level of on-line connectivity between Canadian businesses and their customers, suppliers and partners in all industry sectors. Collaboration also took place with industry associations and research institutions to encourage the diffusion of electronic commerce in the manufacturing and services industries. This effort included an investigation of electronic commerce and electronic data interchange in the aerospace and defence industries.
- Changes to the Internet Domain Name System (DNS) will have an important impact on the emerging global framework for electronic commerce. As part of the international debate on reform of the DNS, Industry Canada produced a draft policy paper on Internet governance and DNS reform, and initiated a public consultation process led by an ad hoc committee of private sector experts from key stakeholder groups. A follow-up paper was subsequently published, outlining a set of principles the department believes should be observed in the administration and coordination of the DNS. Industry Canada also worked with private sector organizations to facilitate cooperation among the Internet, business and intellectual property communities to encourage better appreciation of trademarks and electronic commerce, notably in relation to DNS use and reform. The department has also acted in an advisory capacity to facilitate the formation of the Canadian Internet Registration Authority, a new not-for-profit registry to administer the electronic “.ca” domain name space on behalf of Canadian users.
- Other issues related intellectual property must be addressed to ensure clear marketplace rules for electronic commerce. Industry Canada published discussion papers on the 1996 World Intellectual Property Organization (WIPO) Copyright Treaty and the WIPO Performances and Phonograms Treaty, and requested comments from stakeholders. Industry Canada and Canadian Heritage published a paper on possible data base protection and sought the views of Canadians through *Strategis*.

Canadian digital content and applications on-line maximized

Digital on-line content offers unique opportunities for Canada's growing multimedia, telelearning and telehealth industries to showcase made-in-Canada applications, products, services and content to the world. By focussing on the following programs and activities, Canadian digital content and applications on-line were maximized, as demonstrated by the increasing number of Web sites with Canadian content and the number of successful businesses producing applications, particularly relating to enhanced learning.

- Through CANARIE, Industry Canada has overseen the start-up of more than 150 innovative, technology-driven, cutting-edge projects, involving more than 400 companies across Canada.
<http://www.canarie.ca>
- Industry Canada continues to promote the content development industry through ongoing trade and investment initiatives such as trade missions, investment promotion, and strategic partnerships and alliances. These efforts have been very successful in helping to attract new investment from home and abroad for Canada's ICT sector.
- Aboriginal Business Canada and Digital Collections launched a pilot program, Aboriginal Digital Collections, involving the digitization of Aboriginal projects. The program provided Aboriginal youth across Canada with an opportunity to gain valuable skills for the knowledge-based economy and developed a central Web page for this information. (*See Section 3.3 for details.*)
<http://aboriginalcollections.ic.gc.ca>
- A total of 1,897 young people have been hired since 1996–97 (465 in 1998–99) on 374 Web site development projects under the Canada's Digital Collections and pilot

Aboriginal Digital Collections programs. Some 260 Web sites covering a wide range of significant Canadian content are now accessible on-line.

- The Francommunautés virtuelles program, launched in 1998–99, contributed to the funding of 32 projects across Canada to increase French language content, services and applications on the Internet and promote the use of these facilities.
- The SchoolNet Multimedia Learnware and Public Access Applications Program was announced on March 25, 1999, to fund the production of commercial learnware and public access applications for the Information Highway.

MARKETPLACE

The Importance of the Marketplace

A fair, efficient and competitive marketplace is an essential foundation for investment, innovation, trade and economic growth, benefiting both producers and consumers. It provides the stability and efficiency required to conduct business, while maintaining consumer confidence in the products, services and transactions of the marketplace.

Global, knowledge-based firms have considerable latitude in choosing where they do business. In order for Canada to become the location of choice for investment, to make innovation its strength and to remain a nation of traders, it needs marketplace laws and services that compare favourably with those of other countries.

The Marketplace Challenge

The globalization of markets, technological change and a continuing trend toward deregulation contribute to the need to keep marketplace legislation up to date. With trade barriers falling, Canada's marketplace

legislation must be modernized to set the stage to facilitate the continued growth of Canadian businesses and allow them to take full advantage of new opportunities in world markets. At the same time, we need to be able to enforce legislation across borders, which requires a new level of cooperation and negotiation with our trading partners.

Technological change, particularly in telecommunications, is dramatically changing the structure of markets and the way we do business, reducing the costs of handling information and improving communications worldwide. These same changes, however, present new issues relating to privacy, competition, intellectual property rights and international standards, which must be resolved if Canadians are to take full advantage of their capacity to develop new products and services. New technologies also offer opportunities for legislators and regulators to improve the way they do business themselves, modernizing procedures for serving their clients and for disseminating information. Widespread deregulation presents new opportunities for adopting alternative tools to ensure smooth transactions in a responsive and competitive marketplace. It also presents a need to further streamline and modernize regulations.

The Government's Response

Industry Canada continued to implement new legislation and develop regulatory and legislative policies to modernize its marketplace frameworks with a view to attracting and retaining the world's best firms and encouraging an efficient and productive economic environment. This year's achievements had a strong focus on encouraging competition and innovation in telecommunications, in line with the technological opportunities opening up in the global economy and the government's commitment to connectedness. New competition legislation provided new tools to protect consumers from anti-competitive practices such as deceptive telemarketing. Marketplace

framework initiatives also played an essential part in the other departmental objectives of trade, investment and innovation, for example, by improving measurement standards, through the administration of patents, and by providing information and services to consumers and businesses to give them confidence in marketplace transactions.

PERFORMANCE ACCOMPLISHMENTS

KEY RESULTS

A fair, efficient and competitive marketplace framework created and maintained for businesses, consumers and investors

By focussing on the following legislative and regulatory initiatives, Industry Canada ensured that Canadian marketplace framework laws continue to be responsive to emerging business trends, client service needs and the ongoing commitment to liberalize the Canadian marketplace.

- Amendments to the *Competition Act* (Bill C-20) came into force in March 1999, with the exception of the merger prenotification provisions, which will come into force at the same time as the regulations amending the Notifiable Transactions Regulations. Among other things, the amendments improve the Competition Bureau's ability to deal with fraudulent telemarketing, create a civil process allowing it to seek court orders to deal more quickly and effectively with misleading advertising and other deceptive marketing practices, and streamline the merger notification process.
- *An Act to amend the Telecommunications Act and the Teleglobe Canada Reorganization and Divestiture Act* (Bill C-17) received Royal Assent on May 12, 1998, to implement Canada's obligations to liberalize basic international telecommunications services under the World Trade Organization's (WTO) Fourth

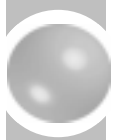
Spectrum Auctions

In August 1998, following extensive research and consultations, Industry Canada's Spectrum Management program released the *Framework for Spectrum Auctions* paper, which establishes the general approach to be used to assign spectrum through a competitive bidding process. Auctioning is a fast, efficient, open and fair means of assigning spectrum, and represents the best method of allocating spectrum to those who value it most. Canada's first auction in 1999 will assign spectrum in the 24 GHz and 38 GHz frequency bands.

<http://strategis.ic.gc.ca/spectrum>

Protocol to the General Agreement on Trade in Services. Industry Canada developed regulations, policies and international agreements that resulted in the complete liberalization of the market for international telecommunications, resulting in lower prices and a broader range of services.

- Industry Canada also worked with industry associations and firms to ensure that their views on framework policy and regulatory proposals were understood by government policy makers and that industry, in turn, understood the government's objectives in developing and implementing new policies and regulations. Examples of policy and regulatory issues in which the department was involved include climate change, the *Canadian Environmental Protection Act*, and the transborder shipment of PCBs (polychlorinated biphenyls).
- To implement the amendments to the *Bankruptcy and Insolvency Act*, which came into force on April 30, 1998, a mediation process was established to resolve certain issues outside the courts.
- Several sections of Bill C-32, An Act to amend the *Copyright Act*, 1997, came into force, and related regulations were adopted. Work continued, in partnership with Canadian Heritage, to move forward regulations required to complete the process of implementing the *Copyright Act* amendments.
- In response to the April 1997 recommendations of the Standing Committee on Industry's review of the *Patent Act Amendment Act, 1992* (Bill C-91), amendments were made to the Patented Medicines (Notice of Compliance) Regulations. The changes to the regulations are designed to further reduce delays in getting competing drugs to the market when the term of patent protection is over, to discourage litigation and to make the system fairer, while maintaining effective patent protection.
- Industry Canada completed preparations for the statutory review of the *Integrated Circuit Topography Act* by the Minister of Industry. Consultations were carried out to obtain stakeholders' views on the provisions and operations of the Act.
- Consultations during the *Small Business Loans Act* review found the program relevant to the needs of SMEs and supported new measures for cost recovery. Legislative changes in the *Canada Small Business Financing Act* (Bill C-53) received Royal Assent in December 1998, and came into effect on April 1, 1999. The improvements ensure the long-term life, cost-effectiveness, usefulness and accountability of the program. The Act also provides the authority to develop pilot projects, to extend the scope of the program to include capital leasing and to allow access to the program for voluntary sector organizations.



- A national symposium was held in February 1999, in cooperation with the provinces and territories, to increase understanding of the role of standards in regulation and trade. Recommendations will be implemented through partnership among the various levels of government, non-governmental organizations and the private sector.
- A draft standard was developed for portable and hand-held wireless devices, in consultation with Health Canada and the Radio Advisory Board of Canada, to require compliance with Safety Code 6, which outlines public guidelines for radio frequency fields to address exposure to non-ionizing radiation issues.
- Negotiations with the propane industry have resulted in an agreement that, starting January 1, 2000, the fee for filling propane cylinders will be based on the actual amount of propane dispensed, as opposed to the traditional flat fee. This will reduce the potential for economic loss due to inaccurate measurement.
- International harmonization of measurement standards was promoted through continued negotiations to expand the Canada–United States Mutual Recognition Agreement to include gasoline and propane dispensers, participation in developing standardized communication protocols for electricity meters in North America, and taking part in developing two draft international recommendations on gas metering measuring systems.
- National standards were developed for Global Mobile Personal Communications by Satellite terminals and for their licensing. Canada was the first country to approve the Iridium terminal.
- The Canadian Intellectual Property Office (CIPO), a leader in setting the global framework, led the Canadian delegation to the World Intellectual Property Organization’s General Assembly meeting in September 1998, enabling Canada to make a strong contribution to key international debates. An international framework for intellectual property rights provides certainty and transparency, which encourages trade, investment and the transfer of technology. Industry Canada develops positions for international negotiations concerning intellectual property that are consistent with existing Canadian law and policies, and that support national economic, social, cultural and other objectives. Industry Canada also led Canadian delegations to the Free Trade Agreement of the Americas Negotiating Group on intellectual property and participated in the WTO Council for Trade-related Aspects of Intellectual Property Rights.

Industry Canada took a leadership role in the development of international marketplace frameworks through a variety of bilateral and multilateral activities, such as the following.

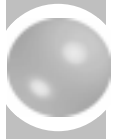
- Work carried out during the year led to the signing of the Agreement Between the Government of Canada and the European Communities Regarding the Application of Their Competition Laws. It is expected to increase the effectiveness of enforcement, facilitate closer cooperation in combatting global cartels, enhance coordination in proposed mergers requiring clearance in both jurisdictions, and ultimately provide more competitive prices and increased product choices to businesses and consumers on both sides of the Atlantic.

Industry Canada developed a wide range of policy initiatives aimed at maintaining and improving marketplace frameworks. The focus during the year was on the following initiatives in the telecommunications and financial service industries.

- Industry Canada completed a series of spectrum policies and initiatives that improved services to rural and urban areas. For example, the Third Party Cellular Policy will expand cellular and wireless local loops to unserved communities and highways of northwestern Ontario. An industry advisory group has also been established to oversee the development of broadband licence-exempt personal communications system devices and facilitate microwave system displacement.
- Telesat has been authorized to construct Anik F1, and the successful negotiations of international frequency coordination agreements will allow Telesat Canada to begin operating Canada's first direct broadcasting satellite, NIMIQ. Domestically, two additional mobile satellite network service providers were approved to serve Canadians (Iridium Canada and Stratos Mobile). With TMI Communications and OrbComm Canada, four licensed service providers using regional or global mobile satellite systems are now doing business in Canada.
- The submission by the Competition Bureau to the MacKay Task Force on the Future of the Canadian Financial Services Sector recommended regulatory changes to increase flexibility and facilitate competition without compromising the stability of the financial system. The task force report adopted 12 of the 17 recommendations. Industry Canada facilitated consultations with key consumer organizations which assisted the

government in developing a consumer-friendly policy response to the task force report.

- Industry Canada released a report entitled *Investment Funds in Canada and Consumer Protection: Strategies for the Millennium*. The report is designed to facilitate discussion among stakeholders to improve the situation of consumer investors in the investment marketplace. The report addresses issues such as increased understanding with respect to available products and their underlying costs, and the value of improved standards in the licensing and training of financial intermediaries to better meet consumers' needs.
- The submission to the Canadian Radio-television and Telecommunications Commission (CRTC) by the Competition Bureau on local telecommunication services encouraged the development of competition in these services. Most of the recommendations were adopted, including those on number portability, rules for interconnection, unbundling, and access to essential and near-essential facilities.
- The Competition Bureau contributed to the development of provincial legislation and regulation on market surveillance and the role of competition law and policy in deregulating energy markets. Eighteen of 19 core market structure elements recommended by the Bureau were adopted in developing the *Ontario Energy Competition Act*. In Alberta, the role of competition law was specifically recognized in provincial electricity market surveillance regulation. This is the first-ever acknowledgment in provincial legislation that competition law applies following provincial regulatory forbearance.



- Digital radio broadcasting (DRB) negotiations with the United States were completed and an agreement was reached at the end of August 1998. This agreement provides a digital channel for DRB for each existing AM and FM station in Canada. Broadcasters can now plan for the implementation of DRB across the country.
- Digital TV negotiations with the United States resulted in a draft interim agreement. The draft channel allotment plan for the implementation of digital TV was gazetted on June 13, 1998. It provides a digital channel for every TV station to facilitate the changeover to digital TV.

Industry Canada has established itself as the centre of excellence for strategic micro-economic information in Canada, with strong links to academics, policy makers, economic think tanks and researchers. Research findings are published throughout Canada and are available on the *Strategis* Web site to provide Canadian businesses with the best up-to-date economic advice, research and information.

- In 1998, the department held a successful conference on the knowledge-based economy, which brought together experts and policy makers from around the world.
- Industry Canada conducted research to increase the government's understanding of issues such as the knowledge-based economy, connectedness, trade and international competitiveness, Canada's industrial structure, skills shortages and the "brain drain," and the importance of productivity to Canada's continued economic and social well-being.

Behavioural change induced so that the marketplace operates in accordance with the framework statutes, regulations, policies and procedures

A priority for Industry Canada is the vigorous enforcement of the rules of the marketplace in order that Canadians may enjoy the benefits of a fair, efficient and competitive marketplace. The following are some examples of the range of enforcement activities undertaken during the year and the benefits for the Canadian public.

- Canada is a leader in promoting coordination and cooperative investigations with international law enforcement agencies. The Competition Bureau aggressively pursues international criminal cartels engaged in anti-competitive activities, which can lead to higher prices in Canada. For example, prices in Canada during a conspiracy were found to have increased almost 78 percent. The Bureau's enforcement activities have resulted in decreased prices, restitution to Canadian customers, deterrent effects due to substantial fines, and heightened business and consumer awareness. This was a record year for the Bureau, with fines imposed totalling \$42 million (including the largest-ever criminal fine in Canadian history of \$16 million), compared with \$3 million and \$9 million in the previous two years. These fines covered cartel conspiracies, bid-rigging and deceptive telemarketing. The results from these and other enforcement actions can be found on the Competition Bureau's Web site. <http://competition.ic.gc.ca>

- Through the *Contraventions Act* and individual provincial agreements, tickets can now be issued in the provinces of Ontario, Quebec, Manitoba, Prince Edward Island and New Brunswick for violations pertaining to a number of infractions, including the unauthorized use of the radio frequency spectrum.

Confidence instilled that the marketplace is fair, efficient and competitive

Industry Canada's activities during the year ensured that Canadians can have confidence in the reliability of marketplace information and the fairness of the transactions they undertake. The following actions contributed to this result.

- The accuracy of retail price scanning continued to be monitored to ensure that prices in store computers match posted or advertised prices. With the guide *Price Accuracy Guidelines: Recommendations for Canadian Retailers*, developed in collaboration with Canadian retail associations, there has been a 30 percent improvement in compliance rates and noticeable behavioural change in pricing policies. There have been improvements such as mandatory training for new managers, investment in in-store scanning stations for consumer use and rewards to consumers who detect errors.
- Some 1,200 certificates for radios and 2,400 certificates for terminals were issued. Some \$40.6 million in labels for radio and telecom equipment were sold. Total revenue collected for these services was \$6.7 million.

- Compliance with the *Bankruptcy and Insolvency Act* was ensured through the supervision of the administration of 95,126 bankruptcies and proposals. File volumes consisted of 75,465 consumer bankruptcies, 10,791 commercial bankruptcies, and 8,870 commercial and consumer proposals (an overall decrease of 8 percent in total filings, compared with 1997).
- More than 17,000 measurement standards were calibrated and certified, 365 prototype measuring instruments were evaluated and approved, more than 450,000 measuring instruments were inspected, and more than 5,000 complaints and disputes were investigated.
- More than 23,000 frequency coordination actions were concluded through the ITU to secure and protect Canadian radiocommunication infrastructure from foreign competitive pressures for frequencies that might otherwise cause interference, slow down the introduction of new services or compromise the efficiency of existing services to Canadians.
- Approximately 10,000 new businesses or other corporate entities were incorporated, 12,000 post-incorporation statutory services were performed and 100,000 compliance actions were undertaken.
- A total of 80,794 new patent, trade-mark, copyright, industrial design and integrated circuit topography applications were received. CIPO granted and registered 40,457 applications and processed more than 80,000 inquiries.

Fight Phone Fraud

Industry Canada joined forces with other organizations and businesses to create the Deceptive Telemarketing Prevention Forum. The forum developed a social marketing strategy to fight deceptive telemarketing and adopted the slogan "Fight Phone Fraud — It's a Trap!" When the campaign was launched at the federal and provincial consumer ministers' meeting in November 1998, the ministers also announced the launch of Canshare, an inter-governmental law enforcement alert network to increase information sharing among agencies.

A key focus for Industry Canada is to ensure that, through the application of framework laws, the structure of the Canadian marketplace is conducive to the development of a wide range of quality goods and services at competitive prices and of marketplace information that permits consumers to make informed product choices.

- The proposed transactions between Royal Bank of Canada and Bank of Montreal and between Canadian Imperial Bank of Commerce and Toronto-Dominion Bank resulted in the two single most extensive and exhaustive merger reviews ever carried out in Canada. Consultations on the proposed *Merger Enforcement Guidelines as Applied to a Bank Merger* resulted in an analytical framework that could be applied specifically to the banking sector to promote a fair, efficient and competitive financial services sector. Citing the Competition Bureau's analysis as a key factor, the Minister of Finance announced his decision not to allow the two mergers to proceed in December 1998.

- As a result of the review by the Competition Bureau, the proposed merger between Petro-Canada and Ultramar Diamond Shamrock was not completed. Today, they continue to compete in the supply of refined petroleum products — a plus for independent gasoline retailers and consumers looking for product choice and competitive pricing.

Industry Canada provides government and industry leadership in ensuring the existence of appropriate frameworks for handling a wide range of telecommunications emergency services. Activities during the year included the following.

- The department managed the interactive and encrypted Web site that it developed for telephone numbers needed in emergencies. The site is now serving seven of the 10 provinces and allows 5,000 municipalities to directly identify and update their essential telephone numbers.
- In March 1999, Industry Canada held its second National Emergency Telecommunications Committee Symposium in Cornwall, Ontario. Its objectives were to present new telecommunications technologies, encourage networking among emergency planners and discuss Year 2000 issues with the telecommunications industry and the emergency community.
- The NATO (North Atlantic Treaty Organization) Civil Mutual Aid Web site was developed by Industry Canada's Emergency Telecommunications Team in collaboration with the Pacific region and Simon Fraser University. This Web site is operated by Industry Canada at NATO's request, to promote mutual aid activities between NATO and Partnership for Peace nations (Eastern Europe).

► Crisis Management

Industry Canada's Emergency Telecommunications Section was honoured for its role in crisis management during the Swiss Air Flight 111 disaster near Peggy's Cove, Nova Scotia, in September 1998. The Atlantic Region Spectrum Management Team monitored telecommunications traffic to ensure interference-free operation of emergency telecommunications. Industry Canada supported the local carriers and cellular providers to increase the network capacity.

flows and access to global technology and management expertise. It is estimated that a \$1 billion increase in FDI creates about 45,000 new jobs and raises GDP by about \$4.5 billion over a five-year period.

Investment in R&D is required to create the new products and processes that will increase productivity and make Canada more competitive internationally.

The importance of investment by the small business sector has been crucial to the Canadian economy, particularly in terms of job creation. Industry Canada's studies indicate that in recent years small businesses created between 70 and 80 percent of all new jobs in Canada.

INVESTMENT

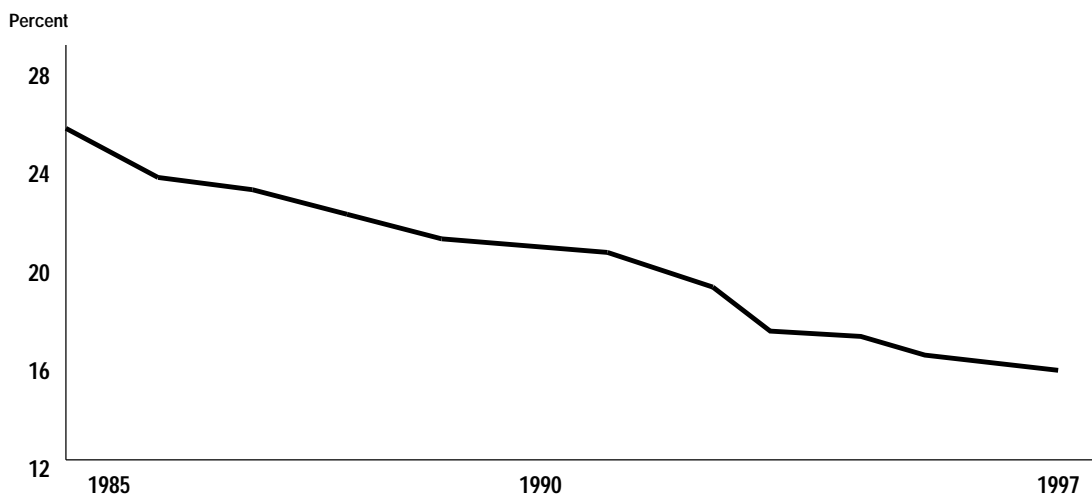
The Importance of Investment

Improving the conditions that lead to increased business investment in Canada by both foreign and domestic sources contributes strongly to economic growth. Foreign direct investment (FDI) brings not only immediate jobs and growth, but also far-reaching economic benefits such as increased trade

The Investment Challenge

In the 1990s, FDI in Canada accounted for 11 percent of all business capital formation. Although the stock of inward and outward FDI more than doubled during 1988–1997, reaching \$187 billion and \$194 billion, respectively, Canada's share of North American inward FDI stock declined by 10 percentage points to 16 percent between

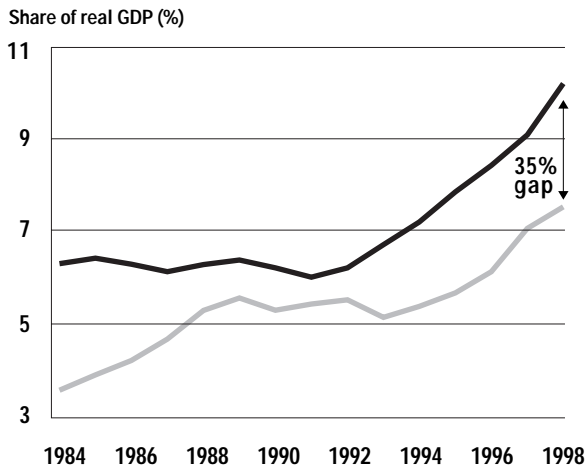
FIGURE 2
Canada's Share of Inward FDI Stock in North America*



* Includes FDI received by Canada, U.S. and Mexico from all sources.

Source: *World Investment Report*, 1998

FIGURE 3
Investment in Machinery
and Equipment



Source: Statistics Canada and the U.S. Bureau of Economic Analysis

1985 and 1997 (see Figure 2 on page 29). This was primarily due to a decrease during the same period of about 43 percent in Canada's share of FDI originating in the United States.

Canada's success in retaining and increasing its share of FDI is challenged by intense global competition for international investment. Growing competition among affiliates of multinational enterprises (multinationals) for product and research mandates presents another challenge. A wide range of generous incentives offered to investors by governments in competing countries, most notably by a number of states and municipalities in the United States, provides further evidence of stiff competition for FDI dollars. Thus, a key challenge is to capture more FDI flows, particularly those directed at the North American Free Trade Agreement (NAFTA) region. Further, this challenge must be undertaken in an environment characterized by globalization, the increasing mobility of capital and technology, intense competition for FDI and the volatility of financial markets, which constrain the ability of

governments to influence investment and other decisions by the private sector.

Increasing investment in Canada by Canadians is also a challenge that needs to be addressed. Investing in ourselves provides an opportunity to innovate and increase productivity. One reason for Canada's poor productivity performance has been our low investment rate, especially vis-à-vis the United States. For example, our investment rate in machinery and equipment as a percentage of GDP has averaged about 35 percent below that of the United States (see Figure 3).

Furthermore, when borrowing investment funds, small businesses usually assume a higher rate of interest than their larger counterparts, as interest rates are indicators of perceived risk. Surveys by the Canadian Federation of Independent Business show that this interest rate differential has widened in the past decade, thereby acting as a deterrent for investment by SMEs. One means to encourage investment in Canada by Canadians is to improve access to investment capital.

The Government's Response

Industry Canada's efforts are part of the 1996 federal investment strategy, which provides a broad framework for all federal investment promotion activities (including domestic retention of FDI), as well as a more focussed marketing approach to specific multinationals in priority markets and target sectors. To increase and retain FDI, Industry Canada works closely with key partners, including the Industry Portfolio members, DFAIT, Agriculture and Agri-Food Canada, provincial and municipal governments, business associations and intermediaries (e.g. site selectors), Canadian embassies, banks and financial institutions, and embassies of foreign governments.

The fundamental factors that attract investment are the attributes of a productive and dynamic economy: a good marketplace framework, innovation, 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. Nevertheless, Canada needs to communicate the merits of its economy to potential investors.

A key element of the federal investment strategy is to provide assistance to a larger number of Canadian SMEs to form international investment partnerships that allow growth domestically and in an increasing number of markets. The department's ability to provide timely information, policies and services to clients, such as multinationals, international investors, Canadian SMEs and targeted groups, including Aboriginal people and rural communities, is equally important to the success of the investment strategy.

In 1998-99, work was initiated on re-aligning responsibilities within the federal government to establish a focal point for investment, to better integrate key stakeholder initiatives in order to minimize overlap and duplication, and to improve the coordination and implementation of the federal investment strategy. Industry Canada held an investment workshop with key federal investment stakeholders. The workshop focussed on exchanging best practices and building consensus toward a common approach to the systematic collection of timely performance measurement information regarding the results achieved in the implementation of the federal investment strategy.

Industry Canada is building investor awareness and confidence in Canada as an investment location of choice, and consequently paving the way for decisions to invest and

create jobs. This is being done by improving Canada's "brand image" in the international investment community, targeting potential and footloose investments by multinationals, getting the investment climate right, and stimulating domestic investment and job creation.

PERFORMANCE ACCOMPLISHMENTS

KEY RESULTS

Improved domestic and international investment climate

Addressing structural barriers facilitates investment and increases investor confidence. The following accomplishments act in concert with broader government policies that affect the overall business climate to ensure that Canada is an attractive location for investment.

- Efforts to implement the outstanding commitments arising from the 1995 Agreement on Internal Trade with the provinces and territories continued. Discussions are well advanced toward meeting these commitments, which consist of completing an energy chapter, extending procurement disciplines to excluded entities (mainly Crown corporations), and clarifying and improving the Code of Conduct on Incentives. In addition, a proposal has been developed for consultations with the academic community, and business and labour groups on priority areas for future discussions under the agreement.
- The negotiations and discussions toward a potential Multilateral Agreement on Investment at the OECD were instrumental in providing the government with key information on how to best protect and advance Canadian interests in this important area. Industry Canada collaborates with DFAIT and the Department of Finance Canada in the development of international rules to protect Canadian investment abroad.



- Industry Canada influenced policy changes that helped expedite customs clearance for business travellers and spousal work permits. Corporate executives' concerns such as these can help identify more general policy issues that are barriers to foreign direct investment.

Increased awareness of Canada as an investment location of choice

The following achievements have enhanced awareness of investment opportunities in Canada at many levels. They illustrate a multi-level strategy, which encompasses everything from contacts with targeted clients to the provision of information to any interested party on the Internet.

- Investment Partnerships Canada (IPC), a joint Industry Canada-DFAIT initiative, played a key role in organizing the participation of a high profile Canadian delegation at the annual meeting of the World Economic Forum in Davos, Switzerland, which was led by the Prime Minister and included several ministers. The presence of top business executives from major multinational corporations and other decision makers provided an important opportunity for the Canadian delegation to showcase Canada's positive economic achievements and investment potential, and to encourage consideration of Canada as an investment destination from which to service the NAFTA market.
- Following consultations with the Canadian government offices abroad (DFAIT posts), provinces/territories and major metropolitan areas, IPC developed the "Invest in Canada" Web site as the federal government's one-stop window for investment-related information, including U.S.-comparable community investment profiles. Designed to attract foreign direct investment to Canada as the choice North American location, the site made its debut on Canada Day, July 1, 1999.
- A series of investment strategies and related information products were prepared to increase awareness of Canada's competitive advantages in investment priority sectors including the automotive, aerospace, life sciences, information technology, and chemicals and petrochemicals sectors. The strategies target top prospects and outline a strategic approach to attracting or retaining investment in priority sectors, to influence international investors and site selectors to consider Canada as the premier investment location in North America. The investment strategies were developed in collaboration with key public and private sector stakeholders.
- The active participation of industry was promoted in major international fora, including Softworld 98, which was attended by the Prime Minister. Other events and missions to promote the capabilities of Canadian firms included the Bay Area Multimedia mission, Electronica 98 in Munich, the May '98 South Africa ITU Africa Telecom 98, CommunicAsia, Internet World 98 and Systems 98 in Germany, Networld+Interop 98 in France and SMAU 98 in Italy.
- In January 1999, the government announced the expansion of the government's Program for Export Market Development (PEMD) to now include foreign investment promotion. The new program, PEMD-I will offer \$5 million annually to assist local levels of government and their private sector partners to attract foreign investment to their communities. Tier 1 of the program will be administered by the International Trade Centres in Industry Canada's regional offices and will help communities to become investment-ready or to implement modest investment attraction.

Increased attraction and retention of multinational investment in Canada

The strategy of targeting companies both in Canada and abroad has borne fruit. Foreign companies have responded very strongly to senior level interest. Similarly, working with subsidiaries of foreign multinationals helps those firms to secure additional investment from their parent companies. The following are some examples.

- The Deputy Ministers Country Champions Campaigns Program, coordinated by IPC, undertook 14 investment missions overseas. These missions targeted the United States, Japan and several countries in Europe. The department played a significant role in attracting a number of major investments to Canada in industries such as the automotive and information technology industries.
- The department continued to prospect and develop contacts with key multinational enterprises in the NAFTA region and around the world in an effort to increase awareness of Canada as the investment location of choice.
- Under the domestic call program, IPC and departmental officers visited subsidiaries of 80 of the most important multinationals to define opportunities and help ensure that corporate decision makers at the highest level in parent companies are aware of the benefits of investing in Canada. These company calls were carried out as part of an investment strategy developed for each investment priority sector in consultation with key stakeholders, and are essential particularly in promoting re-investment. Detailed corporate profiles for the targeted multinationals were prepared in support of each company visit.

Recent Multinational Investments

In 1998-99, investment prospecting contributed to 15 new major investment projects in Canada by multinational corporations. The total value of these investments amounted to \$1.34 billion. The new investments bring along a wave of technical and managerial expertise and the potential to create thousands of new highly skilled jobs in the economy. The following are among the key projects:

- digital broadband wireless access and third-generation telecommunications technologies;
- the manufacture and packaging of sterile liquid drugs using the latest technologies;
- woven fabrics for automotive air bags; and
- a state-of-the-art rubber mixing plant.

Increased investment by SMEs and by Aboriginal businesses

The benefits realized from international partnering opportunities for SMEs help fulfil their growth objectives through the acquisition of technology and capital. Small loans to small enterprises yield big payoffs. By encouraging investment in innovation and capital equipment, Canadian companies become more competitive and productive. Similarly, investment in Northern and Aboriginal communities helps to reduce the unique barriers to growth. Examples of where Industry Canada focussed its efforts in 1998-99 included the following.



- The Small Business Loans Administration provided loan insurance for close to 23,000 loans made by financial institutions to small businesses across the country under the *Small Business Loans Act*, for a total value of \$1.635 billion in investment.
- Under the Canada Community Investment Plan, 22 communities scattered across Canada are implementing various innovative investment facilitation strategies for their SMEs. Some are fostering the development of networks of informal investors, some are organizing investor forums, and others are making their entrepreneurs investor-ready by explaining the investor's needs and by offering coaching services and specific seminars to the entrepreneurs. The best practices and lessons learned will be disseminated so that every community wishing to do so could implement them for SMEs in their own areas. The 22 demonstration projects will continue until 2002.
- Under the Canada–Ontario Infrastructure Works (COIW) program, closure was brought successfully to some 1,100 approved infrastructure projects. In addition, the department processed more than 1,600 claims and 500 project amendments, expended \$65 million (federal share) against a budget of \$79 million, obtained ministerial authority to extend major health care projects beyond the program's sunset date, completed a program evaluation framework and conducted compliance audits, and convened four meetings of the federal-provincial COIW Management Committee.
- Since April 1, 1996, FedNor, the Federal Economic Development Initiative in Northern Ontario, has approved more than 440 projects totalling more than \$32.4 million. In addition, \$4.6 million of seed loan and investment funds

▶ Aboriginal Business Development

In support of Aboriginal business development, Industry Canada

- provided assistance to 1,200 Aboriginal business development projects;
- made an investment of \$32.2 million to leverage a total investment from all sources of \$95 million into the Aboriginal economy;
- invested further in programs aimed at youth (\$7.4 million), innovation (\$6.6 million), market and trade expansion (\$5.2 million) and tourism (\$5.4 million); and
- prepared and published two key research reports on Aboriginal business in Canada to encourage further investment in the economy.

financed another 90 projects, leveraging \$14.0 million in newly available commercial lending capital. It has also delivered \$37 million in direct funding support to assist Ontario's 52 Community Futures Development Corporations with their annual operations. In 1998–99 alone, FedNor's contributions to these activities amounted to more than \$21.7 million.

- Government introduced a new \$21 million initiative designed to improve business development opportunities for Aboriginal people in Canada, in partnership with Aboriginal financial and business organizations, federal departments, and Industry Portfolio partners. This five-year initiative, which takes effect in 1999–2000, would specifically improve access to capital, create an Aboriginal Business Service Network, and enhance the delivery of existing business support programs to Aboriginal entrepreneurs and organizations.

TRADE

The Importance of Trade

Great potential for creating long-lasting, high-quality jobs results from increasing the number of exporting firms, especially SMEs in all sectors, and from diversifying the markets to which they export. A firm that succeeds globally is also more competitive at home.

Canada's prosperity and its ability to create jobs are directly linked to how well Canada capitalizes on international opportunities. International trade has become an important source of economic growth and job creation for Canada.

Canada has become a world-class trading nation. Canada's trade orientation is more than two and a half times that of other G-7 economies, having increased sharply following the Free Trade Agreement and NAFTA. This trend was pervasive in all industries and across all provinces and regions in the economy. Much of the increase in trade orientation can be attributed to our increased trade linkages with the United States, and is indicative of greater product and service specialization in the economy. Other economic factors accounting for Canada's improved aggregate trade performance in the 1990s include the stronger growth in U.S. domestic demand relative to Canada, and improvements in cost competitiveness, driven in particular by the exchange rate.

The Trade Challenge

Despite Canada's relatively strong position, there are still some challenges regarding the growth of trade in 1999. First, our exports are still dominated by a few large exporters, with a low participation rate among SMEs. As our economy evolves and our exports continue to grow, the Government of Canada

is working to encourage more Canadian companies, particularly SMEs, to consider exporting their products and services.

Second, Canada must diversify its markets beyond the United States, if it is to continue to build on the strong foundation that has been laid. Currently, more than 80 percent of Canada's exports go to the United States, a proportion that continues to increase, due in part to the continued robust performance of the U.S. economy. However, there are lucrative opportunities for Canadian goods and services in other emerging high-growth markets. Industry Canada is working to do more to help diversify Canada's trade base by targeting those high-growth markets, promoting them to Canadian businesses and working with export-prepared firms to take advantage of the opportunities they present.

Third, efforts are also being made to ensure that the domestic market functions effectively, and that barriers to trade within Canada are reduced. Internal trade barriers make it difficult for firms to expand across Canada and achieve the economies of scale necessary to confront international competition. For example, barriers can raise the costs of fundamental business inputs such as electricity. The costs of government are raised if inefficient and discriminatory procurement practices are permitted, and barriers to labour mobility may impose significant hardship on individual Canadians, as well as raise costs for business.

The Government's Response

Canada has developed an International Business Development (IBD) strategy to address these and other trade challenges. The overall objective is to improve and modernize trade services to existing Canadian exporters, and to help prepare new exporters for international markets. The first annual



IBD business plan, produced in 1998, was aimed at improving the transparency of the government's strategic approach to the international business agenda, and providing greater accountability for results. The IBD business plan is the agreed framework being used by key partners. The plan is posted on the Internet at <http://exportsource.gc.ca>

Industry Canada's strategic objectives have contributed to the ongoing efforts to attain key IBD results. The department adopted a strategic trade objective of "working with Canadian companies to increase Canada's share of global trade." Marketplace frameworks played an important role in the harmonization of rules and reduction of barriers across borders as well as for the recognition of intellectual property rights. Innovation and productivity were key to competing in world markets at a time when economic crises elsewhere were reducing the demand for exports. Connectedness fostered expertise and growth in leading-edge technologies, products and services, and is giving exporters the edge they need in a market with enormous growth potential.

The International Trade Centres (ITCs) of Industry Canada, located in each province, and the Trade Team Canada Sectors (TTCSs), managed by Industry Canada, were instrumental in the delivery of Canada's trade program. The TTCSs and ITCs played a leadership role in the development of sector strategies and regional plans, respectively, which guided and focussed the trade promotion planning of Team Canada Inc partners, nationally and regionally. ITCs provided services in two of the five Team Canada Inc service areas (export counselling and market entry support), and played an essential role in coordinating the Regional Trade Networks that pull together the federal, provincial and private sector partners delivering exporter services in the regions.

International Business Development Strategy

The strategy has four key results areas:

- maintained and improved secure market access;
- internationally competitive and export-oriented industry;
- increased exports of Canadian goods and services; and
- increased business investment.

The TTCSs planned and implemented national sectoral trade development initiatives to help Canadian industry take advantage of business opportunities in priority markets abroad.

PERFORMANCE ACCOMPLISHMENTS

KEY RESULTS

Secure market access maintained and improved

Reducing internal and external trade barriers and irritants is a key factor in maintaining and improving secure market access.

Examples of activities undertaken in 1998-99 to reduce trade barriers and irritants included the following.

- Industry Canada participated in a wide range of WTO activities, including the ongoing negotiations for the protection of information technology products, subsidy countervails, procurement and professional services, dispute settlement issues, and preparations for a potential round of multilateral trade negotiations to be launched in the fall of 1999. Negotiation toward the Free Trade Agreement of the

Americas was supported by Industry Canada participation across a wide range of negotiating groups, including market access, services, investment, competition policy and intellectual property, subsidies, anti-dumping and countervail, and government procurement. The department also supported the ongoing work in implementing NAFTA, including the acceleration of tariff elimination, participation in the Investment and Services Working Group, and provision of information and advice in dispute settlement cases. The department played a key role in implementing bilateral trade and investment agreements with Chile and Israel by preparing and disseminating information and participating in meetings and discussions.

- Mutual Recognition Agreements (MRAs) reduce trade barriers by permitting Canadian companies to test and certify the equipment of member countries at laboratories in Canada, thereby getting products to market faster. MRAs have been negotiated with the EU, Switzerland and APEC, and negotiations with EFTA/EEA (European Free Trade Association/European Economic Area) and CITELE (Inter-American Telecommunication Commission) are in progress.
- Negotiations with Taiwan and China on their WTO accession applications were undertaken to ensure that Canadian ICT companies' interests in these markets are protected.
- Canada figured prominently in work done by APEC in developing a work plan to help all APEC economies reap the benefits of electronic commerce by establishing a common framework and principles to guide its development.

Team Canada Inc

- Team Canada Inc is a partnership among export service providers to leverage diminished resources, reduce overlap, set priorities, improve market intelligence and sourcing systems, and improve and simplify program and service delivery.
- From the original three partners (Industry Canada, DFAIT, Agriculture and Agri-Food Canada) in 1997, Team Canada Inc grew to include the current 20 federal departments and agencies, working in partnership with the provinces and territories and the private sector, to help Canadian companies succeed in international markets.
- Team Canada Inc was recognized with a Head of the Public Service Award for excellence in service innovation.
- Coordinating the collective resources of all 20 partners, Team Canada Inc provides services to prospective and existing Canadian exporters in five broad areas: general information, skills development, export counselling, market entry support and trade financing.

- Recommendations in CITELE for fixed wireless access at 3.4 GHz and a local multipoint communication system (including 24/38 GHz) were developed to harmonize the spectrum and technical standards for new wireless and broadband distribution services for the Americas region so that Canadian industry can export equipment for these services in the Americas.
- Technical studies were completed for the ITU World Radiocommunication Conference in May 2000 (WRC 2000) to advance Canadian positions with respect to key interests including third-generation cellular and broadband satellite. Draft

Canadian proposals, which will be negotiated at the WRC 2000, were developed based on these technical studies. This is the process by which Canada will be able to introduce new wireless services in the new millennium.

Export capability and preparedness — internationally competitive and export-oriented industries and firms

Developing, strengthening and broadening the international competitiveness and export capabilities of Canadian firms is a prerequisite to increasing the number of firms actively exporting. Industry Canada is focussing its efforts on fostering a mindset for global markets and encouraging more companies to make their products and services export-ready. A number of common tools are in place to assist clients, including *ExportSource*, the toll-free export information service (1-888-811-1119), WIN Exports and the International Business Opportunities Centre (see Section 3.3 for details). Other examples of our efforts in 1998–99 included the following.

- Federal-provincial consensus was reached on a national framework of five broad Team Canada Inc service areas to be provided to the export community (see box page 37). This significant achievement paved the way for defining national core services and work is under way to establish consistent service standards across Canada (see Section 3.3 for details).
- The Canadian Tourism Commission worked with more than 3,000 partners in Canada to raise awareness and stimulate consumer and trade interest in Canadian products and destinations, both domestically and internationally.

- Industry Canada's ITCs worked with the posts abroad to sponsor 72 incoming and outgoing missions and targeted SMEs by participating in federal "Info-Fairs," supported 71 outreach missions, and organized a wide range of New Exporters to Border States missions (more than 360 companies took part in 55 missions).
- In 1998–99, analysis of nine additional sectors was completed in the Sector Competitiveness Framework series: bio-industries, electrical power equipment and services, education and training services, environmental industries, telehealth industries, architecture, non-residential construction, telecom equipment, and software and computer services. The reports identify sources of competitive strengths and weaknesses, highlight resulting challenges and opportunities, and assess the prospects of Canadian industries in achieving competitiveness.
- The department, in consultation with the Canadian automotive industry, the Department of Finance Canada and DFAIT, completed the Automotive Competitiveness Review (ACR). The ACR findings supported the need to continue to pursue trade liberalization, including vehicle tariffs, in international fora, and the analysis and monitoring of a business climate conducive to the enhanced competitiveness of the Canadian automotive industry.

Tourism

Canada became the ninth highest-earning tourism destination in the world, capturing a 2.1 percent market share of total global receipts.

Canada was the ninth most popular destination in the world, attracting 3 percent of the total global international tourists.

Tourism injected \$47 billion into the Canadian economy, a 7 percent increase over 1997.

Growth in tourism outpaced the Canadian economy — tourism grew by 7.9 percent, whereas the economy expanded by 2.6 percent.

Tourism continues to generate jobs faster than other Canadian sectors and businesses — more than 518,300 workers were employed in tourism-related occupations last year — a 3 percent increase over 1997.

A business-to-business Internet-based pilot information network was launched. Called the Canadian Tourism Exchange, the network links the Canadian tourism industry and related organizations into a virtual community.

<http://www.canadatourism.com>

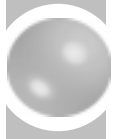
International market development — increased exports of Canadian goods and services

Industry Canada worked to increase the number of new exporters and to diversify markets. Industry Canada's efforts were focussed on ensuring that Canadian companies have the support they need to pursue international business opportunities. Examples of 1998–99 accomplishments included the following.

- Sectoral trade development efforts were refined and enhanced to focus on 12 high-performance trade teams (TTCSs). Through the TTCSs, federal and provincial government sector experts, Canada's

trade commissioners abroad, industry associations and companies work together to coordinate national sectoral trade promotion initiatives. Eleven of the 12 TTCSs are managed by Industry Canada. The Industry Canada-led TTCSs developed international business development strategies to guide sectoral trade promotion efforts. Each sectoral strategy identified the TTCS's global objectives and priority markets for its sector. As part of these strategies, each team planned and organized numerous trade promotion activities, including Canadian delegations to international trade fairs, incoming and outgoing trade missions, seminars and workshops, and information and intelligence products.

- Canada hosted foreign spectrum technical missions in Canada and abroad, resulting in sales of several million dollars for Canadian-manufactured spectrum management equipment.
- The International Business Opportunities Centre, a partnership between Industry Canada and DFAIT, has contacted more than 15,000 Canadian companies since 1996, with more than 10,000 business leads received from Canada's trade offices abroad.
- Through the Aboriginal Trade and Market Expansion Initiative, Aboriginal businesses were encouraged to participate in and expand trade domestically and internationally.
- The APEC Telecom Working Group (APEC TEL), chaired by Canada, led the organization to a number of groundbreaking accomplishments, including the world's first multilateral Mutual Recognition Agreement on telecom equipment, a blueprint for electronic commerce that served as the basis for an APEC-wide initiative on electronic commerce. Most importantly, Canadian companies actively



participated in, and benefited from, TEL activities. As a result, in 1998, Canadian companies received three important contracts from the APEC region.

- The Canadian Tourism Commission assisted the tourism industry in product development that both meets global demand and addresses challenges facing the industry. Market readiness seminars and best practices tours and reports were offered for SMEs to prepare them for export markets. Eighteen product clubs were created with more than 2,800 businesses across the country to expand the quality and types of tourism products offered for export. During the year, the industry established a long-term vision and mission and started to work on implementing this mission.
- The department participated in international ethics and anti-corruption fora to promote Canadian ethics standards, and contributed expertise to national and international initiatives on governmental ethics.

CORPORATE AND MANAGEMENT SERVICES

The vast majority of Industry Canada's employees deliver the department's programs and services that are focussed on its five strategic objectives. They are in turn supported by the employees of Corporate and Management Services, whose objective is to support Industry Canada's organizations through the provision of corporate financial, administrative and advisory services.

This dedicated work force is responsible for developing new ways of interacting with clients using information technology; streamlining management practices and improving risk management, performance measurement

Team Canada Inc Services

Team Canada Inc provides services to business through:

- the International Business Opportunities Centre, which matches Canadian companies with foreign buyers;
- a toll-free export line, which connects potential exporters to the programs and services matching their needs (1-888-811-1119);
- the *ExportSource* Web site (with more than 190,000 visits received), which provides access to the information holdings of all Team Canada Inc members;
- WIN Exports, a worldwide data base of Canadian export-ready firms, with which 33,000 companies are registered; and
- the Regional Trade Networks, which collectively set a 2000-01 target of 6,250 new export-prepared firms; at the end of 1998-99, they had helped 6,893 firms prepare to export or become active exporters.

and accountability; renewing and revitalizing the work force; managing and controlling departmental funds; communicating to Canadians what the department does; and promoting the highest standard of public service to ensure that all public office holders are in compliance with the Conflict of Interest and Post-Employment Code for Public Office Holders. Like other federal government departments, Industry Canada is incorporating the principles of effective, modernized comptrollership in the way it conducts its business.

Corporate and Management Services

Corporate and Management Services provides relevant, timely and credible information that supports Industry Canada's decision-making process and ensures the transparency of the decision-making process of the Government of Canada.

- Human Resources Branch
- Communications Branch
- Chief Information Office
- Comptroller's Branch
- Facilities Management
- Distribution, Mail and Records Services
- Management Consulting Centre
- Regional Corporate Services
- Audit and Evaluation Branch
- Ethics Counsellor
- Executive Services

Performance Achievements

Working together with their colleagues from all sectors, regions and programs of the department, Corporate and Management Services employees provided support to a number of major departmental initiatives.

- The architecture for a secure electronic commerce infrastructure has been completed and will be deployed in 1999. Applications that rely on the infrastructure are under development. Specific items of the infrastructure include the following.
 - A payment system to collect payment from external clients through *Strategis* was developed for delivery in July 1999 for credit cards and in the fall of 1999 for account-based payment.
 - Certificate authority was established to issue public-private keys to external clients and to Industry Canada employees.

- Virtual Private Network software and hardware were selected to allow for secure sessions, both within Industry Canada and with other government departments and external clients.
- A new electronic messaging system was selected. A remote access system was chosen for the national capital region; and an electronic records management project, a knowledge mining project and a unified messaging project are under way.

▶ Repayable Contributions

A group was established in 1995-96 to manage the sunsetting contribution programs. It has a mandate to contribute to the department's annual targets for repayments by contribution recipients. The department has met or exceeded its annual collection target each year since the inception of the new approach to repayable contributions.

- A number of initiatives aimed at improving the department's comptrollership capacity were undertaken or completed. The following are examples of these initiatives: the implementation of a state-of-the-art integrated financial and materiel management system (SAP software) which has been certified to be Year 2000 compliant; a new reporting strategy that links expected results and achievements of program activities directly to planning and strategic objectives; and the development of principles to establish best practices for the governance of the department's special operating agencies.



- A performance measurement baseline study was completed in the spring of 1998. It concluded that performance reporting in the department needed strengthening for reporting at the strategic or corporate level. This conclusion was confirmed in the context of the department's first reports within the new estimates process. As a result, in the fall of 1998, corporate level performance frameworks were developed for each of the department's five strategic objectives, and served in the preparation of Industry Canada's 1999–2000 *Report on Plans and Priorities*. Work will continue into 1999–2000 to further strengthen the department's performance management capacity, including the preparation of a corporate evaluation framework.
- Industry Canada supported the government's connectedness agenda to “brand” Government of Canada initiatives under the Connecting Canadians umbrella, while raising awareness of government programs and services. Emphasis was placed on communicating the government's role in making Canada the most connected country in the world. A graphic design and logo were developed to identify programs under the Connecting Canadians initiative, and were incorporated into the creation of a Web site (<http://www.connect.gc.ca>), information kits and exhibits. From October 1998 until March 1999, Connecting Canadians Days were held in Estevan, Saskatchewan; Saint-Georges-de-Beauce, Quebec; Woodstock, Ontario; Wellington, P.E.I.; and Grande Prairie, Alberta. These events consisted of information fairs, seminars and award ceremonies, which together promoted the opportunities provided by the Information Highway and recognized community-based achievements in realizing these opportunities.

The People Management Plan was implemented to recruit, renew and retain the representative work force needed to provide the best possible service to Canadians. The following activities were undertaken.

- A mentoring pilot for junior professionals was launched.
- A career development needs analysis for senior professionals was conducted.
- An action plan for women in science and technology was developed.
- A total of 21 employees enrolled in the Social Science Support (SI) Bridging Program, compared with five in 1995–96 and 11 in 1996–97.
- Through the University Recruitment and Development Program, 32 highly qualified graduates were recruited. Of the 32, there are 13 commerce officers, nine economists and three engineers. Fifteen of the recruits are women, four are visible minorities and one is an Aboriginal Canadian.
- An additional increase of 1.3 percent in the representation of women in the Executive Group was achieved.
- An Exit Interview Program was launched.

3.3 Innovative and Enhanced Service to Canadians

Industry Canada is engaged in and committed to the provision of services on a large scale and to a broad set of clients. The department must ensure that its various programs and services reach those clients in order to achieve the five strategic objectives and contribute to economic growth and an improved standard of living in Canada.

The mechanisms used for reaching clients and delivering services range from traditional direct contact to electronic interface. Over the past few years, the department has adopted an active agenda to modernize its services and make them more accessible to Canadians. This has resulted in the establishment of several leading-edge initiatives, such as Team Canada Inc, the Canada Business Service Centres, *Strategis* and *ExportSource*. In addition, the department has adopted alternative methods of service delivery and established six special operating agencies, each of which has established client service standards.

This section provides examples of the department's commitment to innovative and enhanced service to Canadians.

I. Targeted Clients

Businesses

Many of Industry Canada's services are targeted at assisting Canadian businesses, particularly SMEs, to take advantage of international business development opportunities as a means of enhancing employment and income growth.

Team Canada Inc

Team Canada Inc services are delivered to Canadian businesses across Canada and around the world through:

- 10 International Trade Centres;
- 12 Canada Business Service Centres (a 13th centre will open in Nunavut in 1999);
- 10 Regional Trade Networks;
- Trade Team Canada Sectors in 12 high-performance sectors;
- regional offices of 20 Team Canada Inc partners (e.g. Agriculture and Agri-Food Canada regional offices);
- Canadian embassies and missions providing Team Canada Inc services internationally in some 130 locations abroad; and
- new community-level Team Canada Inc partners, such as Trade Niagara.

Team Canada Inc, a trade promotion partnership, provides single-window access to the federal government's international business development services and programs, through a large number of partners, including federal, provincial and territorial, regional and municipal governments, as well as private sector partners. In 1998, Team Canada Inc grew to include 20 federal departments and agencies. In addition, Regional Trade Networks streamline trade and export service delivery by linking federal and provincial departments and agencies and the private sector at the local level.

The International Business Opportunities Centre (IBOC) is the export sourcing centre for Team Canada Inc, with 1,200 to 1,500 companies contacted per month. IBOC plays an important role in assisting Canadian companies to capture more foreign business opportunities.

ExportSource provides on-line, single-window access to the information holdings of all 20 Team Canada Inc members. In 1997, a “performance snapshot” of the site revealed an overall client satisfaction rate of 64 percent, which increased to 68 percent in 1998. The increase is attributable to the actions taken in response to the client feedback results from the previous year. In 1998–99, *ExportSource* (<http://exportsource.gc.ca>) received more than 190,000 visits.

A toll-free export information service is available for single-window access to information officers who connect potential exporters to the programs and services matching their needs (the service responded to 13,140 calls in 1998–99).

WIN Exports is the worldwide information network data base of Canadian export-ready firms used by trade commissioners at posts abroad who are seeking to match Canadian firms with foreign buyers (33,000 companies are registered).

Services 2000 (<http://services2000.ic.gc.ca>) provides information on international trade agreements affecting Canadian service industries. The Web site on international investment policy (<http://intinvest.ic.gc.ca>) offers information on international investment news and seeks comments from Canadians on investment policy issues.

Consumers

Consumer Connection and Consumer Aware, both available on *Strategis*, cover a wide range of topics for consumers, including improved, interactive Credit Card Cost Calculator and the Financial Service Charges Calculator, which now covers 40 percent more institutions and provide information on children’s, students’ and seniors’ accounts.

The first *Financial Service Charges Annual Report* provides Canadians with accurate public information on trends in financial service charges at Canadian banks and financial institutions.

On behalf of federal, provincial and territorial ministers responsible for consumer affairs, Minister Manley announced the release of the *Canadian Consumer Handbook*, a guide to help consumers deal with everything from how to effectively lodge a complaint to who they can contact for information and advice.

Northern Ontario

FedNor’s Web site facilitates access to business-related information for SMEs. Users can access a wealth of information regarding trade, business start-up and marketing assistance, as well as hot links to many other relevant sites.

FedNor has been aggressive in its approach to expand Northern Ontario’s telecommunications infrastructure. Beginning with a FedNor-sponsored investigative study to identify and assess telecommunications shortfalls across the region, the resulting “gap map” has been highly effective in prioritizing upgrades to telecommunications networks. In the time since, FedNor has moved ahead with the development of partnerships with municipalities, economic development agencies and telecommunications

providers to eliminate the “gaps.” This work is helping to ensure that Northern Ontario businesses, educational institutions and health care providers have ready access to high-speed telecommunications and data transfer.

FedNor maintains a lead role in Ontario for the administration of and support to 52 Community Futures Development Corporations (CFDCs). Servicing 22 CFDCs in Northern Ontario and an additional 30 CFDCs across Southern Ontario, FedNor has been instrumental in providing a much-needed access to capital for SMEs — particularly in rural areas of the province, where investment sources are scarce. In addition to providing an excellent local source for small business financing, CFDCs assist with business counselling and strategic economic development plans within their respective communities.

Aboriginal Businesses

The Aboriginal Business Development Initiative is a \$21 million package of measures to improve access to capital, establish an Aboriginal Business Service Network and enhance the delivery of existing business support programs to Aboriginal entrepreneurs and organizations. It is expected to result in some 900 new businesses and more than 2,000 new jobs, and support thousands of SMEs through access to new information and support sources, referrals and business networks. The initiative is the result of a partnership involving Industry Canada, other key federal departments and agencies, and several Aboriginal financial and business organizations.

In 1998, funding was provided for the production of Aboriginal content Web sites by Aboriginal contractors and youth through a pilot Aboriginal Digital Collections (ADC) program. The program offered Aboriginal Canadians a unique opportunity to preserve,

celebrate and communicate their heritage, languages and contemporary life. With 130 applications, 38 ADC projects were funded and are being linked through an ADC Web site (<http://aboriginalcollections.ic.gc.ca>). ADC provides a new way to deliver services to Aboriginal clients, and helps strengthen the capacity, in terms of both infrastructure and skills, of the Aboriginal community in innovation and technology.

In July 1998, the Aboriginal Business Map Web site (<http://aboriginalmap.ic.gc.ca>) was launched to respond to increasing requests for the government to provide business information and services. The site provides links to Aboriginal business information from a variety of private and public stakeholders, including a comprehensive Aboriginal business directory, information on financing and business support, and Aboriginal community profiles.

The Spirit of Aboriginal Enterprise Web site (<http://sae.ca>) is a key digital pipeline providing Aboriginal businesses and entrepreneurs with information and resources. Special features of the site include an on-line Business Idea Developer, which helps users appraise their business ideas, and a series of discussion forums on issues relevant to the Aboriginal economy. A wide range of Aboriginal businesses and organizations are central to the site’s ongoing leadership and development.

Youth

The National Graduate Register (NGR) and the Canadian Association of Career Educators and Employers’ Campus WorkLink have merged their services into a new system, Campus WorkLink : NGR. The bilingual national Internet data base quickly matches employers’ precise needs with the skills of young job seekers. It offers candidates greater access to employers and jobs across Canada and provides efficient and



cost-effective recruiting for employers. Partnerships are now in place with more than 560 post-secondary institutions and more than 28,000 employers using the system for recruitment.

Under the CanConnect initiative, as of March 31, 1999, 40 national and regional organizations, representing government, education and industry, have agreed to work together to promote the development of ICT skills among Canadian youth and their communities.

Under the Youth Employment Strategy, \$4.6 million was allocated to Industry Canada to run NetCorps Canada International to provide young people with information technology internships in selected countries around the world.

II. Information Products

An ever-growing number of programs, services and business tools is being made available through the *Strategis* Web site (<http://strategis.ic.gc.ca>). *Strategis* is the most comprehensive business and consumer Internet site in Canada, with 2 million electronic documents, 60,000 links to related business sites and 4,800 links to outside Internet sites. More than 15,000 visitors access the site each business day, and 500,000 documents (page views) are accessed each week.

New technologies allow clients to interact more directly with the Canada Business Service Centres to refine questions more precisely, and thereby more specifically address individual needs. The fully bilingual Interactive Business Planner was launched in March 1999 (<http://www.cbsc.org/ibp/>). This on-line interactive national tool, customized for each province and territory, makes the development of a professional

Strategis — The Information Site That Means Business

- Company directories
- Trade and investment
- Business information by sector
- Economic analysis and statistics
- Research, technology and innovation
- Business support and planning
- Licences, legislation and regulations
- Employment and learning resources
- Consumer information

business plan much easier for business clients and improves the viability of start-ups. Feedback has been highly positive, with an average of 2,000 clients using the tool each month.

Another noteworthy diagnostic tool is the Web product “Steps to Competitiveness” (<http://strategis.ic.gc.ca/steps>), which allows SME service firms to benchmark their individual performance against industry standards.

Industry Canada promoted the benefits of electronic commerce through industry association by disseminating information products and making presentations at small business information fairs and business events. Examples of information products made available on *Strategis* include “Net Gain: Doing Business on the Internet” which covers marketing, publishing, communications and electronic commerce, and “Retailing on the Internet” which assists SME retailers in determining how best to use the Internet to enhance their overall competitiveness. For more information, see the following Web sites: <http://strategis.ic.gc.ca/netgain> and <http://strategis.ic.gc.ca/shopping>

In November 1998, the Canadian Patent Database Web site was launched via *Strategis*, and the site received more than 392,618 hits in 1998–99. More than 10,000 patent images were downloaded every week. In addition, an electronic commerce pilot project with a group of trade-mark agents was also completed.

The Business Intelligence Express Web site was introduced to increase awareness, particularly among SMEs, of intellectual property issues and their impact on developing innovative or new products and processes in the minerals and metals industry. The Electrical Trade Virtual Network is another service-enhancing Web site that focusses on providing timely market intelligence and other information needed by Canadian companies for bidding on overseas projects.

In response to client requests, the number of companies registered in Canadian Company Capabilities was increased from 27,887 to 38,119. While 3,384 companies registered directly, an additional 6,848 companies were added to the data base as a direct result of innovative partnering and data base sharing with provincial and territorial governments and others. More than 38 percent of these new companies originated in the Prairies and Northwest Territories region, which had been under-represented in the data base.

The public now has full electronic access to the public information contained in the Conflict of Interest Public Registry, the Lobbyist Public Registry, as well as in the Lobbyists Remote Registration System (<http://strategis.ic.gc.ca/ethics>).

III. Improving the Efficiency of Service Delivery

New technologies are enabling the department to introduce many innovative means of providing services, while streamlining business processes, reducing turnaround times and generally improving the efficiency of service delivery.

A secure electronic submission process, introduced during 1998–99, is recognized as the first government system in the world to integrate an objective level encryption application to submit sensitive information over the Internet. The full implementation of a public key infrastructure was also introduced. For the first time, true archival digital signatures were placed on electronic documents by the private sector and accepted by the public sector. The use of sophisticated encryption technology to transmit documents securely has resulted in tangible benefits for all. Users benefit through improved security and reduced paper flow and overhead, as well as increased efficiency. The department benefits by providing more effective service to clients, while saving time and money. These efforts were awarded with a medal at the GTEC Distinction '98 Awards gala.

The electronic filing provision of the *Canada Business Corporations Act* enables clients to send and receive documents more efficiently. Fax and e-mail communication are currently permitted, while Internet incorporation is expected to be fully operational in 1999–2000.

The Office of the Superintendent of Bankruptcy launched an electronic Name Search service with electronic commerce capability, as well as a new electronic service for creditors seeking unclaimed dividends being held in trust at the Office.

The *Canada Small Business Financing Act* automated fax notification system was expanded to handle all loan registrations and claims for loss acknowledgment notifications.

During 1998–99, Measurement Canada increased the number of accredited private sector organizations by 11 percent, including the first accreditation under the *Weights and Measures Act*. The Measurement Canada Web site was modified to include an enhanced search engine for notices for approval, and a generic template that allows clients to provide their comments on proposed standards, requirements and procedures on-line.

In response to requests to streamline radio licensing and operator certification activities, operators of domestic ship and aircraft radio stations in the maritime and aeronautical mobile bands are now exempted from the requirement to hold a radio licence and pay an annual licence renewal fee. This resulted in the elimination of some 65,000 accounts.

More than 350 spectrum and telecom publications are now published exclusively on the Internet, making them accessible to all clients free of charge. Paper copies are available, for a fee, from two authorized suppliers. Clients indicate that they are highly satisfied with the improved quality and level of service. In addition to service improvement, costs have also been reduced by \$140,000 a year for printing and mailing alone. Accounting for personnel and space, the savings exceed \$300,000 a year.

Industry Canada developed and implemented a system for the electronic submission of applications for microwave licensees. The beta trial, making full use of public key infrastructure, which began in February 1999 and included only certain microwave licensees, was a necessary step in the

implementation of future electronic services for all licensees.

The Geomatics Virtual Technology Roadmap, launched this past year, provided private and public users with a virtual version of the Geomatics Technology Roadmap Special Report, a technology scanning grid, a technology report, an R&D Bulletin, pertinent links, discussion groups, technology demonstration projects and a first-of-its-kind technical skills requirement page.

The Canadian Business Environmental Performance Office added yet another innovative service delivery initiative through an interactive test that allows firms in some 30 industries to assess their environmental capability and performance.

To supplement the toll-free telephone service, an Internet-based complaint and enquiries service for competition matters now provides consumers and businesses with a cost-effective alternative, accessible on a 24-hour basis, seven days a week. Clients receive a response within one working day. During its first six months of operation, the Competition Bureau's Information Centre responded to 158 complaints and 234 enquiries via the Internet.

IV. Client Feedback

Industry Canada places high value on feedback received from its clients. Feedback is instrumental in identifying areas where service needs to be improved, where service could be improved and where service is meeting clients' expectations. Establishing service standards is one means of ensuring that clients' expectations coincide with the department's ability to deliver services. Many organizations within the department, such as CIPO, Corporations, Aboriginal Business Canada and Bankruptcy, have published service standards.

One year after linking fees to service standards, the Competition Bureau has received excellent feedback.

- Mergers Branch met its service standards in 92 percent of cases, despite a 23 percent increase.
- Advisory Opinions service standards were met 82 percent of the time.
- Feedback cards sent out by the Bureau found that 75 percent of respondents identified services as excellent, 23 percent as good and 2 percent as poor.

A client feedback survey was conducted in the spring of 1998 to gauge client satisfaction with Industry Canada's consultation activities. The results indicate that the majority of the department's clients are satisfied with our consultation activities, suggest the need for additional follow-up and are receptive to increased use of the Internet as a consultation tool. The survey also dispelled the notion that stakeholders are experiencing "consultation fatigue": 75 percent were either satisfied with the amount of government consultation, or favoured increased consultation. The survey will likely be repeated biennially.

The Spectrum Management program has implemented a national client survey process as part of their continuing efforts to give clients the highest quality service possible. Comments are received through client survey cards, telephone surveys and Web site client feedback forms.

▶ Canadian Intellectual Property Office

Some particularly significant achievements are being made at the Canadian Intellectual Property Office.

- In Operations, the time required to receive an assignment document, from the time of filing to completion, has decreased from 16 weeks in March 1998 to four weeks in March 1999.
- In Examination, the time from the receipt of an examination request to the examiner's first action, in the computer-related category of patent applications, has decreased from 30 months in March 1998 to 21 months in March 1999.
- In Trade-marks, the average first action turnaround time has been decreased from six months in 1997-98 to five months in 1998-99.

V. Forging New Partnerships

Transparency and one-stop shopping are vital elements of service delivery. Industry Canada is forging new partnerships to ensure that its clients are able to "shop" through a single-window in order to access the information, services and products that they need.

Industry Canada has used Internet technologies, in partnership with other levels of government, to simplify client access to complex regulatory information. The Canadian Business Environmental Performance Office provides access to the many environmental regulations and standards pertaining to individual business sectors.

<http://virtualoffice.ic.gc.ca/bepo>



▶ Canada Business Service Centres

Through collaborative arrangements with other levels of government, Canada Business Service Centres (CBSCs) refer 80 percent of business clients almost equally to federal and provincial information on business programs, services and regulations and 20 percent to non-government business services or information sources. The programs, services and regulations of 36 federal departments and agencies are included in the CBSC services. The volume of service interactions (excluding Web site) increased by 4 percent in 1998-99 to 887,000 from 850,000 in 1997-98. Fifty-one percent were with start-up entrepreneurs, 27 percent with established SMEs, and 22 percent with other clients (students, intermediaries and associations). Web site traffic increased 28 percent in 1998-99 to 933,000 visits from 727,000 in 1997-98.

The Canada-Ontario Business Service Centre developed partnerships in communities and established a network of more than 70 regional sites to provide more effective access to business services throughout Ontario.

In 1998-99, the Ontario region administered the Canada-Ontario Business Relief Assistance (COBRA) program, a joint Canada-Ontario initiative providing assistance to small businesses for damages and recovery costs resulting from the ice storm of 1998.

As of January 1, 1999, Canadian corporations now have the option of sending the information collected on the annual return form, required under the *Canada Business Corporations Act*, to Revenue Canada as part of the corporate income tax form. By using this single-window approach, Canadian corporations need file only one form with one government department.

Under the Canadian Rural Partnership (a cross-government initiative to provide rural Canadians with access to the programs, services and tools required to take advantage of new economic and employment opportunities), Industry Canada sponsored community-led projects piloting creative ideas for pursuing sustainable community development, including four with community groups that are developing local capacity to increase community use of and access to the Information Highway.

Section 4: Consolidated Reporting

4.1 Year 2000 Readiness

Industry Canada has a commitment to ensure that all of its critical systems, real property and embedded systems are Year 2000 compliant. Accomplishments to date include the following.

- Treasury Board Secretariat has assessed Industry Canada as being 100 percent complete (August 1999) in ensuring Year 2000 compliancy for critical and embedded systems.
- By year end, work was well under way to have business continuity plans completed in order to minimize any potential business disruptions.
- Business awareness of the Year 2000 problem was raised and firms were encouraged to take action to remedy the problem through a number of initiatives and programs, including the CAN2K Campaign (summer 1998), the Year 2000 First Step program (June 1998), a major survey of Canadian businesses (May 1998), a Year 2000 toll-free number and an SOS 2000 Web site.
- Public awareness of the Year 2000 issue was raised through a number of initiatives, including the tabling of the government's response to the recommendations of the Standing Committee on Industry (October 1998), the broadcasting of public service announcements on major Canadian television networks (September 1998) and the distribution of the *Millennium Bug Home Check* to all Canadian households (February 1999).
- More than 20 million industry and consumer information brochures were distributed.

4.2 Materiel Management

The department is in the midst of a verification of all its equipment resources. The basis of the assessment of inventory is to determine what the department has and confirm where it is located. Life-cycle costs for mission critical assets can be found or are contained in the operating budgets of the organizations with mission critical assets (i.e. Chief Information Office, Canadian Intellectual Property Office, Communications Research Centre, Spectrum Management program).

Informal risk management assessments have been made of most mission critical assets, and most are protected with maintenance service contracts to minimize down time. The materiel information system is on the SAP platform, utilizing the plant maintenance module. With the assets module, the department will be compliant with the Financial Information Strategy. Life-cycle costing will need to be developed.

4.3 Sustainable Development Strategy

Industry Canada's Sustainable Development Strategy commits the department to promoting sustainable development while pursuing its overall mission to support a growing, productive, knowledge-based Canadian economy. The commitment requires the department to work toward four strategic objectives and nine related priorities through the delivery of 27 specified actions. Some of these actions comprise discrete products or services, while others are being continuously delivered throughout the three-year implementation period of the strategy.



The action items completed and under way for the four strategic objectives are helping to improve decision making by increasing knowledge of sustainable development, to augment understanding of innovative approaches to sustainable development, to encourage knowledge sharing and to build partnerships. They are also contributing to the implementation of voluntary approaches and to the development of environmental and enabling technologies that advance sustainable development.

During 1998–99, the department made progress on all of its action items. Five discrete action items were substantially completed, in addition to the four that were completed in 1997–98. Further, advancements were made on each of the remaining 15 ongoing action items, and one additional, discrete action item has been added to the Sustainable Development Strategy. Other

sustainable development-related activities beyond the scope of the Sustainable Development Strategy have also been undertaken, for example, in support of federal climate change priorities, and through programs such as CANARIE. The department expects to deliver its last three discrete action items by the end of the 1999–2000 fiscal year.

Overall, the department is on track to deliver successfully its Sustainable Development Strategy. The table on page 53 outlines some of the department’s accomplishments for 1998–99. The sustainable development Web site (<http://strategis.ic.gc.ca/sd>) contains more information on the department’s progress on the individual action items.



Progress on the Sustainable Development Strategy

Strategic objective	Performance to date	Accomplishments in 1998-99
<p>1. Marketplace: Foster a marketplace climate that promotes sustainable development.</p>	<ul style="list-style-type: none"> • Two discrete action items substantially completed. • Progress on five ongoing action items. 	<ul style="list-style-type: none"> • Organized and hosted an international workshop for business, trade unions, environmental non-governmental organizations and government on the potential of voluntary initiatives to contribute to sustainable development. • Completed an evaluation of proposed amendments to the <i>Canada Business Corporations Act</i> from a sustainable development perspective. • Participated in the management and operation of issues tables to develop a national climate change implementation plan. • Played a leading role in UN discussions on sustainable development and consumer protection guidelines.
<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"> • Five discrete action items substantially completed. • Progress on one discrete and five ongoing action items. 	<ul style="list-style-type: none"> • Invested \$36 million in 10 projects, through Technology Partnerships Canada, to leverage approximately an additional \$81 million of innovation spending. • Sponsored a report to assist firms to make informed decisions when considering the adoption of ISO 14001 standards. • Completed and distributed an enhanced version of Canadian Environmental Solutions CD-ROM. • Identified two types of critical technologies sensitive to sustainable development issues in the <i>Wood-based Panel Products Roadmap Report</i>.
<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"> • One discrete action item substantially completed. • Progress on two ongoing action items. 	<ul style="list-style-type: none"> • Contributed to the development of a draft chapter on trade and extended producer responsibility for inclusion in a future OECD guidance manual. • Drafted a framework for a targeted growth strategy for the environment industry. • Participated in the development of a mandate and negotiations of the Biosafety Protocol which would establish rules on trade in genetically modified products.
<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"> • One discrete action item substantially completed. • Progress on two discrete and four ongoing action items. 	<ul style="list-style-type: none"> • Applied an improved Strategic Environmental Assessment on a pilot project basis. • Appointed a chief environmental steward. • Conducted a waste audit of the C.D. Howe building; implemented additional recycling programs across the department; developed a training module on green procurement; launched the “Green Driver” program. • Provided training in environmental assessment to selected staff members. • Produced internal communication articles promoting and reporting on department-wide sustainable development activities. • Completed draft guidelines for integrating sustainable development issues into Industry Canada’s evaluation frameworks and studies.

4.4 Regulatory Initiatives

Performance of Significant Regulatory Initiatives

Purpose of regulatory initiative	Expected results	Results achieved
<p>Patented Medicines (Notice of Compliance) Regulations The amendments to the Patented Medicines (Notice of Compliance) Regulations respond to the government's commitment to consider regulatory changes in response to the April 1997 recommendations of the Standing Committee on Industry, following its review of the <i>Patent Act Amendment Act, 1992</i> (Bill C-91).</p>	<p>To further reduce delays in getting generic drugs to the market, to discourage litigation and to make the system fairer, while maintaining effective patent protection.</p>	<p>Results achieved are not measurable at this time. Amendments to the Regulations were published in Part II of the <i>Canada Gazette</i>, Vol. 132, No. 7 on April 1, 1998.</p>
<p>Non-broadcast Radio Licensing Fee Reform The purpose is to develop a conceptual model where the calculation of radio licence fees is based on the amount of spectrum used and the relative scarcity of spectrum in an area, and to have a licence fee structure for non-broadcast spectrum that accommodates new radiocommunication technology.</p>	<p>To have a new licence fee structure for non-broadcast spectrum that licenses with an incentive to make use of radiocommunication technology that is efficient in conserving spectrum as well as being simple, flexible and fair to all applicants.</p>	<p>Results achieved are not measurable at this time. A consultation paper on the regulatory proposal will be released in the fall of 1999.</p>



Status of Other Regulatory Initiatives

Bankruptcy

Bankruptcy and Insolvency Rules – Levy Adjustment. This project is under review.

Fees payable to trustees for summary proceedings and consumer proposals. Published in Part II of the *Canada Gazette*, Vol. 132, No. 9 on April 29, 1998, under Rules Amending the Bankruptcy and Insolvency Rules.

Rules Amending the Bankruptcy and Insolvency Rules. Published in Part II of the *Canada Gazette*, Vol. 132, No. 9 on April 29, 1998.

Regulations Amending the Orderly Payment of Debts Regulations. Published in Part II of the *Canada Gazette*, Vol. 132, No. 9 on April 29, 1998.

Rule Repealing the Companies' Creditors Arrangement Rule. Published in Part II of the *Canada Gazette*, Vol. 133, No. 13 on June 23, 1999.

Intellectual Property Policy Directorate

Copyright Regulations – Book Importation Regulations. Pre-published in Part I of the *Canada Gazette* on January 30, 1999, and will come into force in the second half of 1999.

Copyright Regulations – Cinematographic Works (Right to Remuneration) Regulations. This regulation came into force on April 22, 1999.

Copyright Regulations – Definition of “Wireless Transmission System” Regulations. Published in Part II of the *Canada Gazette*, Vol. 132, No. 12 on June 10, 1998.

Copyright Regulations – Ephemeral Recording Regulations. The regulations were pre-published in Part I of the *Canada Gazette* on January 30, 1999. Comments received from stakeholders have resulted in a re-examination of certain aspects of the regulations, which is currently under way.

Copyright Regulations – Regulations on taping and performance of communications to the public by educational institutions. This project is still under review.

Copyright Regulations – Regulation setting record-keeping requirements for non-profit libraries, museums and archives under certain exceptions and establishing notice for photocopiers in non-profit educational institutions, libraries, museums and archives. Pre-published in the *Canada Gazette* on January 30, 1999, and will come into force in the second half of 1999.

Canadian Intellectual Property Office

Industrial Design Regulations (Amendments). Pre-published in Part I of the *Canada Gazette*, Vol. 133, No. 27 on July 3, 1999.

Industrial Property (Fee Changes). The project was withdrawn.

Trade-marks Regulations (1996) – Amendments to facilitate electronic commerce. Published in Part II of the *Canada Gazette* on July 7, 1999.



Trade-marks Regulations (1996) – Opposition Procedures and Geographical Indication Objection Procedures. This project is under review.

Competition

Consumer Packaging and Labelling Regulations – Establishment of a Sunset Date to Repeal Section 36, Standardized Container Sizes for Wine, Peanut Butter and Refined Sugar Syrups. This project was withdrawn as a result of consultations.

Regulations Amending the Notifiable Transactions Regulations. Pre-published in Part I of the *Canada Gazette*, Vol. 133, No. 20 on May 15, 1999.

Corporations/Cooperatives

Canada Business Corporations Regulations – Electronic Filing. The regulation came into force on January 1, 1999.

Canada Business Corporations Regulations – Exemption Fee. The regulation came into force in April 1998.

Canada Business Corporations Regulations – Securities Regulations. The regulations came into force on April 30, 1998.

Canada Cooperatives Regulations. The regulations will come into force on December 31, 1999.

Combined annual return under the *Canada Business Corporations Act* and the corporate income tax return under the *Income Tax Act*. The regulations came into force on January 1, 1999.

Investment

Investment Canada Regulations – Transportation Service Definition. Published in Part II of the *Canada Gazette*, Vol. 133, No. 1 on December 16, 1998.

Measurement

Electricity and Gas Inspection Regulations (Technical). Pre-publication in Part I of the *Canada Gazette* is to take place in 2000.

Weights and Measures Regulations – Specification for Non-automatic Weighing Devices. Pre-published in Part I of the *Canada Gazette* on May 17, 1997. Promulgated in January 1998.

Weights and Measures Regulations – Harmonization of Technical Standards. Pre-published in Part I of the *Canada Gazette* on June 14, 1997. Promulgated in January 1998.

Weights and Measures Regulations (Minor and Technical). Pre-publication in Part I of the *Canada Gazette* is to take place in 2000.

Weights and Measures Regulations – Load Cell Standards. This is a future initiative. It has been delayed due to issues relating to equipment installation.

Weights and Measures Regulations – Diamonds and Gemstones. Pre-publication in Part I of the *Canada Gazette* is to take place in 2000.

Weights and Measures Regulations – Automatic Temperature Compensation of Petroleum Products. Pre-publication in Part I of the *Canada Gazette* is to take place in 2000.

Weights and Measures – Specifications for Electromagnetic Compatibility. This is a future initiative. Consultation with industry will begin before the end of 1999. Pre-publication in Part I of the *Canada Gazette* is to take place in 2000.

Weights and Measures – Specifications for Mass Flow Meters. This is a future initiative. Pre-publication in Part I of the *Canada Gazette* is to take place in 2000.

Radiocommunications

Aircraft, Ship and Amateur Radio Stations – Licensing Modifications. Phase I (Aircraft and Ship Stations). Published in Part II of the *Canada Gazette* on March 17, 1999. Phase II (Amateur Radio Stations). Discussion paper released in May 1999. Publication in Part I of the *Canada Gazette* in the fall of 1999 and publication in Part II of the *Canada Gazette* in the winter of 1999.

Broadcast Technical Data Services Fees Order. This regulatory proposal is currently in its developmental stages. Pre-publication in Part I of the *Canada Gazette* is to take place in 2000.

Miscellaneous Amendments Regulations II. The amendments were published in Part II of the *Canada Gazette* on January 21, 1998 (Ministerial amendments – SOR/98-91), and on April 1, 1998 (Governor in Council amendments – SOR/98-189).

Regulations Amending the Radio-communication Regulations (GATS Implementation). The regulations were published in Part II of the *Canada Gazette* on March 17, 1999.

Regulations Amending the Radio-communication Regulations I. Pre-published in Part I of the *Canada Gazette* on February 7, 1998. Published in Part II of the *Canada Gazette* on September 16, 1998.

Regulations Amending the Radio-communication Regulations II. The proposal is currently in its developmental stage. Publication in Part I of the *Canada Gazette* is to take place in the spring of 2000. Publication in Part II of the *Canada Gazette* is to take place in the summer of 2000.

Telecommunication Apparatus Assessment and Testing Fees. This project is currently in its developmental stages. Pre-publication in Part I of the *Canada Gazette* is to take place in the winter of 2000.

Telecommunication

International Submarine Cable Regulations. The proposed amendments to the External Submarine Cable Regulations were promulgated on October 1, 1998.

Telecommunication Apparatus Regulations. The project is currently in its developmental stages. Pre-publication in Part I of the *Canada Gazette* in the fall of 1999. Publication in Part II of the *Canada Gazette* in the spring of 2000.

4.5 Industrial and Regional Development Program

Section 14 of the *Industrial and Regional Development Act* requires that Industry Canada submit an annual report to Parliament, on the administration of the Industrial and Regional Development Program (IRDP). Since there was no new activity to report for the IRDP, rather than producing a separate annual report, Industry Canada fulfilled its reporting requirements for fiscal year 1998–99 in a note in the *1999–2000 Estimates — Report on Plans and Priorities* under the consolidated reporting provision.

The IRDP terminated on June 30, 1988, and since that time, no further applications for assistance under the program have been accepted. All pending applications and offers of assistance were disposed of prior to 1998–99. Further details on the disposition of applications received and commitments made under the program may be found in the annual report tabled for 1996–97. All financial commitments by Industry Canada under the IRDP have now been fully expended.

The Act remains in effect to allow for the ongoing repayment, in 1999–2000 and future years, of the financial assistance previously provided under the program.



Section 5: Financial Performance

5.1 Financial Performance Overview

Planned Spending	\$1,105,200,000
Total Authorities	\$1,335,331,500
1998-99 Actuals	\$1,256,120,162

5.2 Financial Summary Tables

Table 1	Summary of Voted Appropriations
Table 2	Comparison of Total Planned Spending to Actual Spending
Table 3	Historical Comparison of Total Planned Spending to Actual Spending
Table 4	Responsible Revenues
Table 5	Non-Responsible Revenues
Table 6	Statutory Payments
Table 7	Transfer Payments
Table 8	Loans, Investments and Advances
Table 9	Revolving Fund Financial Summaries
Table 10	Contingent Liabilities

FINANCIAL TABLE 1: Summary of Voted Appropriations

Financial Requirements by Authority

(millions of dollars)

Vote		Planned Spending 1998-99	Total Authorities 1998-99*	Actual 1998-99
Industry Canada Program				
1	Operating expenditures	500.6	520.4	503.2
5	Grants and contributions	488.2	647.2	610.6
(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	(4.9)	21.7	(0.8)
(S)	Liabilities under the <i>Small Business Loans Act</i>	65.2	94.1	94.1
(S)	Contributions to employee benefit plans	45.3	47.6	47.6
(S)	Spending of proceeds from the disposal of surplus Crown assets	0.0	0.5	0.4
(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	1.0	1.0
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		1,105.2	1,335.3	1,256.1

* 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	311	38.2	—	13.4	51.6	—	51.6	—	51.6
(total authorities)	<i>311</i>	<i>45.1</i>	—	<i>213.1</i>	<i>258.2</i>	—	<i>258.2</i>	—	<i>258.2</i>
(actuals)	295	43.2	—	213.0	256.2	—	256.2	—	256.2
Marketplace Rules and Services	2,228	178.9	—	1.0	179.9	—	179.9	(71.7)	108.2
(total authorities)	<i>2,228</i>	<i>235.3</i>	—	<i>1.0</i>	<i>236.3</i>	—	<i>236.3</i>	<i>(81.6)</i>	<i>154.7</i>
(actuals)	2,312	221.1	—	1.0	222.1	—	222.1	(91.3)	130.8
Industry Sector Development	1,390	236.8	—	549.0**	785.8	0.8	786.6	(9.2)	777.4
(total authorities)	<i>1,390</i>	<i>245.1</i>	—	<i>527.1**</i>	<i>772.2</i>	<i>2.8</i>	<i>775.0</i>	<i>(7.3)</i>	<i>767.7</i>
(actuals)	1,504	241.8	—	490.6**	732.4	0	732.4	(7.3)	725.1
Tourism	142	69.4	—	—	69.4	—	69.4	—	69.4
(total authorities)	<i>142</i>	<i>69.0</i>	—	—	<i>69.0</i>	—	<i>69.0</i>	—	<i>69.0</i>
(actuals)	130	67.1	—	—	67.1	—	67.1	—	67.1
Corporate and Management Services	821	98.6	—	—	98.6	—	98.6	—	98.6
(total authorities)	<i>821</i>	<i>85.7</i>	—	—	<i>85.7</i>	—	<i>85.7</i>	—	<i>85.7</i>
(actuals)	861	76.9	—	—	76.9	—	76.9	—	76.9
Total	4,892	621.9	—	563.4	1,185.3	0.8	1,186.1	(80.9)	1,105.2
(total authorities)	<i>4,892</i>	<i>680.2</i>	—	<i>741.2</i>	<i>1,421.4</i>	<i>2.8</i>	<i>1,424.2</i>	<i>(88.9)</i>	<i>1,335.3</i>
(actuals)	5,102	650.1	—	704.6	1,354.7	0	1,354.7	(98.6)	1,256.1
Other Revenues and Expenditures									
Non-Respendable Revenues***	—	—	—	—	—	—	—	—	(206.0)
(total authorities)	—	—	—	—	—	—	—	—	<i>(206.0)</i>
(actuals)	—	—	—	—	—	—	—	—	(485.0)
Cost of services provided by other departments****	—	—	—	—	—	—	—	—	56.5
(total authorities)	—	—	—	—	—	—	—	—	<i>56.5</i>
(actuals)	—	—	—	—	—	—	—	—	54.6
Net Cost of the Program	—	—	—	—	—	—	—	—	955.7
(total authorities)	—	—	—	—	—	—	—	—	<i>1,185.8</i>
(actuals)	—	—	—	—	—	—	—	—	825.7

Note: Numbers in italics denote total authorities for 1998-99 (Main Estimates plus Supplementary Estimates plus other authorities). Bolded numbers denote actual expenditures/revenues in 1998-99.

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

** Includes Statutory Grants and Contributions.

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

**** Statistics not available for payroll service costs provided by Public Works and Government Services Canada (PWGSC).

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 1996-97*	Actual 1997-98*	Planned Spending 1998-99	Total Authorities 1998-99**	Actual 1998-99
Micro-economic Policy	91.0	57.3	51.6	258.2	256.2
Marketplace Rules and Services	133.2	128.0	108.2	154.7	130.9
Industry Sector Development	670.3	1,595.3***	777.4	767.7	725.0
Tourism	55.6	69.0	69.4	69.0	67.1
Corporate and Management Services	97.5	85.6	98.6	85.7	76.9
Total Planned to Actual Spending	1,047.6	1,935.2	1,105.2	1,335.3	1,256.1

* 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.

*** 1997-98 expenditures include one-time payment for the creation of the Canada Foundation for Innovation of \$801 million.



FINANCIAL TABLE 4: Respendable Revenues*

Respendable Revenues by Business Line

(millions of dollars)

Business Lines	Actual 1996-97**	Actual 1997-98**	Planned Revenues 1998-99	Total Authorities 1998-99***	Actual 1998-99
Micro-economic Policy	—	—	—	—	—
Marketplace Rules and Services	71.0	78.9	71.7	81.6	91.3
Industry Sector Development	8.4	6.7	9.2	7.3	7.3
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Respendable Revenues	79.4	85.6	80.9	88.9	98.6

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

** 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: Non-Respendable Revenues*

Non-Respendable Revenues by Business Line

(millions of dollars)

Business Lines	Actual 1996-97**	Actual 1997-98**	Planned Revenues 1998-99	Total Authorities 1998-99***	Actual 1998-99
Micro-economic Policy	—	—	—	—	—
Marketplace Rules and Services	178.4	248.6	189.2	189.2	357.6
Industry Sector Development	112.8	110.4	16.8	16.8	127.4
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Non-Respendable Revenues	291.2	359.0	206.0	206.0	485.0

* 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 6: Statutory Payments
 Statutory Payments by Business Line

(millions of dollars)

Business Lines	Actual 1996-97*	Actual 1997-98*	Planned Spending 1998-99	Total Authorities 1998-99**	Actual 1998-99
Micro-economic Policy	2.2	2.6	3.8	4.0	4.0
Marketplace Rules and Services	16.4	14.1	11.9	39.3	16.8
Industry Sector Development	51.2	888.3***	92.1	111.9	111.9
Tourism	0.6	0.6	0.8	0.8	0.8
Corporate and Management Services	5.7	6.0	7.1	8.9	8.8
Total Statutory Payments	76.1	911.6	115.7****	164.9****	142.3

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.

*** 1997-98 expenditures include one-time payment for the creation of the Canada Foundation for Innovation of \$801 million.

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

FINANCIAL TABLE 7: Transfer Payments

Transfer Payments by Business Line

(millions of dollars)

Business Lines	Actual 1996-97*	Actual 1997-98*	Planned Spending 1998-99	Total Authorities 1998-99**	Actual 1998-99
GRANTS					
Micro-economic Policy	9.4	3.2	—	200.0	200.0
Marketplace Rules and Services	0.2	0.2	—	—	—
Industry Sector Development	—	55.0	0.7	0.3	0.3
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Grants	9.6	58.4	0.7	200.3	200.3
CONTRIBUTIONS					
Micro-economic Policy	14.7	15.0	13.4	13.1	13.0
Marketplace Rules and Services	0.8	0.9	1.0	1.0	1.0
Industry Sector Development	499.8	1,335.1***	548.3	526.9	490.4
Tourism	—	—	—	—	—
Corporate and Management Services	—	—	—	—	—
Total Contributions	515.3	1,351.0	562.7	541.0	504.4
Total Transfer Payments	524.9	1,409.4	563.4	741.3	704.7

* 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.

*** 1997-98 expenditures include one-time payment for the creation of the Canada Foundation for Innovation of \$801 million.



FINANCIAL TABLE 8: Loans, Investments and Advances

Loans, Investments and Advances by Business Line

(millions of dollars)

Business Line	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99*	Actual 1998-99
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 9: Revolving Fund Financial Summaries

Canadian Intellectual Property Office (CIPO) Revolving Fund

(millions of dollars)

	Actual 1996-97	Actual 1997-98	Planned Spending 1998-99	Total Authorities 1998-99*	Actual 1998-99
Revenues	51.1	58.1	57.0	63.1	65.3
Expenses	42.5	55.8	61.0	63.0	67.1
Profit or (Loss)	8.6	2.3	(4.0)	0.1	(1.8)
Items not requiring use of funds:					
Add: Amortization	1.4	9.7	11.0	13.3	13.3
Less: Amortization of deferred capital assistance	—	(4.7)	—	(6.4)	(6.4)
Changes in working capital	7.9	2.8	(1.2)	(8.5)	(8.1)
Investing activities: Acquisition of depreciable assets	(17.3)	(10.0)	(0.9)	(9.6)	(6.2)
Other items	4.3	0.0	—	0.6	10.2
Cash surplus (requirement)	(3.7)	0.1	4.9	(10.5)	1.0
Authority: cumulative surplus (drawn down)	6.3	6.4	11.3	(4.1)	7.4

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 10: Contingent Liabilities

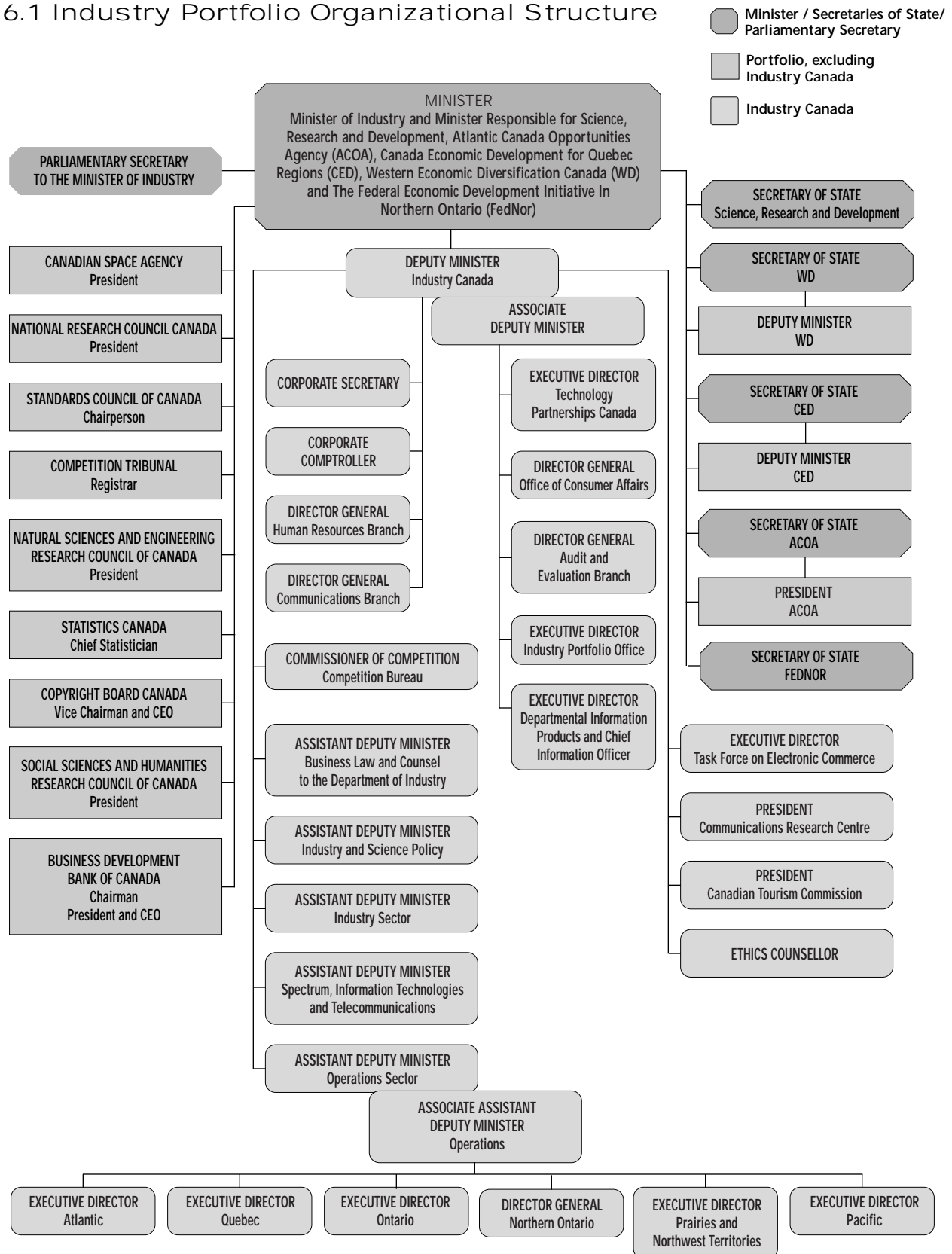
(millions of dollars)

List of Contingent Liabilities	Amount of Contingent Liability		
	March 31 1997	March 31 1998	Current as of March 31, 1999
Loan insurance and guarantees:			
- Enterprise Development Program	5.9	5.9	5.9
- <i>Small Business Loans Act</i>	1,382.5	1,336.4	1,161.9
- Air Carriers Loan Guarantees (DHC-7 & 8)	438.1	401.8	365.9
- Supplemental Guarantee Program (DHC-8)	1.5	1.4	1.8
- Canadian Airlines Corporation	12.0	11.2	—
- Aboriginal Economic Program	2.6	2.1	4.6
- First Union Commercial Corporation	56.2	57.6	61.3
- <i>Regional Development Incentives Act</i>	0.1	—	—
Subtotal	1,898.9	1,816.4	1,601.4
Claims and Pending and Threatened Litigation	29.6	8.8	251.0
Total	1,928.5	1,825.2	1,852.4



Section 6: Other Information

6.1 Industry Portfolio Organizational Structure



6.2 Acts under the Responsibility of the Minister of Industry

DEPARTMENTAL LEGISLATION

Department of Industry Act, S.C. 1995, c. 1

TELECOM LEGISLATION

Radiocommunication Act, R.S. 1985, c. R-2
Telecommunications Act, S.C. 1993, c. 38
Teleglobe Canada Reorganization and Divestiture Act, S.C. 1987, c. 12 (specified functions)
Telesat Canada Reorganization and Divestiture Act, S.C. 1991, c. 52 (policy role)

MARKETPLACE AND TRADE REGULATION

Agreement on Internal Trade Implementation Act, S.C. 1996, c. 17
Bankruptcy and Insolvency Act, R.S. 1985, c. B-3
Boards of Trade Act, R.S. 1985, c. B-6
Canada Business Corporations Act, R.S. 1985, c. C-44
Canada Cooperatives Act, S.C. 1998, c. 1
Canada Corporations Act, R.S. 1970, c. C-32
Companies' Creditors Arrangement Act, R.S. 1985, c. C-36
Competition Act, R.S. 1985, c. C-34
Government Corporations Operation Act, R.S. 1985, c. G-4
Investment Canada Act, R.S. 1985, c. 28 (1st supp.)
Lobbyists Registration Act, R.S. 1985, c. 44 (4th supp.)
Canada Small Business Financing Act, S.C. 1998, c. 36
Winding-Up and Restructuring Act, R.S. 1985, c. W-11 (Part I only)

CANADIAN INTELLECTUAL PROPERTY OFFICE (CIPO) LEGISLATION

Copyright Act, R.S. 1985, c. C-42
Patent Act, R.S. 1985, c. P-4
Trade-marks Act, R.S. 1985, c. T-13
Industrial Design Act, R.S. 1985, c. I-9

Integrated Circuit Topography Act, S.C. 1990, c. 37

Public Servants Inventions Act, R.S. 1985, c. P-32

CONSUMER LEGISLATION

Bills of Exchange Act, R.S. 1985, c. B-4 (Part V: Consumer Bills and Notes)
Consumer Packaging and Labelling Act, R.S. 1985, c. C-38
Electricity and Gas Inspection Act, R.S. 1985, c. E-4
Precious Metals Marking Act, R.S. 1985, c. P-19
Textile Labelling Act, R.S. 1985, c. T-10
Timber Marking Act, R.S. 1985, c. T-11
Weights and Measures Act, R.S. 1985, c. W-6

REGISTRAR GENERAL FUNCTIONS

Public Documents Act, R.S. 1985, c. P-28
Public Officers Act, R.S. 1985, c. P-31
Seals Act, R.S. 1985, c. S-6
Trade Unions Act, R.S. 1985, c. T-14

PORTFOLIO AND AGENCY LEGISLATION

Business Development Bank of Canada Act, S.C. 1995, c. 28
Canada Foundation for Innovation: Part I and XI of the *Budget Implementation Act, 1997*, S.C. 1997, c. 26
Canadian Space Agency Act, S.C. 1990, c. 13
Copyright Board: sections 66 ff. of the *Copyright Act*, R.S. 1985, c. C-42
Competition Tribunal Act, R.S. 1985, c. 19 (2nd supp.)
National Research Council Act, R.S. 1985, c. N-15
Natural Sciences and Engineering Research Council Act, R.S. 1985, c. N-21



Social Sciences and Humanities Research Council Act, R.S. 1985, c. S-12
Standards Council of Canada Act, R.S. 1985, c. S-16
Statistics Act, R.S. 1985, c. S-19

LARGELY INACTIVE OR MINIMAL INVOLVEMENT

Atlantic Fisheries Restructuring Act, R.S. 1985, c. A-14 (in respect of certain companies)
Agricultural and Rural Development Act, R.S. 1985, c. A-3
Bell Canada Act, S.C. 1987, c. 19 (private act)
British Columbia Telephone Company Act, S.C. 1916, c. 66 (private act)
Corporations and Labour Unions Returns Act, R.S. 1985, c. C-43
Employment Support Act, S.C. 1970-71-72, c. 56
Industrial and Regional Development Act, R.S. 1985, c. I-8
Pension Fund Societies Act, R.S. 1985, c. P-8 (ss. 4, 6 and 7)
Regional Development Incentives Act, R.S.C. 1970, c. R-3
Small Business Investment Grants Act, S.C. 1980-81-82-83, c. 147
Special Areas Act, R.S. 1985, c. S-14 (Ontario and Quebec)

REGIONAL AGENCY LEGISLATION

Atlantic Canada Opportunities Agency

The Minister of Industry is also currently the Minister for the Atlantic Canada Opportunities Agency and is responsible for the following:

Atlantic Canada Opportunities Agency Act, Part I of the *Government Organization Act*, *Atlantic Canada*, 1987, R.S. 1985, c. 41 (4th supp.)
Enterprise Cape Breton Corporation Act, Part II of the *Government Organization Act*, *Atlantic Canada*, 1987, R.S. 1985, c. 41 (4th supp.)
Canada Small Business Financing Act, S.C. 1998, c. 36 (Atlantic provinces)

Western Economic Diversification Canada

The Minister of Industry is also currently the Minister of Western Economic Diversification Canada and is responsible for the following:

Western Economic Diversification Act, R.S. 1985, c. 11 (4th supp.)
Canada Small Business Financing Act, S.C. 1998, c. 36 (Western provinces)

Canada Economic Development for Quebec Regions

The Minister of Industry is also currently the Minister responsible for Canada Economic Development for Quebec Regions and is responsible for the following:

Part II of the *Department of Industry Act*, S.C. 1995, c. 1 (Regional Economic Development in Quebec)
Canada Small Business Financing Act, S.C. 1998, c. 36 (Quebec)

6.3 Industry Canada Regional Offices

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Appendix A

Objectives 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)

As of July 31, 1999

Aboriginal Business Development Program

The objectives of this program are the following:

- to increase the number of viable businesses in Canada that are owned and controlled by Aboriginal Canadians, and improve access to business opportunities, increase self-reliance and provide a supportive business environment for Aboriginal Canadians in all areas of Canada;
- to establish, expand and diversify self-sustaining Aboriginal-owned-and-controlled capital corporations that provide developmental capital in Canada and that are functionally complementary to the mainstream financial sector;
- to improve access to capital for Aboriginal businesses in Canada that have difficulty obtaining conventional commercial financing;
- to enhance the capacity of Aboriginal financial and business development organizations to provide financial services, business information and developmental support services;
- to provide Aboriginal Canadians with greater responsibility for economic development initiatives in keeping with the spirit of *Gathering Strength: Canada's Aboriginal Action Plan*.

Aboriginal Business Loan Insurance Program

The objective of this program is to increase commercial enterprise activity by Aboriginal Canadians as a major step towards enhancing their economic self-reliance, by providing financial and advisory assistance at various stages and for several aspects of enterprise development.

Canadian Institute for Advanced Research

The objectives of this program are to encourage research excellence in Canada by supporting the work of the Canadian Institute for Advanced Research (CIAR) and fostering its development through the following specific objectives:

- to build strength in areas that are of long-term scientific, economic and social importance to Canada and that are based on an interdisciplinary approach;
- to encourage greater private sector and provincial government investment in basic and applied research and development activities in Canada;
- to help prevent "brain drain" by fostering and working to retain qualified personnel in Canada;
- to encourage closer links between the research activities of universities and governments.

CANARIE — Phase III

The overall objectives of this program are to enhance the productivity and competitiveness of Canadian industry, especially innovative Canadian ICT companies, and with an emphasis on priority (public and private) sectors of the economy (such as electronic commerce, learning, telehealth and intelligent systems) to catalyze the development and diffusion of technologies, applications and services that underpin or use advanced Internet infrastructure, such as CA*Net 3, and that are based on open-systems standards. The program's specific objectives are the following:

- to facilitate the development, testing and demonstrating of advanced networking applications and related technologies and services;
- to support the development by Canadian industry of software, infrastructure and other products, solutions and services relating to advanced networks and advanced applications;
- to support the diffusion and deployment of advanced networks and advanced applications, including the results of sub-projects undertaken through the Advanced Applications Development Program (AADP);
- to promote awareness of advanced networks and related applications, technologies and services, including the results of sub-projects undertaken through the AADP;
- to promote improved access to and use of advanced networks;
- to collaborate with industry, universities and colleges, schools and school boards, libraries, government research centres and agencies, provincial governments, aligned federal initiatives, and other stakeholders.

FedNor

1. *Pre-Commercial Fund*

The objective of this program is to enhance access to financing for pre-commercial activities, including early stage research and development, pre-commercial product development and pre-operational marketing activities.

2. *Northern Ontario Economic Development Fund*

The objective of this program is to assist communities in implementing strategies for employment growth and recovery.

3. *Not-For-Profit Fund*

The objective of this program is to support the initiatives of business-oriented, not-for-profit organizations to promote economic growth, diversification, job creation and sustainable, self-reliant communities in Northern Ontario, including initiatives that build or create business and trade opportunities; feasibility and marketing studies; marketing projects; research and analysis; training programs, seminars and quality initiatives to improve business competitiveness; specialized services to support entrepreneurship and SMEs; and regional development.

4. *Youth Internship Initiative*

The objective of this program is to provide recent college and university graduates with meaningful work experiences in business-oriented, not-for-profit organizations involved in community economic development activities or the provision of support services, information and skills training for entrepreneurs and small businesses across Northern Ontario.

5. *Tourism Fund*

The objective of this program is to strengthen Northern Ontario's tourism industry through the design and implementation of broad-based, regional cooperative marketing initiatives; the development of specialty tourism packages, the development of tourism skills, and economic research and analysis in specified sectors.

6. *Community Futures Development Corporations*

The objective of this program is to assist rural and northern communities in strengthening their economies and creating jobs, by providing support to Community Futures Development Corporations for undertaking strategic community planning for economic development, and for providing business development services and investment in small business.

7. *Loan/Investment Fund Loss Reserve*

The objective of this program is to improve access to capital for SMEs, which are often unable to obtain financing because they are considered to be high risk ventures.

Information Highway Programs

1. *Community Access Program*

The objective of this program is to provide all Canadians with affordable, convenient access to the global knowledge-based economy and the opportunity to use its technologies, and specifically to establish universal public access sites in 5,000 rural communities across Canada by March 31, 2001.

2. *Computers for Schools*

The objective of this program is to deliver 250,000 computers to schools and libraries by March 31, 2001.

3. *Francommunautés virtuelles*

The objectives of this program are the following:

- to develop French-language Internet content, services and applications;
- to foster the development of information and communications technology skills among French-speaking Canadians;
- to promote networking and link remote Canadian Francophone communities;
- to foster partnerships and closer ties among Francophone communities throughout Canada;
- to foster regional economic development;
- to encourage the development of the French Canadian multimedia industry;
- to foster the preservation and development of Francophone communities in Canada using new technologies.





4. *Information Highway Science and Entrepreneurship Camps*

The objectives of this program are the following:

- to provide meaningful, short-term work experience to youth to help better position them for career-related employment;
- to encourage children to develop their interests and skills in the Information Highway, science and entrepreneurship, which are fields of increasing importance to their future.

5. *NetCorps Canada International (NetCorps)*

The objective of this program is to provide 255 Canadian youth per fiscal year with internship placements in selected countries (including Canada) to assist in the countries' efforts to acquire, build and spread an information technology and telecommunications infrastructure.

6. *Network of Innovative Schools*

The objectives of this program are the following:

- to provide an opportunity for leaders to network with each other and continue to innovate;
- to provide an opportunity for leaders to mentor other schools that may emulate their innovation;
- to link the research community with what is happening in the classrooms;
- to showcase exemplary practices and models on how schools integrate ICTs to improve learning and teaching.

7. *SchoolNet*

The objectives of this program are to stimulate learning and produce a school graduate population with a strong command of ICTs, which are key to employability in the new global, knowledge-based economy; and to enhance educational opportunities and achievements in schools across Canada by making national and international resources available to learners and educators, regardless of geographical location.

8. *SchoolNet Multimedia Learnware and Public Access Applications Program*

The objective of this program is to build the partnerships necessary to establish a competitive industry in multimedia learnware and Internet applications in Canada.

9. *Smart Communities Program*

The objectives of this program are the following:

- to assist communities in developing and implementing sustainable Smart Communities strategies;
- to create opportunities for learning through the sharing among communities of Smart activities, experiences and lessons learned;
- to provide new business opportunities, domestically and internationally, for Canadian companies developing and delivering ICT applications and services.

10. *Voluntary Sector Network Support Program (VolNet)*

The objective of this program is to expand the technological capacity of the voluntary sector by offering connectivity to 10,000 voluntary organizations by March 31, 2001, assisting them to acquire computers and providing them with training.

Ontario Community Futures Program

The objective of this program is to support community economic development by assisting Community Futures Development Corporations in designated rural areas which may thereby develop and diversify their local economies. The following are the program's specific objectives:

- to develop and implement strategic community plans with other partners in order to develop human, institutional and physical infrastructure; entrepreneurship; employment; and the local economy;
- to deliver business counselling and information services to local SMEs;
- to operate investment funds to increase access to capital for local small businesses to enable them to create or maintain jobs through the establishment of new businesses and the expansion or stabilization of existing businesses.

PRECARN

The objectives of this program are the following:

- to build an industrial capability in intelligent systems in Canada;
- to provide leadership for collaborative research in intelligent systems by bringing together the complementary capabilities and resources of user-customers, suppliers, technology developers, and researchers in a national, industry-driven consortium;
- to create a competitive advantage for Canadian industry, and social and economic benefits for Canadians, through innovation in intelligent systems.

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

The objective of this program is to strengthen the consumer's role in the marketplace by assisting consumer groups and voluntary organizations to represent the consumer interest efficiently and effectively.

Technology Partnerships Canada

The objectives of the Technology Partnerships Canada (TPC) program are the following:

- to make high-risk, repayable investments in the development of near-market product and process technology to stimulate economic growth and create jobs in Canada;
- to provide investments to build industries of the future that are based on advances in environmental and enabling technologies, by supporting the development and diffusion of these technologies to the rest of Canadian industry;
- to provide support to Canada's aerospace and defence firms to attract and maintain investment to ensure projects and jobs stay in Canada;
- to advance and support governmental initiatives, such as the Jobs and Growth Agenda and the Science and Technology Strategy, within the context of fiscal restraint in an increasingly knowledge-based economy;
- to increase economic growth and wealth creation;
- to support sustainable development;



- to maintain and build the industrial technology and skill base essential for innovation products and services;
- to encourage the development of capable and competitive SMEs in all regions;
- to stimulate private sector investment;
- to manage contributions so that all repayments are recycled into TPC, allowing potential for future growth;
- to take an investment approach through sharing in returns as well as in risks.



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Appendix B

Crosswalk Between Business Lines* and Strategic Objectives

Innovation: Improving Canada's innovation performance and the transition to a knowledge-based economy

Key Results	Activities	MP	ISD	MRS
Increased recognition of innovation as a critical success factor by organizations in all sectors	• Annual S&T report (<i>Building Momentum</i>)	✓		
	• Advisory Council on Science and Technology	✓		
	• Work with private sector on human resource issues related to innovation		✓	
Expanded knowledge base, especially in fields with good opportunities for early application	• Canadian Biotechnology Strategy	✓		
	• Increased automotive industry R&D		✓	
	• Technology Roadmaps		✓	
	• Expanded R&D regime for the radio and spectrum licence condition		✓	
	• Networks of Centres of Excellence	✓		
Accelerated commercialization and adoption of innovative processes and products by Canadian organizations	• Targeted growth strategies		✓	
	• Private-public sector partnerships in international R&D consortia		✓	
	• Communications Research Centre — developing the networks of the future		✓	
	• Kyoto Protocol on climate change		✓	
	• Scientific Research and Experimental Development Tax Credit Program			✓
	• Technology Partnerships Canada		✓	
	• On-line innovation tools for business		✓	

*Refer to the last page of this appendix for details regarding the business line objectives.

MP = Micro-economic Policy ISD = Industry Sector Development MRS = Marketplace Rules and Services

Connectedness: Making Canada the most connected nation in the world

Key Results	Activities	MP	ISD	MRS
Canadians connected to each other and to the world in a way that is affordable and accessible	Canada On-line			
	• Canada's SchoolNet		✓	
	• Computers for Schools		✓	
	• Community Access Program		✓	
	• Voluntary Sector Network Support Program		✓	
	Smart Communities			
	• Smart Communities demonstration projects		✓	
	Canadian Governments On-line			
• <i>Strategis</i>			✓	
A world-leading environment for electronic commerce	Connecting Canada to the World			
	• OECD Ministerial Conference on Electronic Commerce	✓		
	• Information Highway international partnership agreements		✓	
	• Standards roadmap for Canada's Information Highway			✓
	• Canadian Electronic Commerce Strategy	✓		
	• New cryptography policy for Canada	✓		
	• Bill C-54 (the <i>Personal Information Protection and Electronic Documents Act</i>)	✓		
	• Canadian framework of consumer protection principles for electronic commerce	✓		
• Government of Canada Public Key Infrastructure Task Force	✓			
• Electronic Commerce Market Growth and Business Development Strategy			✓	
• Framework to increase the level of on-line connectivity			✓	
• Changes to the Internet Domain Name System	✓			
• Ensuring clear marketplace rules for electronic commerce				✓

MP = Micro-economic Policy ISD = Industry Sector Development MRS = Marketplace Rules and Services

Connectedness (*cont.*)

Key Results	Activities	MP	ISD	MRS
Canadian digital content and applications on-line maximized	• CANARIE		✓	
	• Promotion of the content development industry		✓	
	• Aboriginal Digital Collections		✓	
	• Canada's Digital Collections — hiring young people		✓	
	• Increased French language on the Internet — the Francommunautés virtuelles program		✓	
	• SchoolNet Multimedia Learnware		✓	

MP = Micro-economic Policy ISD = Industry Sector Development MRS = Marketplace Rules and Services



Marketplace: Building a fair, efficient and competitive marketplace

Key Results	Activities	MP	ISD	MRS
A fair, efficient and competitive marketplace framework created and maintained for businesses, consumers and investors	Legislative and regulatory initiatives			
	• Amendments to the <i>Competition Act</i> (Bill C-20)			✓
	• Fourth Protocol to the General Agreement on Trade in Services			✓
	• Spectrum auctions			✓
	• Framework policy and regulatory proposals — increased understanding			✓
	• <i>Bankruptcy and Insolvency Act</i> amendments	✓		✓
	• <i>Copyright Act</i> amendments (Bill C-32)	✓		✓
	• <i>Patent Act Amendment Act, 1992</i> (Bill C-91)	✓		✓
	• Statutory review of the <i>Integrated Circuit Topography Act</i>	✓		✓
	• <i>Small Business Loans Act</i> and <i>Canada Small Business Financing Act</i> (Bill C-53)	✓		
	• National symposium to increase understanding of the role of standards in regulation and trade			✓
	• Draft standard for portable and hand-held wireless devices			✓
	• Fee negotiations with propane industry			✓
	Development of international marketplace frameworks through bilateral and multilateral activities			
	• Agreement Between the Government of Canada and European Communities Regarding the Application of Their Competition Laws			✓
	• Expanded Canada–United States Mutual Recognition Agreement			✓
	• National standards for global mobile communications by satellite			✓
• International framework for intellectual property rights			✓	

MP = Micro-economic Policy ISD = Industry Sector Development MRS = Marketplace Rules and Services

Marketplace (cont.)

Key Results	Activities	MP	ISD	MRS
A fair, efficient and competitive marketplace framework created and maintained for businesses, consumers and investors (cont.)	<i>Policy initiatives to maintain and improve marketplace frameworks</i>			
	• Spectrum policies and initiatives			✓
	• Telesat initiatives			✓
	• MacKay Task Force on the Future of the Canadian Financial Services Sector			✓
	• <i>Investment Funds in Canada and Consumer Protection: Strategies for the Millennium</i> report			✓
	• Submission to the CRTC on local telecommunication services			✓
	• Competition Bureau contributions to provincial legislation and regulation on market surveillance			✓
	• Digital radio broadcasting agreement with the United States			✓
	• Digital TV draft interim agreement with the United States			✓
	<i>Providing Canadian businesses with the best, up-to-date economic advice, research and information</i>			
• Conference on the knowledge-based economy			✓	
• Industry Canada's issue research			✓	
Behavioural change induced so that the marketplace operates in accordance with the framework statutes, regulations, policies and procedures	<i>Enforcement of the rules of the marketplace</i>			
	• Coordination and cooperative investigations with international law enforcement agencies			✓
	• <i>Contraventions Act</i>			✓
Confidence instilled that the marketplace is fair, efficient and competitive	<i>Confidence in marketplace information and fairness</i>			
	• Retail price scanning accuracy			✓
	• Certification of radios and terminals			✓
	• Compliance with the <i>Bankruptcy and Insolvency Act</i>			✓
	• Measurement standards and instruments			✓
	• Protection of Canadian radio-communication infrastructure			✓

MP = Micro-economic Policy ISD = Industry Sector Development MRS = Marketplace Rules and Services



Marketplace (cont.)

Key Results	Activities	MP	ISD	MRS
Confidence instilled that the marketplace is fair, efficient and competitive (cont.)	• Business incorporations			✓
	• Intellectual property business volumes			✓
	• Fighting phone fraud			✓
	<i>Application of framework laws</i>			
	• Bank merger reviews			✓
	• Petroleum companies merger review			✓
	<i>Frameworks for telecommunications emergency services</i>			
	• Web site for emergency telephone numbers			✓
	• National Emergency Telecommunications Symposium			✓
• Crisis management — Swiss Air disaster			✓	
• NATO Civil Mutual Aid Web site			✓	

MP = Micro-economic Policy ISD = Industry Sector Development MRS = Marketplace Rules and Services

Investment: Improving conditions for investment in the Canadian economy

Key Results	Activities	MP	ISD	MRS
Improved domestic and international investment climate	<i>Reducing structural barriers and increasing investor confidence</i>			
	• Implementation of outstanding commitments for 1995 Agreement on Internal Trade			✓
	• Multilateral Agreement on Investment at OECD			✓
Increased awareness of Canada as an investment location of choice	• Policy changes to help expedite customs clearance			✓
	• Investment Partnerships Canada — World Economic Forum in Davos, Switzerland		✓	
	• “Invest in Canada” Web site		✓	
	• Investment strategies and information products for investment priority sectors		✓	
	• Promotion of industry in major international fora		✓	
Increased attraction and retention of multinational investment in Canada	• Program for Export Market Development expansion		✓	
	• Deputy Ministers Country Champions Campaigns Program, coordinated by Investment Partnerships Canada		✓	
	• Multinational investments		✓	
	• Increased awareness of Canada as an investment location of choice		✓	
Increased investment by SMEs and by Aboriginal businesses	• Domestic call program		✓	
	• Loan insurance under the <i>Small Business Loans Act</i>		✓	
	• Canada Community Investment Plan		✓	
	• Canada–Ontario Infrastructure Works program		✓	
	• FedNor projects		✓	
	• Aboriginal Business Development		✓	

MP = Micro-economic Policy ISD = Industry Sector Development MRS = Marketplace Rules and Services

Trade: Working with Canadian companies to increase Canada's share of global trade

Key Results	Activities	MP	ISD	MRS
Secure market access maintained and improved	• WTO activities		✓	
	• Mutual Recognition Agreements		✓	
	• WTO accession applications — Taiwan and China		✓	
	• APEC work plan on framework and principles for electronic commerce		✓	
	• Harmonization of spectrum and technical standards for new wireless and broadband distribution services for the Americas region			✓
	• Technical studies for the ITU World Radiocommunication Conference in May 2000			✓
Export capability and preparedness — internationally competitive and export-oriented industries and firms	• National framework of five Team Canada Inc service areas		✓	
	• Tourism (Canadian Tourism Commission)		✓	
	• International Trade Centres		✓	
	• Sector Competitiveness Frameworks		✓	
	• Automotive Competitiveness Review		✓	
International market development — increased exports of Canadian goods and services	• Trade Team Canada Sectors		✓	
	• Spectrum technical missions		✓	
	• International Business Opportunities Centre		✓	
	• Team Canada Inc		✓	
	• Aboriginal Trade and Market Expansion Initiative		✓	
	• APEC Telecom Working Group		✓	
	• Tourism product development		✓	
	• International ethics and anti-corruption fora		✓	

MP = Micro-economic Policy ISD = Industry Sector Development MRS = Marketplace Rules and Services

The objectives of the three principal business lines shown in the crosswalk are as follows:

Micro-economic Policy

To address the major structural economic development issues in the Canadian economy in a manner that will help increase productivity and competitiveness, thereby enhancing growth and job creation.

Industry Sector Development

To help business compete, through strategic approaches to trade, investment, technology, human resource development and sustainable development, and to provide focussed support for Aboriginal businesses, Northern Ontario, small businesses and the Information Highway.

Marketplace Rules and Services

To promote a fair, efficient and competitive marketplace for business and consumers in Canada, and to promote Canadian marketplace standards globally.



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