



Western Economic  
Diversification Canada

Diversification de l'économie  
de l'Ouest Canada

# *Western Economic Diversification Canada*

## *Performance Report*

For the period ending March 31, 2003

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Minister of Western Economic Diversification

Canada 

## Foreword

In the spring of 2000, the President of the Treasury Board tabled in Parliament the document "Results for Canadians: A Management Framework for the Government of Canada". This document sets a clear agenda for improving and modernising management practices in federal departments and agencies.

Four key management commitments form the basis for this vision of how the Government will deliver their services and benefits to Canadians in the new millennium. In this vision, departments and agencies recognise that they exist to serve Canadians and that a "citizen focus" shapes all activities, programs and services. This vision commits the Government of Canada to manage its business by the highest public service values. Responsible spending means spending wisely on the things that matter to Canadians. And finally, this vision sets a clear focus on results - the impact and effects of programs.

Departmental performance reports play a key role in the cycle of planning, monitoring, evaluating, and reporting results to Parliament and citizens on behalf of ministers. Departments and agencies are encouraged to prepare their reports following principles for effective performance reporting (provided in the *Guide to Preparing the 2003 Departmental Performance Report*: <http://www.tbs-sct.gc.ca/rma/dpr/02-03/guidance/guide.asp>). Based on these principles, an effective report provides a coherent and balanced picture of performance that is brief and to the point. It focuses on outcomes - benefits to Canadians and Canadian society - and describes the contribution the organisation has made toward those outcomes. It sets the department's performance in context, associates performance with earlier commitments, explains any changes, and discusses risks and challenges faced by the organisation in delivering on these commitments. Achievements realised in partnership with other governmental and non-governmental organisations are also discussed. Supporting the need for responsible spending, it links resources to results. Finally, the report is credible because it substantiates the performance information with appropriate methodologies and relevant data.

In performance reports, departments and agencies strive to respond to the ongoing and evolving information needs of parliamentarians and Canadians. The input of parliamentarians and other readers can do much to improve these reports over time. The reader is encouraged to assess the performance reports of organisations according to the established principles, and provide comments to departments and agencies to help them improve in their next planning and reporting cycle.

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This report is accessible from the Treasury Board of Canada Secretariat Internet site:  
<http://www.tbs-sct.gc.ca/rma/dpr/dpre.asp>

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## SECTION I: MESSAGES

### Minister's Portfolio Message

Continued investment in research and development, the ingenuity of Canadian researchers, academics and business people and a growing awareness of the importance of innovation in a successful economy have greatly contributed to Canada's increased recognition worldwide as a significant partner in the knowledge-based economy.

By eliminating the deficit, cutting personal and business taxes, making strategic investments and examining its regulatory processes, the Government of Canada has encouraged investment and innovation in Canadian business and has laid the groundwork for success in this competitive world economy.

Since the introduction of *Canada's Innovation Strategy* in February 2002, we have worked with businesses, institutions, associations and governments at all levels to develop a consensus about what must be accomplished if the Canadian economy is to continue to excel.

A number of priorities were identified during the November 2002 National Summit on Innovation and Learning, including improving the regulatory environment for businesses in Canada, encouraging the creation and commercialization of knowledge through strategic partnerships and investments, and continuing the growth of our highly skilled work force.

Canadians, wherever we may live, have an opportunity to take part in a dynamic and exciting economy. Some of us are developing expertise in highly skilled specialties like genomics, biotechnology and fuel cell technology. Others are benefiting from expanded access to broadband Internet services and, by extension, the resources of universities, research institutes and virtual networks around the world.

The Industry Portfolio, consisting of 16 departments and agencies, plays an integral role in encouraging innovation. Its many programs at the community, regional and national levels push Canadians to explore opportunities, identify new products, start new businesses and develop successful markets here and abroad.

#### *Industry Portfolio:*

- Atlantic Canada Opportunities Agency
- Business Development Bank of Canada\*
- Canada Economic Development for Quebec Regions
- Canadian Space Agency
- Canadian Tourism Commission\*
- Competition Tribunal
- Copyright Board Canada
- Enterprise Cape Breton Corporation\*
- Industry Canada
- Infrastructure 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 a Departmental Performance Report.

Western Economic Diversification Canada (WD) supports Canada's Innovation Strategy in the West by investing in innovative projects that move western Canadians more strongly into the knowledge-based economy. Across the West, the continued development of leading-edge technologies and applications will substantially improve the region's position as a national and international leader in key areas such as environmental technologies, virtual reality design, wireless technology and synchrotron light research.

These and other initiatives championed by Western Economic Diversification Canada and our partners in the Industry Portfolio will help us create conditions favourable for innovation by Canadian individuals, firms and institutions. This will help secure Canada's strong economic position and attract investments that will provide wide-ranging economic and social benefits for Canadians.

I invite you to review the Western Economic Development Canada *Performance Report* for more details on how Western Economic Development Canada encourages innovation and economic growth in Canada.

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Allan Rock  
Minister of Industry

## **Secretary of State Western Economic Diversification Canada**

Western Economic Diversification Canada (WD) works to ensure positive, lasting change in the economy of the West and the quality of life for its people. We are accountable to western Canadians for achieving measurable results in areas they identify as priorities, and to all Canadians for the effective and judicious investment of their taxpayer dollars.

For 16 years, WD has worked to develop and diversify the western Canadian economy, and to reflect western Canadian interests in national decision-making. Although our mandate has remained the same, our priorities and programs have changed to meet the evolving needs of the West and to respond to emerging challenges and opportunities.

In the last fiscal year, WD fulfilled its mandate and produced significant results by focusing its resources in three areas: Innovation, Entrepreneurship and Sustainable Communities. These three strategic outcomes work in concert to create new, more resilient sources of economic growth.

Western Economic Diversification Canada is key to implementing Canada's Innovation Strategy in the West. The department is committed to improving Western Canada's performance in high-knowledge sectors by investing strategically in pivotal new technologies. These investments are helping to improve the region's position as an international leader in several leading-edge industries, including fuel cells in British Columbia, wireless technology in Alberta, plant biotechnology in Saskatchewan and health sciences in Manitoba. They also act as a catalyst to attract other funding partners. In 2002-2003, WD approved \$54.9 million for projects supporting innovation in the West, leveraging an additional \$155 million.

The partners in WD's Western Canada Business Service Network - which provide over 100 points of service in the West - work at the local level to ensure that western Canadian entrepreneurs have direct access to services that support their economic success, thereby creating new opportunities for growth in communities across the West. For example, an independent study states that the services provided by Community Futures Development Corporations (CFDCs) have resulted in the creation or maintenance of up to 32,000 person-years of employment over five years. The successes achieved by the network partners in supporting small- and medium-sized enterprises have enabled WD to reassign its internal resources to other priorities, such as promoting new investment into Western Canada and increasing export activity.

Western Economic Diversification Canada's contribution to sustainable communities recognizes that economic prosperity cannot be pursued in isolation. Environmental and social factors also affect the ability of communities to access and take advantage of opportunities for economic growth. Western Economic Diversification Canada delivers the Infrastructure Canada Program (ICP) in the West, which levers matching funds through partnerships with provincial and municipal governments. Since October 2000, WD has approved \$350 million in funding for nearly 1,000 projects, primarily water and wastewater systems, solid waste management and recycling, and retrofitting or improving the energy

efficiency of municipal facilities. The six-year agreement will see the three levels of government invest more than \$1.67 billion in the infrastructure of communities across the West. Western Economic Diversification Canada is also well positioned to help Canada meet its climate change commitments under the Kyoto Accord.

By working strategically on the regional and local level, WD is “on the ground” with an understanding of the issues that lead to lasting economic change and enhanced quality of life. Innovation by innovation, business by business, community by community, Western Economic Diversification Canada is contributing to the emergence of a new economy that is inclusive, dynamic, diversified and sustainable.

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The Honourable Stephen Owen



## SECTION II: DEPARTMENTAL OVERVIEW

### **A. Mandate, Roles and Responsibilities**

Through the *Western Economic Diversification Act* of 1988, WD is mandated to:

- Promote the development and diversification of the western Canadian economy;
- Coordinate federal economic activities in the West; and
- Reflect western Canadian interests in national decision-making

As a member of the Industry Portfolio, WD contributes to the government's economic agenda of ensuring Canada's transformation into a knowledge-based economy. The department's responsibilities include delivering on its own mandate, and on national economic objectives as enunciated in the Speech from the Throne.

To implement our mandate in 2002-2003, WD focused its programs and services on innovation, entrepreneurship, and partnerships that build sustainable communities; and conducted research that supported our advocacy efforts through an enhanced knowledge and understanding of western issues.

**Innovation** is the future of the West. In 2002-2003 WD supported the development of knowledge-based industries by strengthening knowledge infrastructure, leveraged new funding for research and development, and helped to accelerate the rate of technology commercialization.

**Partnerships**, and the sustainable communities they build, are the strength of the West. Recognizing the competitive advantages of cooperation and strategic alliances, WD worked to strengthen partnerships with different levels of government, industry, universities, and volunteer organizations to enhance the West's connections to the rest of Canada and the world.

**Entrepreneurship** is the spirit of the West. WD promoted business development and entrepreneurship by providing skills development, offering advisory services, facilitating access to capital, encouraging the adoption of e-commerce, and enabling small and medium sized enterprises to hire promising young marketing and technology graduates.

**Economic research and advocacy** promote the value of the West. WD sponsored research projects that led to better information in critical areas such as medical research, future economic prosperity, urban issues, and innovation. An important part of this work involved communicating the research findings in Ottawa to promote a better understanding of western issues and concerns in the development of national policies.

The Department's Head Office, and its Deputy Minister, is located in Edmonton, Alberta, co-located with the Regional Office for Alberta. There are regional offices with Assistant Deputy Ministers located in each of the other western provinces, in Winnipeg, Saskatoon and Vancouver, and a Liaison Office located in Ottawa. Regional satellite offices have also

been opened in Calgary, Regina and Victoria. Each of the Western Assistant Deputy Ministers is responsible for the delivery of programs and services in their region, as well as for corporate responsibilities. The Ottawa based Assistant Deputy Minister plays the lead role in the department's advocacy activities.

## ***B. Economic Performance of the Western Provinces<sup>1</sup>***

The year 2002 clearly demonstrated how much the western provinces continue to depend on natural resource industries. The table below shows that the western provinces recorded the four lowest levels of real economic growth among all provinces as difficulties in the forestry, fishing, agriculture and energy sectors took their toll. Only Manitoba, with its more diversified economic base, recorded growth over the two per cent level. These results are not atypical: over the past five years the western provinces have demonstrated the lowest growth rates of all provinces save New Brunswick, which was slightly behind Alberta.

The table below also demonstrates the degree to which the western provinces need to diversify away from natural resources into more innovative and value added industries. While manufacturing accounts for over 22 per cent of economic output in Quebec and Ontario, it accounts for about half that level across the western provinces. And although international exports account for significant shares of output in all provinces, the exports from the western provinces are much more heavily weighted toward natural resource commodities. This makes the western provinces far more susceptible to the economic disruption brought about by sudden changes in prices that are set in the global commodities marketplace.

In addressing the economic structure of Western Canada, it is also important to comment on the labour market. The western provinces show deceptively low levels of unemployment compared to the other provinces. Western Canada exhibits a relatively high level of interprovincial migration, and as job prospects disappear in tough economic times displaced workers tend to move back to their provinces of origin in Central or Eastern Canada.

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<sup>1</sup> Information and statistics provided in this section are derived from the following sources: Conference Board of Canada 2002 and 2003 Economic Outlooks, RBC Financial Group July 2003 Economic Outlook, Scotia Economics Provincial Forecasts, and Industry Canada Regional Economic Observer.

<b>COMPARISON OF KEY FACTORS 2002</b>										
	<b>NL</b>	<b>PE</b>	<b>NS</b>	<b>NB</b>	<b>QC</b>	<b>ON</b>	<b>MB</b>	<b>SK</b>	<b>AB</b>	<b>BC</b>
Population 000s	532	140	944	756	7,450	12,038	1,150	1,012	3,107	4,136
Real GDP Growth %	13.4	5.6	3.8	3.3	4.3	3.9	2.4	-1.4	1.7	1.8
Real GDP Growth % Average over last 5 years	6.3	3.6	3.4	3.1	3.8	4.5	2.5	0.8	3.2	2.0
Employment % growth Average over last 5 years	2.5	2.5	2.2	2.2	2.4	2.7	1.5	0.5	2.8	1.1
Manufacturing Output as a % of Real GDP (2002)	6.6	9.6	11.5	14.8	23.2	22.4	12.9	7.2	10.2	11.6
International Exports as a % of GDP (2001)	32.9	29.5	27.5	41.6	39.1	51.3	29.3	43.4	36.4	30.2
Unemployment Rate	16.9	12.1	9.7	10.4	8.6	7.1	5.2	5.7	5.3	8.5

### **British Columbia**

British Columbia recorded real economic growth of 1.8 per cent in 2002, the third lowest rate among all provinces. The forestry sector experienced a devastating year as output and employment plummeted due to the softwood lumber dispute with the United States. In the tourism sector, British Columbia received a much lower-than-normal number of international visitors to the province as the post 9/11 air traffic decline continued. Yet 2002 demonstrated that, even in the face of economic disruption, the province could turn in a positive performance. Significant employment gains were made in the finance, retail, manufacturing and construction sectors; and retail sales were up from the previous year as new employees spend their earnings on goods and services. The number of new housing starts was 24 per cent higher in the third quarter of 2002 compared to a year earlier. But despite its bright spots, British Columbia faces difficult structural challenges as communities outside of the greater Vancouver area struggle with continued decline in their natural resource based economies.

### **Alberta**

Alberta's rate of real economic growth in 2002 was 1.7 per cent, the second lowest rate among provinces. The poor performance typified the boom and bust cycles of the province's energy-based economy. Facing short-term uncertainty in oil prices as the U.S. contemplated military action against Iraq and longer-term uncertainty regarding the impact of the Kyoto Accord, oil and gas companies were slow to commit to new drilling projects

for the first half of the year. This resulted in a year-over-year reduction in energy investment, despite continued construction in the northern Alberta oil sands industry and much stronger than anticipated oil prices throughout the year. Notwithstanding the relatively poor performance in the energy sector and employment losses in both the natural resources and trade sectors, the economy did have some bright spots. Alberta recorded strong employment gains in most sectors other than natural resources and trade that in turn bolstered retail sales and pushed housing starts to near record levels.

### **Saskatchewan**

In 2002 Saskatchewan recorded a second straight year of negative economic performance, with real output decline of –1.4 per cent (the 2001 level was –0.3 per cent). The reason for the poor performance lay in the crop production and livestock industries, which were again plagued by low precipitation rates, grasshopper infestation, and the impact of the U.S. Farm Bill. The U.S. Farm Bill increased assistance for traditional crops like wheat, corn and soybeans and also for specialty crops such as dry lentils, peas and chickpeas. Many Saskatchewan farmers—who have been diversifying into specialty crops—faced difficult planting decisions as they considered how best to compete with their subsidized U.S. counterparts. The difficulty in the agriculture sector was compounded by a poor year in the energy and mining sectors. Oil and gas companies struggled with the global uncertainty described above in the Alberta section, and weak global prices for minerals resulted in a year of negative performance for the mining sector. Despite the downturn across several key sectors, consumers continued to take advantage of low interest rates as retail sales grew significantly from prior year levels and housing starts were at the highest level since 1996.

### **Manitoba**

Manitoba continued its typical steady economic performance in 2002 with its well-diversified economy recording real growth of 2.4 per cent, making it the best performer of the western provinces but still the fourth worst in the country. Unlike Saskatchewan and Alberta, Manitoba's agriculture industry turned in a positive performance in 2002. Many farmers were able to wait for precipitation before making planting decisions, and with early rain followed by warm weather the resulting crop yields were average to above average in most regions. As well, Manitoba's livestock industry turned in a solid performance despite lower prices for hogs offered by slaughterhouses. Brandon's Maple Leaf plant alone processed about 10,000 hogs per day, and cattle slaughter levels were also up from the previous year. Manitoba's manufacturing industry was a solid contributor to output with strength shown in processed foods, plastics and rubber, and the machinery and transportation equipment industries. Important events occurred in the bus and aerospace industries as government intervention and union concessions resulted in Motor Coach Industries not moving out of the province while Magellan Aerospace landed a contract to manufacture helicopter components.

## **C. Linking WD's Programs to the Needs of Western Canada**

Over the years, WD's priorities and programs have changed to meet the evolving needs of the West, and to respond to emerging challenges and opportunities. From supporting the growth of innovation clusters to identifying new sources of economic opportunity for communities facing severe adjustment challenges, the department helps capitalize on the West's strengths to create sustainable prosperity for all.

WD has invested about \$2.7 billion in Western Canada since 1987. These investments are helping strengthen the western Canadian innovation system, create a resilient and expanded business sector in Western Canada and improve the economic competitiveness and quality of life in communities across the West. While each of WD's four core program areas in 2002-2003 - Innovation, Entrepreneurship, Partnerships, and Economic Research and Advocacy - can be described individually, they share important linkages when it comes to making a contribution toward western prosperity.

### **Innovation**

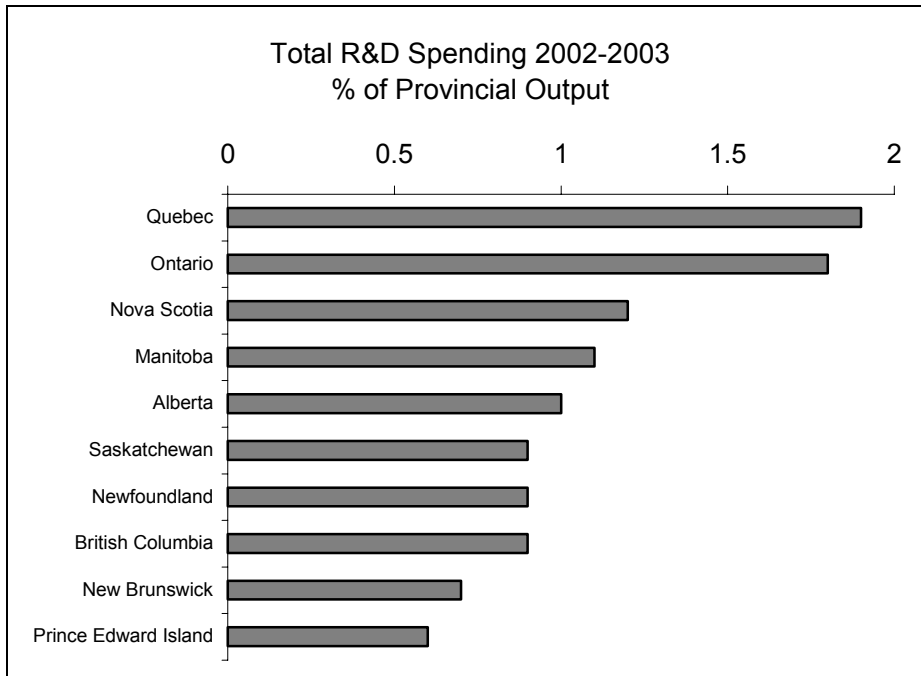
*"Through innovation, knowledge is applied to the development of new products and services or to new ways of designing, producing or marketing an existing product or service for public and private markets. ... Innovation has always been a driving force in economic growth and social development. But in today's knowledge-based economy, the importance of innovation has increased dramatically."*<sup>2</sup>

Knowledge and innovation form the foundation for economic prosperity in the new global economy. As a result, support for innovation has become a central priority for the Government of Canada. That support reached a new level with the launch of Canada's Innovation Strategy in February 2002. WD supports Canada's Innovation Strategy in the West by investing in projects that move Western Canada more strongly into the knowledge-based economy.

When assessing the level of innovation within an economy, one common indicator is a region's level of research and development (R&D) expenditure. R&D is a fundamental component of innovation because it allows firms to take advantage of new knowledge and ideas. As the accompanying graph demonstrates, Western Canada's performance on R&D spending is significantly lower than the Canadian average.

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<sup>2</sup> Achieving Excellence, Investing in People, Knowledge and Opportunity, Industry Canada, 2002



The lower levels of R&D spending are not solely attributable to government sources: it is important to recognize that business funded and performed R&D is significantly lower than in Central Canada.<sup>3</sup>

### **Partnerships**

The future prosperity of western Canadian communities is a goal that cannot be addressed solely through business development activities. Many factors – including social, environmental and economic issues – affect the ability of communities to take advantage of opportunities for sustainable growth.

Through partnership and coordination activities, WD is helping to converge western interests and resources to build a future that is sustainable not only economically, but environmentally and socially as well.

In 2002-2003 WD delivered a number of programs designed to improve local infrastructure in urban and rural communities throughout the West, strengthen economic development and sustainable growth, and assist communities in adjusting to changing and often very challenging economic circumstances. Examples include:

- the Infrastructure Canada Program to help communities provide residents with necessary basic services such as roads and water treatment facilities;
- Western Economic Partnership Agreements (WEPAs) to promote economic growth and employment opportunities in Western Canada;

<sup>3</sup> Statistics Canada, Estimates of Canadian Research and Development Expenditures (GERD), Canada 1990-2001 and by province 1990-1999.

- Urban Development Agreements to build partnerships among federal, provincial and municipal governments that lead to better coordination of economic and social activities to address complex issues in urban areas, especially in inner-cities; and,
- Economic Adjustment Programs to mitigate the impact of extraordinary events, like the closure of the military base in Moose Jaw, Saskatchewan; the Red River Valley flood in Manitoba and the severe downturn in the British Columbia fishing industry.

### **Entrepreneurship**

More than elsewhere in the country, small business is the economic engine of Western Canada. A study prepared by the Western Centre for Economic Research in 2001<sup>4</sup> revealed that the number of small businesses per capita is 40 per cent higher in the West than in the rest of Canada. As the source of nearly 80 per cent of new jobs, entrepreneurship is a powerful force for prosperity. To fuel this valuable source of economic growth, WD supports the willingness of entrepreneurs to take risks, devise new products and services, and create jobs and opportunity in communities across Western Canada.

### **Economic Research and Advocacy**

An important part of WD's mandate is to undertake economic research on Western Canada. As policy makers, the research helps us understand Western Canada, its place in the country and the world, and the present and future challenges and opportunities facing the region. Through the knowledge generated by disseminating and promoting research, awareness is created about relevant issues and a climate conducive to effective policy formulation is established. The department sponsors research projects that have a direct relationship to its economic development mandate and core program areas. Economic research is intended to lead to policies that help the region achieve its economic potential, thus leading to a stronger national economy.

## **D. Delivering on Government of Canada Priorities in Western Canada**

In *Canada's Performance 2002*<sup>5</sup> the President of Treasury Board presents a series of societal indicators that are intended to help measure the quality of life of Canadians. These indicators are directly linked to the government's priorities as set out in the *Speech from the Throne* and the Prime Minister's *Response to the Speech from the Throne* and include: economic opportunities and innovation in Canada, the health of Canadians, the Canadian environment and the strength and safety of Canadian communities. WD is actively engaged in delivering on these government priorities in the West.

<sup>4</sup> A Portrait of Small Business Growth and Employment in Western Canada, by Edward J. Chambers and Natalya L. Rylska, Western Centre for Economic Research, School of Business, University of Alberta, Number 63, 2001

<sup>5</sup> Treasury Board of Canada, [http://www.tbs-sct.gc.ca/report/govrev/02/cp-rc\\_e.asp](http://www.tbs-sct.gc.ca/report/govrev/02/cp-rc_e.asp).

As a member of the Industry Portfolio, WD is dedicated to helping deliver the national economic agenda in Western Canada. The department's activities in entrepreneurship contribute directly to the creation of new economic opportunities for western Canadians.

WD and its service delivery network pays special attention to groups of people who have unique needs in meeting business start up challenges, including: women entrepreneurs, people with disabilities, francophones, and Aboriginal peoples. WD provides access to information and capital for small business owners. Through the First Jobs in Science and Technology and the International Trade Personnel Programs, WD provides assistance to hire bright, recent post-secondary graduates to help western-based companies become more innovative and participate more effectively in international markets.

WD actively contributed to the *Innovation Engagement Strategy* in the research, consultations, and policy development activities and by helping coordinate strategy-oriented activities across the West. And on innovation, WD went a step further by addressing specific innovation opportunities in the West that are best addressed by a regional approach.

WD also plays an important role in helping to build strong and safe communities in the urban and rural West. WD recognizes that western cities are increasingly important economic drivers and participates in federal-provincial-municipal Urban Development Agreements to address the special challenges facing large urban centers. The WD-funded Community Futures Development Corporations are dedicated to promoting business development and sustainable community building at the rural level across the West. In addition, WD's *Sustainable Development Strategy* contributes to improving the environment in communities across the West.

WD is instrumental in delivering one of the key federal government initiatives that is highlighted in *Canada's Performance 2002*. WD works with provincial and municipal governments to implement the Infrastructure Canada Program in Western Canada. The program, which targets green infrastructure projects, is improving the water and wastewater systems, water management, solid waste management and recycling systems across the West, as well as addressing local priorities such as transportation, affordable housing and tourism, cultural and recreational facilities.



## SECTION III: PERFORMANCE AND OUTCOMES

### *Link to Resources*

For 2002-2003 Western Economic Diversification Canada Expenditures by Strategic Outcomes were as follows:

**Grants & Contributions Expenditures  
By Strategic Outcome (\$ millions)  
April 1, 2002 to March 31, 2003**

<b>Strategic Outcome</b>	<b>Expenditures</b>	<b>Percentage</b>
Innovation	63.9	32.2 %
Business Development and Entrepreneurship		
- Non-statutory	40.6	
- Statutory	19.2	
Sub-total	59.8	30.1 %
Partnerships	12.9	6.5 %
Economic Research & Analysis	1.9	1.0 %
National Programs	60.0	30.2 %
<b>Total</b>	<b>\$198.5</b>	<b>100.0%</b>

In our previous report, WD advised that investments in Innovation would have a much greater emphasis in departmental programming, in recognition of the growing importance of knowledge and innovation in a competitive economy. This shift in priorities and project approvals is reflected in 2002-2003 expenditure patterns: Innovation expenditures now represent 32.2 per cent of total projects, up from 16.5 per cent in 2001-2002.

New approvals during 2002-2003 by strategic outcome and activity category were:

**Grants and Contributions Approvals  
By Strategic Outcome (\$ millions)  
April 1, 2002 to March 31, 2003**

<b>Strategic Outcome</b>	<b>Approvals</b>	<b>Percentage</b>
Innovation	54.9	63.8 %
Business Development and Entrepreneurship	15.2	17.7 %
Partnerships	14.2	16.5 %
Economic Research & Analysis	1.7	2.0 %
<b>Total</b>	<b>86.0</b>	<b>100.0%</b>

## **PERFORMANCE AND STRATEGIC OUTCOMES**

### **INNOVATION**

*A strengthened western innovation system.*

Making Canada one of the most innovative countries in the world is a top priority for the federal government, and for Western Economic Diversification Canada. In order for Canada to remain globally competitive in both traditional and emerging industries and ensure a high quality of life, it is essential that we create an innovative and knowledge-based economy in all parts of the country. As a reflection of this need, innovation is one of WD's key strategic objectives.

During 2002-2003, the federal government undertook a major consultation exercise on an innovation agenda for Canada. This process engaged over 10,000 Canadians, and was led by Industry Canada and the Industry Portfolio, and Human Resources Development Canada. As a member of the Industry Portfolio, WD supported the consultation process in Western Canada and continues to play an active role in developing policy and program responses that ensure that the federal innovation agenda is relevant and effective in addressing western Canadian needs and opportunities.

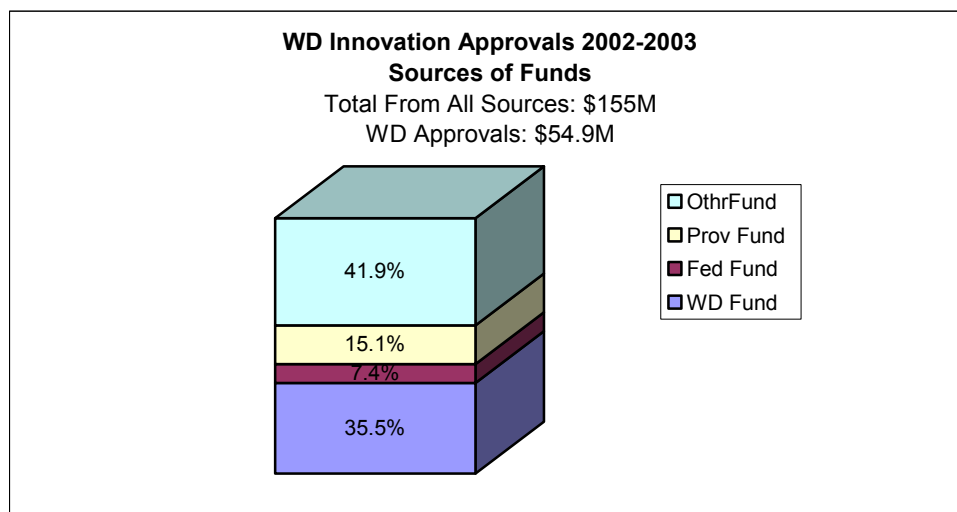
WD's strategic outcome and objectives are complementary to the federal government's innovation priorities. WD's approach takes into account that the innovation process is not linear or isolated, but occurs within a broader context of a larger "innovation system" encompassing people, institutions, and interactions which influence the performance of organizations, and ultimately of the economy.

By strengthening the innovation system in Western Canada—through strategic investments in infrastructure development, technology commercialization, capacity building and linkages—WD facilitates the development of clusters and expands the potential of the four western provincial economies to create value and wealth.

In 2002-2003, WD approved \$54.9 million in new innovation projects, representing over 60 per cent of the department's new project approvals. WD also has several multi-regional initiatives, including the WestLink Innovation Network, TRILabs, and the Canada West Health Innovation Council. Multi-regional initiatives play an effective role in creating partnerships and collaboration across the western Canadian and national innovation system, enhancing innovation performance for all partners.

## Key Partners:

WD works with a variety of partners to meet our strategic objectives. The western provincial governments are natural partners in many initiatives. WD regularly works with other federal organizations (National Research Council, Natural Resources Canada, Agriculture and Agri- Food Canada, Natural Sciences and Engineering Research Canada, and the Canada Foundation for Innovation) in areas of joint interest, enabling us to leverage innovation investments. Other partners include universities and technical colleges, cities and municipalities, industry and associations. In 2002-2003, WD was a partner in innovation projects totalling \$155 million, contributing 35 per cent of direct funds.



## Key Targets and Overall Results:

WD's innovation strategy calls for investments that will yield long-term economic and social benefit to Western Canada. Many of the investments support the development of emerging technology clusters, most of which will develop over the next 10 to 15 years. While it is often difficult to report outcomes at the initial stages, WD is currently able to report on investments in the key sectors for the West, and on key targets such as technology commercialization, strategic infrastructure, community innovation and alignment of priorities among innovation system players.

A recently commissioned independent study<sup>6</sup> of WD's role in innovation in the West ("*Western Diversification: A Catalyst for Innovation in Western Canada.*") found that:

- WD has played a strong role in promoting innovation in Western Canada, through providing financial support, formulating partnerships and developing initiatives; and, by acting as a facilitator and catalyst that makes strategic investments. The roles undertaken by WD were highly valued by other innovation systems players.

<sup>6</sup> Western Diversification: A Catalyst for Innovation in Western Canada, Ference Weicker & Company, March 2003

- WD is effective in promoting innovation due to its flexibility to deliver and tailor programming that meets the needs of the region that it serves; its skilled and knowledgeable staff; and, its role as a neutral broker in facilitating partnerships.
- WD has directed resources to support future growth, by strengthening research capabilities and linkages between innovation system players, increasing access to skilled workers, and by bringing attention to the importance of innovation in rural areas.

WD support is contributing to the foundation of technology clusters. Key sectors for the West include:

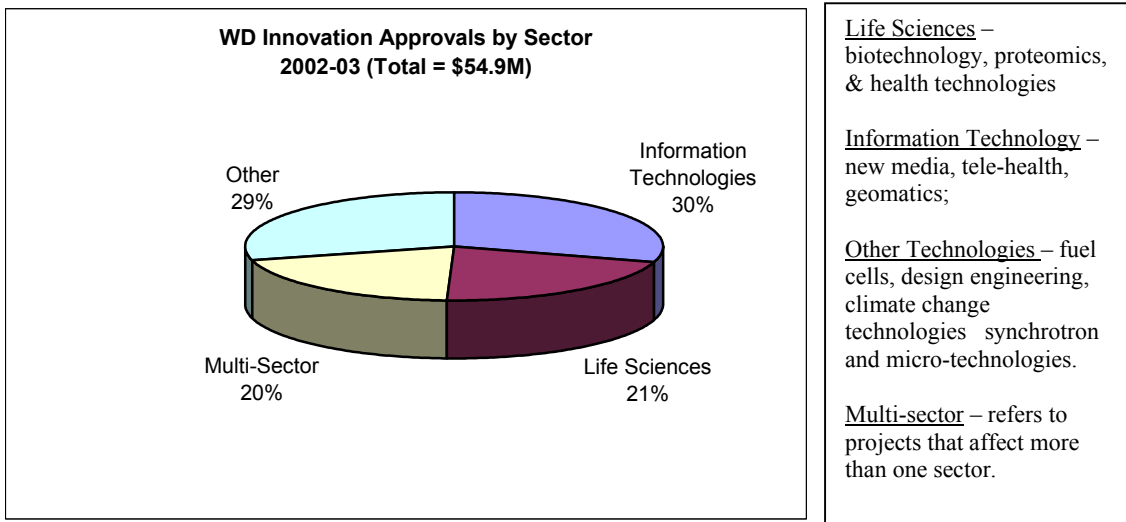
**British Columbia:** new media, fuel cells, genomics/ proteomics;

**Alberta:** wireless, telehealth, micro/nano technologies;

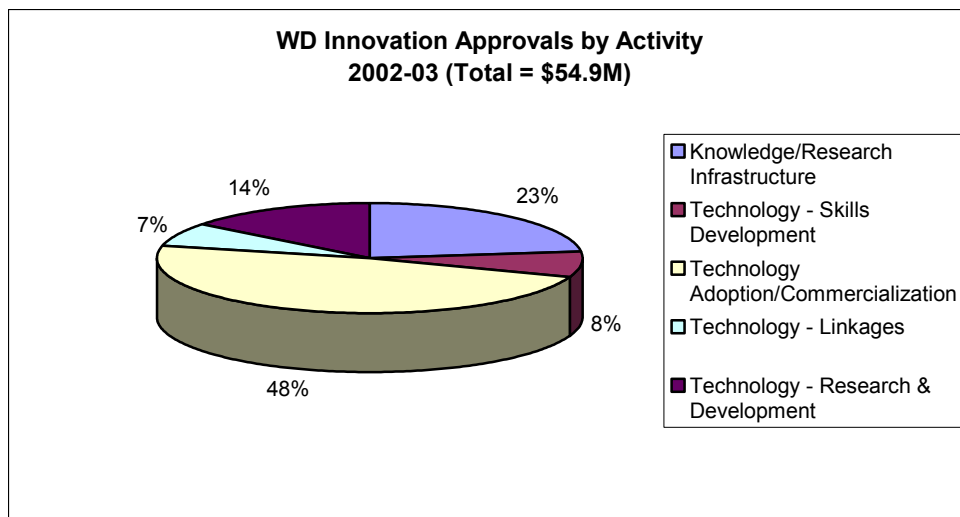
**Saskatchewan:** telehealth, climate change technologies, synchrotron; and,

**Manitoba:** design engineering, health, and composite materials.

These investments reflect emerging technology cluster strengths.



The following chart demonstrates the priority WD places on technology commercialization—48 per cent of innovation project funding relates to this area. Knowledge/Research Infrastructure is the second largest investment area, followed by R&D, Skills Development and Linkage projects.



**Objective A: Enhanced Technology Commercialization**

*WD will support initiatives that contribute to an organization's ability to develop, transfer or adopt innovative technologies.*

In order to extract economic value and benefit from investments in research and development and infrastructure, WD has placed a strong emphasis on technology commercialization and adoption. Initiatives in the adoption/commercialization category shown above, range from support for technology commercialization offices at universities and other knowledge generators, support to incubators, support to firms through WD's First Jobs in Science and Technology Program, and WD's contribution of \$3 million to the National Research Council's Industrial Research Assistance Program.

Some examples of WD's support for technology commercialization include:

- **New spin-off companies:** WD works with organizations that report annually on the number of disclosures, licenses, and business spin-offs. Although it is difficult to directly attribute success to WD investments (due in part to the length of time between investment and realization of results) western universities have a good record of commercialization and spin-offs. The WestLink Innovation Network reported 34 spin-off companies in the fiscal year ended March 31, 2001, up from 25 in the previous year.
- **Increasing technology commercialization by enhancing linkages:** WD is a partner and investor in collaborative, multi-partner initiatives, with the goal of enhancing each member's technology commercialization ability and overall capacity. During the past year, WestLink opened its membership from university-only, to include technical colleges and provincial research organizations, thus strengthening the connection between applied and basic research. Through their *Technology Commercialization Internship Program*, linkages are being made to industry and the venture capital sector.
- The Wireless E-health Monitor is another example of commercialization through unique partnerships. The project is a private and public partnership conceived and coordinated by the University of Alberta, involving two Japanese companies (Seiko Instruments and MI Laboratories Co.), a U.S. company, Televital Inc., and nine other local organizations. The new generation of e-health solutions or Wireless Wearable Physiological Monitors will help track health conditions on a 24-hour basis, assisting individuals to better manage their own health, increasing efficiency of health-care services, and ultimately saving lives. WD contributed \$575,000 to this \$3 million project.

**WD's First Jobs in Science and Technology Program (FJST):** Established in April 1997, this program assists small firms to hire science and technology graduates, who undertake technology adoption projects aimed at increasing productivity. In addition to providing technological expertise to the firm, the program also provides many young western Canadians their "first job" in areas related to their field of training. The majority of jobs created are in the professional, scientific and technical service sector. In 2002-2003, WD sponsored 170 projects and created 195 jobs with funding of almost

\$4.4 million. Since its inception, the program has resulted in 1,055 jobs throughout Western Canada.

**Objective B: Improved Knowledge Infrastructure and Capacity**

*WD will provide support to innovation infrastructure (physical), and to initiatives that build capacity and linkages among innovation players.*

WD's investments in knowledge infrastructure increase the capacity of western Canadian organizations to undertake research that will lead to new technologies, products or processes; attract new resources and skilled personnel; create new opportunities for commercialization of western Canadian R&D; and assist in the development of technology clusters. Some examples are:

**Information and Communications Technology (ICT):**

To facilitate continued development of ICT, WD has made strategic investments in a number of key organizations:

- WD is the federal government partner in TRILabs, Canada's largest not-for-profit applied telecommunications research consortium, with laboratories in Edmonton, Calgary, Regina, Saskatoon and Winnipeg. These labs provide a unique opportunity for more than 200 researchers, university faculty and students, and industry professionals to develop knowledge and expertise in technologies with commercialization potential. WD has contributed \$10 million over four years to help TRILabs develop new technology applications, advance knowledge in information technologies and telecommunications, and train university students for productive roles in Canadian industry. In its 15-year history, TRILabs has trained nearly 700 highly skilled university graduates; created 250 technologies adapted for use by companies; and, generated 43 patented inventions.
- WD recently supported the development of the Network for Emerging Wireless Technologies (NEWT) at the *Alastair Ross Technology Centre* in the Calgary Research Park. NEWT is currently one of the most developed wireless test beds in Canada and is becoming a model for other wireless test. Investments in NEWT totalled \$3.5 million including \$1.5 million from WD and \$400,000 from Alberta Innovation and Science, with the remaining \$1.6 million to be generated from industry user fees and memberships.

**Life Sciences:**

The life sciences sector (including biotechnology and genomics cluster) has experienced phenomenal growth in Western Canada, and WD has been an important part of that growth. In British Columbia, the industry now employs more than 3,000 people and consists of over 90 private biotech firms and several public research institutions. It has been estimated that over 70 per cent of the biotechnology companies have been born out of local research. Some leading examples of life sciences investments:

- **BC Cancer Agency:** WD provided \$1 million to the BC Cancer Agency to acquire equipment for its affiliated Genome Sciences Centre (GSC) and administered an additional \$10 million approved in the 2002 Federal Budget. The priority of GSC is to find innovative means to automate the DNA sequencing and fingerprinting

- process, and develop cost-effective measures that will make such research financially viable. The GSC will also be able to improve the diagnosis of disease, develop new medicines and apply genomics knowledge to other areas important to BC's economy.
- **Genome BC:** WD provided funding to help Genome BC develop a research-funding proposal to Genome Canada. By creating an infrastructure, encouraging investment and technology transfer, and establishing partnerships with researchers and research facilities, Genome BC is creating a “virtual institute” for genomics research, and BC is emerging as a world leader in this field. BC boasts the highest per capita investment by Genome Canada in the country, with approved projects and platforms worth over \$100 million.
  - **Saskatchewan's Ag-biotechnology cluster:** WD's investments in Saskatchewan have contributed to increasing capacity of this world-recognized technology cluster. Examples of these investments include:
    - The National Research Council's Plant Biotechnology Institute (PBI) in Saskatoon received funding under Western Economic Partnership Agreement for a multi-million dollar expansion to develop a technology incubator facility. Five tenants have committed to the facility and there is additional space for two more companies. The incubator companies at PBI have attracted \$15 million in investment capital.
    - WD provided funding for expansion of the Veterinary Infectious Disease Organization at the University of Saskatchewan. Research in this expanded facility is expected to lead to the development of new medicines and vaccines to combat infectious diseases in both humans and animals. As a result of the two projects, the staff complement will grow from 50 to 140 people.
  - **Manitoba's emerging health cluster:** WD has invested in several projects designed to capitalize on the life sciences expertise in Manitoba. These include the *St. Boniface General Hospital Research Centre*, home to dozens of major world-class research programs. WD funding includes \$1.25 million for a filmless radiology network, \$4.5 million for a demonstration site of MRI, \$2.1 million to establish a *Centre of Health Research for the Elderly*, and \$3 million for a clinical cardiology research initiative. More recently, St. Boniface received \$5 million in WD support to establish the *I.H. Asper Clinical Research Institute* (total project cost: \$25 million). The new research facility will help Manitoba further develop its reputation as a leader in vascular and cardiology science/health research in Canada; as Manitoba will have one of only three facilities across Canada that can support Phase 1 to Phase 3 clinical trials for new drugs and medical devices. The facility will make it easier for companies and entrepreneurs to test their products in preparation for commercialization.

**Other Technologies:**

- WD support has enabled the University of Regina to become a leader in climate change research through the new *Greenhouse Gas Technology Centre*, the *International Test Centre for Carbon Dioxide Capture*, the *Prairie Adaptation Research Collaborative* (PARC) and the associated work of the *Petroleum*

- Technology Research Centre*, which is the leading research centre for the study of heavy oil in the world.
- WD played a vital role in enabling the Canadian Light Source (CLS) synchrotron, currently under construction in Saskatoon. When it becomes operational in 2004, CLS will be Canada's largest research and development facility. In association with the Alberta Synchrotron Institute and the Saskatchewan Synchrotron Institute, CLS has positioned Western Canada to develop a core competence related to the use of synchrotron science in the fields of proteomics, nanotechnology and a variety of molecular biology and physics disciplines.

**Objective C: More innovative communities**

*WD will support the development of community innovation strategies, enhanced linkages between communities and research institutions, enhanced technology commercialization, and increased linkages.*

WD has also supported a wide range of initiatives designed to enhance regional innovation performance. For example, WD has provided support:

- For a major study to review innovation activity in rural areas of BC. The report detailed eight major strategic directions for improving innovation and science & technology commercialization.
- For the establishment of the *Olds College Centre for Innovation (OCCI)*, with a mandate to encourage innovation and diversification in Alberta's agricultural community. OCCI now has a staff of 17 (including 4 PhD's) and operates four research and commercialization streams. The Canada Foundation for Innovation (CFI) awarded \$805,000 to the College for research in July 2000 and, in January 2002, a \$3.3 million value-added processing project received approval from CFI.
- To enable WESTEST, an industry-owned research and technology laboratory, to expand and upgrade its force and vibration simulation laboratory in Portage La Prairie, Manitoba. WESTEST forecasts the upgraded laboratory will generate some \$2.9 million in additional fees and about \$192 million in spin-off sales over the next 10 years.
- The *Saskatchewan Forest Centre* in Prince Albert to help bring new methods, ideas and technologies to the Saskatchewan forestry industry; fill applied research gaps through focused development fund investment; and develop knowledge and data infrastructure. The Saskatchewan Forest Centre brings together training, market research and private sector involvement from across Saskatchewan and Canada.

**Objective D: Priorities and Strategies**

*Enhanced coordination and alignment of innovation priorities and strategies between federal provincial and other innovation players leading to strategic multi-jurisdictional innovation initiatives.*

During 2002-2003 WD employed several means to ensure government plans were aligned with emerging opportunities. These included regular meetings with provincial governments to discuss innovation priorities and strategies, research on trends and on



western Canadian innovation capacity and performance, and the sponsorship of regional and national events such as Bio 2002, and the Research Money Conference on technology clusters.

The Senior Western Officials Forum on Innovation has been an effective mechanism for joint federal-provincial planning and collaboration. WD leads and coordinates this forum, with members from the western provinces and territories, the National Research Council and Industry Canada. The work of this forum also feeds into a Western Deputy Ministers of Economic Development Forum, which addresses innovation issues from the perspective of broader economic development issues.

WD also leads, supports and participates in provincial and multi-jurisdictional organizations that bring together key innovation groups. Examples include Innovate BC, the Saskatchewan and Manitoba Innovation Forum, the Canada West Health Innovation Council and the WestLink Innovation Network.

#### **Program, resources and results linkages:**

Several programs are used to support WD's innovation activities, including Western Economic Diversification Program (WDP), Innovation and Community Investment Program (ICIP), First Jobs in Science & Technology Program (FJST), and Canada Foundation for Innovation Support Program (CFI-SP)

#### **Management Practices:**

Innovation is managed in each WD regional office with a responsible manager and project officers. With WD's realignment, it is expected that several policy and planning officers will provide research and input to the innovation file. As well, WD has put together an innovation team with representatives from all offices to bring a strategic focus to innovation policy and operational issues.

For additional information on WD management practices, please see Modern Comptrollership, Section III: Government Wide Initiatives.

#### **PARTNERSHIPS**

*Enhanced economic development through partnering with other levels of government.*

Consistent with WD's mandate to take a leadership role in forging partnerships with western governments and advocating on behalf of westerners within the federal government, WD coordinates efforts and partners with other governments and the private sector to address issues that are horizontal in nature and that have been identified as federal priorities.

The objectives of these activities are to:

- connect the federal government to westerners;
- develop closer working relationships with provincial governments;
- address regional priorities in a sustainable way;
- plan and develop federal strategies in key horizontal issues;
- address issues that are federal priorities; and,
- forge partnerships with other governments, other departments and the private sector to implement federal strategies.

### **Key Partners:**

The department has developed formal partnerships as well as ongoing working relationships with provincial and municipal governments in the West. Through such mechanisms as bilateral and trilateral agreements, WD collaborates with other governments to identify issues and to jointly plan strategies to take advantage of economic opportunities and address barriers to development. Over eighty per cent of WD's funding support is undertaken in partnership with other stakeholders.

The department also actively engages westerners in consultations to identify needs and priorities and to forge new and expanded partnerships with western stakeholders. It also has a strong network including business associations, research organizations, voluntary organizations and other interests that provide insights into, and sensitivity to, the regional dynamic. The Secretary of State's Business Advisory Councils, the western federal provincial Deputy Ministers Economic Development Forum and the Assistant Deputy Ministers' Policy Forums have been established in order to anticipate emerging issues, communicate these clearly to other federal agencies and plan effective responses.

### **Key Targets and Overall Results:**

#### **Objective A: Coordination and Planning**

*Address key federal/regional economic development issues and opportunities through increased interdepartmental/intergovernmental coordination and strategic planning.*

In 2002-2003, WD worked with provincial governments to develop joint initiatives for northern and urban development, trade and investment, and tourism development; as well as innovation, business development and other regional priorities. The primary vehicle for such arrangements is Western Economic Partnership Agreements (WEPAs). These are 50:50 cost-shared federal provincial arrangements that have proven to be useful joint planning and implementation mechanisms. WEPAs have built positive relationships between the four western provinces and the federal government; addressed mutual economic development priorities that promote key elements of the federal government's agenda; and reduced overlap and duplication. In this sense, WEPAs supported the conclusion of a November 2001 poll (CROP-EnviroNics) that found that 71 per cent of western Canadians want more federal-provincial cooperation. Due to long-term budgetary uncertainties, it was not possible to enter into new multi-year WEPAs during 2002-2003.

Past agreements focused on innovation, business development, community development and other regional priorities. These expired at the end of March 2002, although expenditures on projects approved prior to that date continued through the fiscal year. An evaluation of the Agreements was undertaken and concluded that:

- WEPAs were relevant in meeting federal and provincial economic development goals;
- effectiveness was achieved through low administrative costs;
- survey results demonstrated a high level of client satisfaction with the overall implementation of the WEPA program;
- WEPAs in each province have effectively leveraged additional financial resources from the private sector and from other government resources;
- WEPAs have already leveraged \$458 million private sector investment;
- project proponents forecast a significant level of private sector investment in their projects in the future;
- to date, an estimated 120 new businesses have been started from WEPA funded projects. It is estimated that, over a five year period, a total of 586 new businesses will have started because of WEPAs;
- nearly \$500 million of capital has been invested in buildings and equipment and projects have created over 1,300 fulltime jobs; and,
- WEPA funding has been instrumental in advancing projects that would not have otherwise moved forward and it has sped the progress of numerous economic and community development projects in Western Canada.

### Examples of WEPA projects:

- **Manitoba:** St. Boniface Film-less Radiology Centre  
(WD funding \$1.25 million, Total Project Cost \$5.0 million)  
Pilot project linking five hospitals, a clinic and several physicians to a network that allowed physicians access to secure radiology images at their desktop. The Winnipeg Health care system now uses this technology on a daily basis, reducing patient wait times and increasing productivity.
- **Saskatchewan:** Petroleum Technology Research Centre  
(WD funding \$3 million, Total Project Cost \$11 million)  
The Regina-based centre positions Saskatchewan and the West as a leader in environmentally and economically sustainable petroleum technologies. The centre employs 50 scientists and graduate students from the Saskatchewan Research Council and the University of Regina.
- **Alberta:** Paper Making Technology Centre  
(WD funding \$ 700,000, Total Project Cost \$2.8 million)  
This Edmonton-based facility provides members of the Alberta Mechanical Pulping Consortium with one-stop product development expertise and research facilities related to paper product development.
- **British Columbia:** Vancouver Rapid Transit Feasibility  
(WD Funding \$815,000, Total Project Cost \$2.1 million)  
WD partnered with the BC provincial government, the Vancouver Airport Authority, Transport Canada, the City of Vancouver and Translink to investigate the feasibility of a rapid transit line from downtown to the airport and Richmond.

In 2002-2003, WD continued to work with provincial governments, municipalities and other federal departments to bring focused efforts to bear on key economic development issues in each of the seven major western cities (Victoria, Vancouver, Edmonton, Calgary, Regina, Saskatoon, and Winnipeg).

The Vancouver Agreement (VA), a tripartite agreement between the federal, provincial, and local governments is the mechanism to work with the community and businesses in support of sustainable socio-economic development. The first focus is the revitalizing Vancouver's Downtown Eastside (DTES). The DTES is often called "the poorest ghetto" in Canada. In addition to poverty, the DTES has high rates of hepatitis, tuberculosis and HIV/AIDS; and there is an open drug scene in several areas. Crime rates are higher than Vancouver's average, and businesses are leaving the area.

The VA focuses on coordinating initiatives and activities to reduce gaps and overlaps in programs and services. The inclusion and participation of DTES communities is considered essential to the successful long-term revitalization of Vancouver's DTES. Federally, WD, Health Canada and Human Resources Development Canada (HRDC) have the lead roles in

the implementing the VA, coordinating the efforts of the 12 federal departments and participating on the agreement's Management Committee.

The VA was established as an unfunded agreement aimed at coordinating the use of existing authorities and programs to finance initiatives. Each party has agreed to use resources from existing federal, provincial and municipal programs to fund projects and programs, and to focus a portion of those expenditures on mutually-agreed activities. Recently, the Province of B.C. gave \$10 million to the VA, and this was matched by federal funds. To date, projects in housing, policing, health services, street improvement, economic, social and community development have been supported.

While the problems facing the DTES are severe and of the kind that would be expected to take years to influence, there are already significant results that can be attributed to the work carried out under the Agreement. These include:

- Since 1999 there have been 108 applications for city business licenses in the DTES.
- The incidence of violent crime has decreased by 30 per cent and property crime has declined by 30 per cent.
- The business licenses of more than 30 problem premises—premises where illegal activity or unruly behaviour occur—have been suspended, two problematic Single Room Occupancy Hotels have been closed, and derelict buildings have been demolished.
- Streets, sidewalks and lane ways are cleaned more frequently and thoroughly. Many public spaces have been, or soon will be, upgraded and beautified.
- Vancouver Coastal Health has expanded health care services and different types of treatment are now being made available. The health care system is also working in a more coordinated fashion with enforcement and social and economic development efforts.
- More than 650 units of housing have been built, and an additional 365 units are on the way.

### **Vancouver Agreement**

#### **Community and Economic Development Project Expenditures in 2002-2003 (\$000)**

*(For projects with WD involvement—other non-WD projects under the VA not included)*

	<b>WD</b>	<b>Province</b>	<b>City</b>	<b>Community</b>
Economic/Business Development	\$1,815.1	\$1,448.0	\$310.0	\$93.0
Business/Public Space Enhancement	\$2,870.7	\$992.8	\$2,290.0	\$1,777.1
Aboriginal Business & Economic Develop	\$267.5	\$227.5		\$7.0
Pre-Employment Skills Development	\$1,250.8			\$61.2
Evaluation and Planning	\$822.8	\$272.8	\$272.8	\$50.0
Community Development	\$270.0	\$574.0		
<b>TOTAL</b>	<b>\$7,296.9</b>	<b>\$3,515.0</b>	<b>\$2,872.8</b>	<b>\$1,988.4</b>

WD continues to work with the Regional Councils of Senior Federal Officials. WD assumes an active role in the coordination and management of horizontal issues, such as the

Urban Aboriginal Strategy, to address the economic development issues facing Aboriginal peoples in urban areas and Indian and Northern Affairs Canada (INAC) and Privy Council Office's (PCO) Regional Partnering Strategy that aims to enhance cooperation with the provincial governments in order to address issues and realize opportunities.

WD also supports a number of projects designed to help communities create and/or maintain a sustainable economic base. For example, a 200 passenger cruise ship terminal is being developed to help establish Campbell River as a port of call for international cruise lines and develop the tourism industry in the area. WD, INAC, the Province of British Columbia and the Ports and Destinations Group support this project. It is part of an initiative to enhance the cruise industry in British Columbia, which will help diversify the economies of coastal communities damaged by the decline of the fishing and forestry industries. The total cost of the project will be \$6.2 million, of which WD's share is \$1.5 million.

The cooperative approaches taken by WD with both provincial and municipal governments in the West are improving the state of federal-provincial relations, reducing duplication of effort and encouraging the broader participation by westerners in the benefits of economic growth. Finally, the partnerships with the provincial governments and the private sector improve the investment climate in the West and the prospect of realizing economic opportunities.

**Objective B: Models for Cooperation**

*Innovative regional models for interdepartmental/intergovernmental relationships, thereby creating a culture of coordination and cooperation.*

During 2002-2003 WD, the Province of Saskatchewan and the people of Northern Saskatchewan entered into the Canada/Saskatchewan Northern Development Agreement. Aboriginal people make up a large percentage of Saskatchewan's northern population. The agreement includes funding of \$20 million over five years, cost-shared equally between WD and the Saskatchewan government.

The agreement provides funding for projects that support the economic development of Northern Saskatchewan in the areas of economic infrastructure, innovation, increasing capacity, realizing employment opportunities and investment attraction. A management committee has been formed to administer and manage the agreement, including the review and approval of all projects. The committee consists of federal and provincial representatives as well as members of the Northern Development Board (NDB). The NDB includes representatives from the Prince Albert Grand Council, Meadow Lake Tribal Council, Métis Nation of Saskatchewan, and the Saskatchewan Association of Northern Communities (New North), together with Athabasca First Nation Chiefs.

**Program, resources and results linkages:**

A variety of departmental programs are used to support the Partnerships strategic outcome, including the Western Diversification Program (WDP), the department's primary tool for

the development and diversification of the western Canadian economy; the Conference Sponsorships Program, which offers a means for WD to develop and maintain valuable linkages with important western stakeholder groups; and the Innovation & Community Investment Program (ICIP) which supports innovation and creates new economic opportunities in western Canadian communities.

### **Management Practices:**

For information on WD management practices, please see Modern Comptrollership, Section III: Government Wide Initiatives.

## **ENTREPRENEURSHIP**

*A developed and expanded business sector in Western Canada.*

In 2002-2003, WD contributed toward the development of a competitive and expanded business sector in Western Canada by focusing on four key areas:

- improving business management capabilities of small- and medium-sized enterprises (SMEs);
- improving access to financing;
- increasing investment in Western Canada; and,
- increasing participation in international markets.

### **Key Partners:**

WD addresses the needs of SMEs and entrepreneurs through a variety of service delivery mechanisms and partnerships. These include more than 100 offices of the Western Canada Business Service Network (WCBSN) [http://www.wd.gc.ca/pos/default\\_e.asp](http://www.wd.gc.ca/pos/default_e.asp) including Community Futures Development Corporations (CFDCs), Women's Enterprise Initiatives (WEIs), Francophone Economic Development Organizations (FEDOs), and the Canada Business Services Centres (CBSCs).

Volunteer boards of directors, who are representative of the communities they serve, govern the CFDCs, WEIs and FEDOs. WD provides operating assistance to these organizations to help them provide local solutions to community challenges. Through these partnerships, WD provides citizen-centred service delivery to meet the needs of western entrepreneurs including rural, women, youth, Francophone and Aboriginal entrepreneurs, as well as entrepreneurs with disabilities. These organizations are also dependent upon a broad base of community volunteers who contribute to meeting the objectives of the organizations.

In 2002-2003 the 90 CFDCs in the West engaged 2,905 community-based volunteers, including board members, who provided 104,869 volunteer hours. WEI engaged 124

volunteers, including board members, who provided 2,874 volunteer hours. FEDOs engaged 99 volunteers, including board members who provided 1,251 volunteer hours.

WD has created new and alternative sources of capital for small- and medium-sized businesses by working closely with financial institutions to create a specialized series of loan programs under the Loan Investment Fund Program. These loan programs target industry sectors important to Western Canada and provide patient and flexible debt capital on terms especially suited to the unique needs and cash flow requirements of these small businesses. These programs are provided on commercial terms by financial institutions such as chartered banks, credit unions, trust companies, the Farm Credit Corporation and the Business Development Bank of Canada. Each lending institution funds its own program and makes the decision on all loan approvals. More information may be found at [http://www.wd.gc.ca/finance/xnetwork\\_e.asp](http://www.wd.gc.ca/finance/xnetwork_e.asp).

WD supports the Aboriginal Business Service Network (ABSN), which provides information and services to Aboriginal businesses. More information may be found at <http://www.cbsc.org/absn/>.

In addition to the provision of business and lending services, the CFDCs also engage in partnerships to carry out a variety of community economic development projects. A 2002 impact study carried out by Ference Weicker & Company found that the emphasis placed by CFDCs on community economic development activities is increasing and also that the leadership and support provided to these projects by the CFDCs has been critical to their implementation. The study examined 24 active projects, 10 of which were still in the early stages of implementation. Many of the selected projects have only started to generate impact, and it is expected the effects of the projects will continue to accrue over time. Even at this early stage, the study found the 24 projects had resulted in the creation of 719 jobs, the development of 46 businesses, increased revenues of \$4 million, and investment of \$2.2 million. Of the \$15 million expended on these projects, approximately \$6 million was provided by the private sector, \$2 million from the federal government, \$4 million from the provincial governments and \$2 million from financial institutions. Local and regional governments, community agencies, WEI and First Nations groups also contributed resources. Each dollar contributed by CFDCs (excluding loans capital) was found to have leveraged \$88.35 in public and private sector project funding. Highlights from the impact study may be viewed at <http://www.communityfutures.ca/provincial/bc/pdf/impact-study.pdf>.

## **Key Targets and Overall Results:**

### **Objective A: SME Capabilities**

*Improved Business Management Capabilities of Small and Medium Enterprises.*

In 1995 WD formed client service units to assist SMEs in accomplishing their goals, including working with entrepreneurs to provide one-on-one business advisory services. Since that time, the Western Canada Business Service Network (WCBSN) has grown and



matured to the point where it can assume the role of providing transaction-based business advisory services. 2002-2003 was a transition year and saw a declining level of services provided directly to SMEs by WD staff as services were redirected to WCBSN members. This shift has allowed WD to reallocate its staff resources to other priorities while maintaining a high level of client services to SMEs. WD remains committed to entrepreneurship and entrepreneurial development and will focus its efforts on more advanced levels of services to stakeholders.

#### **WD Staff Service Results for 2002-2003:**

- 10,234 business inquiries lasting less than 30 minutes.
- 4,008 clients received business management services.
- 214 applications were reviewed for funding under the First Jobs in Science and Technology program with 170 application approved for 195 graduates.
- 264 clients participated in 12 financing seminars.
- 2,400 clients participated in 67 business management seminars on e-business and business planning.
- 1,130 clients received one-on-one counselling services on business management.

#### **WCBSN Service Results for 2002-2003**

##### **Community Futures Development Corporations**

- 90 CFDCs in the West provided 458,705 general information services, 120,742 in depth technical advisory services, and 59,304 training services. This includes 41,729 information services, 8,613 technical advisory services, and 2,890 training services to Aboriginal clients. An impact study carried out in 2002 by Ference Weicker & Company found that clients surveyed on CFDC business services attribute most of their success to the assistance they received from the CFDC. On average, the clients estimated that there was only a 33 per cent chance they would have been able to develop their business to the extent they did without the assistance of the CFDC. Forty-three percent of the clients surveyed indicated that there was no chance at all that their business would have developed in the absence of the services provided by the CFDC. Overall, the clients surveyed attributed 59 per cent of their business revenues to the services they received from the CFDC. The impact study estimated that as a result of the services provided by CFDCs each year that businesses receiving this support generated up to \$1.4 billion in revenues from 1995 to 2001. Highlights from the impact study may be viewed at <http://www.communityfutures.ca/provincial/bc/pdf/impact-study.pdf>.

##### **Women's Enterprise Initiatives**

- In 2002-2003, WEIs responded to 25,609 business information inquiries, provided 7,271 business advisory appointments, and provided 5,696 clients with training services. WEI web sites received 108,192 visits during this period. A recent impact study by Equinox Management Consultants Ltd. found a direct association between WEI advisory assistance and business development in almost 60 per cent of cases studied. In addition, the study found that WEI involvement appeared to be associated with considerable job formation and retention. They estimated that the

WEI services and programs played a role in the creation of an estimated 3,111 additional full-time jobs and another 9,889 part-time jobs. Moreover, the study estimated that the WEI was involved in the retention of 6,704 full-time jobs and 18,999 part-time jobs. Clients almost uniformly rated WEI staff as knowledgeable and sensitive to their needs. More than two-thirds of respondents noted WEI business service strengths as evaluation of entrepreneurial skills, assistance in building self-confidence, understanding financial risks, developing business concepts and identifying growth opportunities. WEIs training and business counselling services were found to help fill the experience gap that limits women-owned firms from growing as fast as those owned by men. The skills developed as a result of the assistance provided by the WEI were also found to help women entrepreneurs address the credibility problems with which they often contend. The executive summary of the impact study may be viewed at [http://www.womenentrepreneurs.sk.ca/publications/Executive\\_Summary.pdf](http://www.womenentrepreneurs.sk.ca/publications/Executive_Summary.pdf).

### **Francophone Economic Development Organizations**

- FEDOs provided 9,618 information services, 1,262 technical advisory services, and 848 training services. FEDO web sites received 48,275 visits during 2002-2003.

### **Canada Business Services Centres**

- The four western CBSCs facilitated 198,548 officer-assisted interactions (telephone, walk-in, fax, mail, e-mail), 18,095 self-service interactions (fax-on-demand and automated telephone -excludes web site visits), and 1,440,300 CBSC web site visits. Please see the national CBSC web site at <http://www.cbsc.org/>.
- These CBSCs addressed a total of 3,594 export inquiries received via the Team Canada Inc (TCI) help line. TCI callers are looking for practical information on export regulations, tariffs, logistics, market intelligence, sourcing, financing and training.

Collectively, the members of the WCBSN held or participated in over 3,550 marketing events and trade shows during the year.

## **Objective B. Improved Access to Financing for Small and Medium Enterprises**

Various studies have shown that *access* to capital is often more of a barrier than the cost of capital for small- and medium-sized enterprises (SMEs). Since June 1995, WD has responded with the development of two types of SME loan programs:

- developmental loans delivered by CFDCs, WEIs and FEDOs; and,
- a variety of Pan-western, sector-oriented (e.g. agricultural value-added and knowledge-based industry) loan fund agreements with chartered banks and federal Crown corporations.

WD has also leveraged provincially and locally targeted loan funds with CFDCs in British Columbia, as well as with capital providers such as:

- the Working Opportunity Fund;
- Columbia Basin Trust;

- Insurance Corporation of BC;
- VanCity Savings Credit Union;
- VanCity Capital Corporation; and,
- Ecotrust Canada.

In addition, Urban Micro-loan funds, Entrepreneurs with Disabilities funds and Francophone loan funds have been established with the following financial institutions:

- VanCity;
- Assiniboine Credit Union;
- Page Credit Union;
- Saskatoon Credit Union;
- Coast Capital Credit Union;
- Capital City Credit Union;
- Beaumont Credit Union;
- the First Nations Bank of Canada; and,
- the Business Development Bank of Canada (BDC).

These funds are all designed to provide "patient debt capital" for companies that are unable to secure regular financing due to a lack of hard assets for collateral, a lack of resources and experience in preparing a business case, the early stage of the company, and/or a lack of familiarity of capital providers with the industry sector.

The financial institutions, using their own capital, authorize and issue loans. WD contributes to a loan loss reserve, equal to between 10 per cent and 20 per cent of the value of loans issued. This reserve may be used to offset a portion (up to 80 per cent) of net losses on defaulted loans, but may not exceed WD's total contribution to the reserve.

The Pan-western sector-oriented funds offer loans up to \$1 million to SMEs (the average loan size is \$340,000). The micro-loan and other smaller loan funds provide loans averaging \$14,000 to very small and start-up businesses in most of the large cities in Western Canada.

WD has committed up to \$44 million in repayable contributions to loan loss reserves to support these loan fund agreements. This commitment will leverage up to \$281 million directly from capital providers for loans to SMEs.

In 2002-2003, a total of 371 loans valued at \$23 million were approved, of which:

- \$14.4 million was for 59 loans under the larger, sector based loan funds; and,
- \$8.5 million was for 312 loans under the smaller micro-loan, Francophone, Community Investment, and Entrepreneurs with Disabilities loan funds.

### **Loan Fund Program Results**

From the beginning of the program until March 2003, 1,878 loans totalling \$162 million have been approved under the program. Based on a program evaluation, an estimated further \$58 - \$79 million in other financing was indirectly leveraged; an estimated 3,200 - 6,100 jobs have been created; incremental revenues for SME clients are estimated to be between \$337 - \$851 million; and incremental exports are estimated between \$95 - \$143 million.

The following is an excerpt from a case study<sup>7</sup> in an independent evaluation, providing an example of the type of client and results of a bank loan that has been leveraged by much smaller Loan Loss Reserve contributions from WD.

### **Case Study: Venture Seeds**

Venture Seeds Ltd. is a mustard seed cleaning plant located in Brunkild, Manitoba. The company purchases seed for cleaning, and also cleans seed on a contract basis for farmers. Most of the mustard seed cleaned by Venture Seeds is exported. Venture Seeds has been in operation for three years and currently employs five full-time and two part-time employees.

In addition to shareholder contributions, the primary sources of financing are a Loan Investment Fund Program (LIFP) loan of \$350,000 from the Farm Credit Corporation (FCC) Agricultural Value-Added Processor Loan Fund, and subordinated debt financing of \$200,000 by the Crocus Fund. The company also obtained a line of credit of \$100,000 from CIBC. Since the LIFP loan, the company has obtained a conventional loan of \$97,000 from FCC to purchase additional equipment for another seed processing production line.

According to the General Manager, the company would not have been able to commence operations without the LIFP loan. The impacts that can be attributed to the LIFP loan include the creation of five full time and two part time jobs and significant export sales.

WD has also provided its WCBSN network partners with funds to enable them to make repayable loans to SMEs in targeted areas (i.e. rural SMEs, SMEs operated by women, Francophone, disabled, or young entrepreneurs, and urban SMEs in identified priority sectors). WD and its network partners also provide SMEs with path finding services and referrals to alternate sources of financing.

### **Results for 2002-2003:**

- 90 CFDCs in the West approved 1,604 loans through the Loan Funds, totalling \$52.1 million, which are expected to create or maintain 5403 jobs. This includes 101 loans to Entrepreneurs with Disabilities, totalling \$1.9 million, which created or maintained 229.5 jobs; 129 loans to youth, totalling \$1.7 million, which created or maintained 189.3 jobs; 179 loans to Aboriginal clients, totalling \$3.6 million, which created or maintained 298.8 jobs; and 186 loans through other Partnership Loan

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<sup>7</sup> Evaluation of the Loan Investment Fund, Ference Weicker & Company, July 2002.

Funds by CFDCs in BC, totalling \$8.1 million which created or maintained 555 jobs.

- During 2001-2002, **WEI** approved 123 loans, totalling \$3.7 million, which created or maintained 399 jobs.
- The majority of **FEDO** lending activity is through leveraged loan funds with the exception of the *Conseil de développement économique des municipalités bilingues du Manitoba (CDEM)* which also has a loan fund. During 2002-2003 CDEM provided 4 direct loans totalling \$242,000, which created or maintained 24.5 jobs.
- **CFDCs** leveraged \$64.1 million through direct lending activity and the **WEIs** leveraged \$2.6 million through direct lending activity. In addition to the leveraged loan fund activity **FEDOs** leveraged \$3.7 million through both direct lending and indirect (referrals) lending activity.

### **Objective C: Trade and Investment**

*Increased participation in international markets*

WD's strategy in support of trade and investment involved activity in four key areas: research, trade policy, trade promotion and investment attraction. Activities varied from strategic participation in Team Canada missions to taking action when western companies were impacted in trade actions such as the softwood lumber dispute. WD has partnered with other federal departments, the provinces and local organizations to enhance overall support for trade and investment in the West through participation in such organizations as Trade Team Canada Inc., Regional Trade Networks, Provincial Trade Teams and Western Trade Officials.

WD helps western exporters in key sectors by supporting their participation in trade fairs and trade-related events around the world. In 2002-2003 WD approved direct financial sponsorship of \$478,960 for forty-one trade events. WD also sponsored events such as the *Canada Export Awards Lifetime Achievement Award* (won by Fincentric Corporation of BC); *Bio Partnering North America* (a global biotech leader conference in Vancouver); and provided support for 40 western Canadian participants in *American 2002 - Pan American Environmental Technology Trade Show* and the *Western Aerospace Alliance Conference*.

In 2002-2003 WD provided funding of over \$7 million for market development in the form of export preparedness and trade and investment projects. Examples of projects include support for Project Germany, a three-year project with the goal of attracting 10 new German companies to the Edmonton region (investment valued at \$50-70 million); support for the University of Saskatchewan to attract investment into genome research, which has already resulted in an investment by an American company; and support for the Canada BC Business Services Society to develop enhanced export planning and consulting capacity. Market development is also achieved through projects funded through the International Trade Personnel Program (ITPP), which resulted in 77 companies and industry associations being approved for funding which resulted in the hiring of 82 recent graduates to implement international marketing projects.

**Objective D: Selling to Government**

*Increased participation of western firms selling their products and services to government.*

WD's procurement activities respond to individual situations on the basis of merit, such as where there is significant benefit to be derived for Western Canada. Ongoing, effective collaboration among federal and provincial governments and the private sector will be important to ensure that procurement opportunities for western businesses are maximized.

**Programs, resources and results linkages:**

The Entrepreneurship strategic outcome is delivered via a number of departmental programs, including the Western Diversification Program; the Loan Investment Fund Program; International Trade Personnel Program; the Conference Sponsorship Program; and the Service Delivery Network and the Community Futures programs (with G&C terms and conditions specific to these two activities).

**Management Practices:**

WD has worked for several years to build a cost-effective business service network to help entrepreneurs to grow and expand their businesses. Included in this network has been a contingent of WD client service officers located in each WD office in Western Canada. Following a review of departmental operations, the department has determined that most SME needs, particularly one-on-one business counselling and seminars, can be effectively met through the WCBSN and other partners. As a result of this increased capacity by partners, WD employee resources have been realigned to meet other program and policy demands being placed on the department.

For additional information on WD management practices, please see Modern Comptrollership, Section III: Government Wide Initiatives.

**ECONOMIC RESEARCH AND ADVOCACY**

*Provide effective strategies, policies and programs that address the economic development needs, opportunities and aspirations of western Canada*

The Economic Research and Advocacy function embraces a continuum of activities that result in strategies, policies and programs that address the economic development needs, opportunities, and aspirations of Western Canada.

Economic research is undertaken in order to understand Western Canada, its place in the country, the world, and the present and future challenges and opportunities facing the region. Through the knowledge generated by disseminating and promoting research, awareness is created about relevant issues and a climate conducive to effective policy formulation is established. The department sponsors research projects that have a direct

relationship to its economic development mandate and core program areas. Importantly, research findings are intended to lead to policies that help the region achieve its ultimate economic potential, thus leading to a stronger national economy.

The research generated by the department helps create increased regional collaboration among economic development stakeholders. Through the collaborative sharing of research and knowledge, a variety of stakeholders including federal and provincial governments convene to explore policy options and best practices. It is through such collaborative efforts that economic development occurs.

Research findings are also used to help create an alignment between national policies and programs and the economic circumstances of Western Canada. Within a country as large and economically diverse as Canada, it is difficult to create national policies and programs that impact all regions of the country equitably. National policy makers can only develop effective national policies and programs when departments such as WD have the knowledge to undertake informal advocacy to promote a better understanding of regional circumstances.

**2002-2003 Expenditures:** Grants & Contributions - \$1.9 million Operating Budget - \$152,537

#### **Key Partners:**

Key partners in planning and sponsoring research include other federal government departments and provincial government economic development departments. Key partners in carrying out research in 2002-2003 included the Canada West Foundation [www.cwf.ca](http://www.cwf.ca), the Conference Board of Canada [www.conferenceboard.ca](http://www.conferenceboard.ca) and the Canada West Health Innovation Council [www.cwhic.ca](http://www.cwhic.ca)

Examples of WD's research products can be viewed on research and publications section of the Department's website at [www.wd.gc.ca](http://www.wd.gc.ca)

#### **Key Targets and Overall Results:**

**Objective A:** Information and analysis that provides a sound basis for economic development action in Western Canada.

Fifteen research projects and related sponsorships were approved in addition to the internal research and analysis within the department.

**Objective B:** Increased regional collaboration on economic development research and programming.

The federal-provincial Western Economic Development Deputy Ministers' Forum (DM Forum) identified areas for joint collaboration, and agreed to an invigorated forward agenda for the Forum. The Western Assistant Deputy Minister (ADM) Policy Group met to follow-up on the direction provided by the DM Forum. The Senior Officials Forum on

Innovation also met several times and made progress in a number of priority areas. Federal-Provincial collaboration through these forums has resulted in: improved processes to advance mutual interests in Western Canada; more effective mechanisms for sharing information; increased collaboration on economic development matters affecting the West; and increased opportunities for joint planning and joint decision making on western priorities.

**Objective C:** Alignment between national policies and programs and the economic circumstances of Western Canada.

WD supported the Canada West Health Innovation Council to contribute to national policy development in the area of utilizing the national health care system as an engine of economic growth and development.

**Program, resources and results linkages:**

Research projects undertaken by WD are funded through contributions made under the Western Diversification Program, or through contracts established under the department's operations and maintenance budget and spending guidelines.

**Management Practices:**

The 2002-2003 policy research activity was an important contributor to the department's Government on Line strategy, through the revision and expansion of the Research and Publications section on WD's public website. This initiative has made departmental-sponsored research available to the public.

For additional information on WD management practices, please see Modern Comptrollership Section III: Government Wide Initiatives.

**NATIONAL PROGRAMS AND OTHER INITIATIVES**

*Mitigation of the economic impact on communities affected by federal facility closures or reductions, natural disasters, or changes in federal policies and programs through the delivery of national programs in Western Canada*

**A. Infrastructure Canada Program**

WD implements the Infrastructure Canada Program in partnership with provincial and municipal governments in Western Canada.

The \$2.05 billion Infrastructure Canada Program (ICP), was created in 2000 to enhance municipal infrastructure in urban and rural communities across the country, and to improved Canada's quality of life through investments that protect the environment and support long-term economic growth.



## Key Partners:

The Minister of Industry and Minister responsible for Infrastructure, supported by the new department, Infrastructure Canada <http://www.infrastructurecanada.gc.ca>, has been assigned responsibility for the overall management of this contribution program. ICP is delivered by the following federal agencies and departments:

- Western Economic Diversification Canada(British Columbia, Alberta, Saskatchewan, and Manitoba)
- Industry Canada (Ontario)
- Canada Economic Development for Regions of Quebec
- Atlantic Canada Opportunities Agency (Newfoundland and Labrador, Nova Scotia, Prince Edward Island and New Brunswick)
- Indian and Northern Affairs Canada (First Nations Component, Yukon, Nunavut and Northwest Territories)

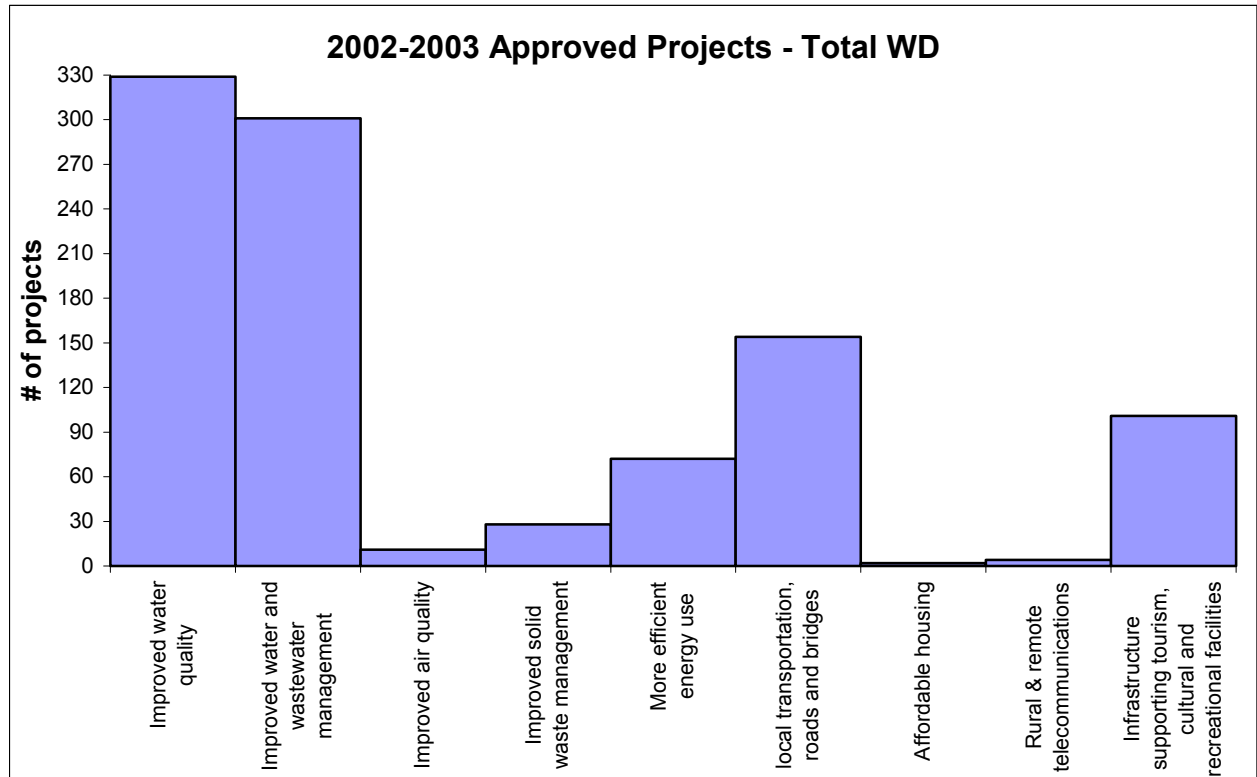
In most cases, the Government of Canada is matching the provincial and territorial contribution, and generally providing up to one-third of the cost of infrastructure projects. The program's first priority is green municipal infrastructure, i.e., projects that improve the quality of the environment and contribute to Canada's goal of clean air and clean water.

## Key Targets and Overall Results:

Activity to date is summarized in Table 1 below.

<b>Jurisdiction</b>	<b>Total Federal Funding Allocation (\$000)</b>	<b>No. of Approved Project to March 31, 2003</b>	<b>Approved federal contribution to March 31, 2003 (\$000)</b>	<b>Total federal expenditures to March 31, 2003 (\$000)</b>
BC	268,548	126	144,771	2,006
AB	171,028	492	119,714	24,684
SK	56,711	261	37,520	22,336
MB	60,918	120	49,394	20,147

## Approved Projects



Projects approved to date in British Columbia, Alberta, Saskatchewan and Manitoba will result in:

- **29,477** households to be connected to a municipal potable water supply;
- **28,288** households to be connected to a municipal wastewater system; and,
- **1,171,483** households connected to municipal potable water receiving higher quality potable water.

As well, other projects approved to date will provide funding to:

- Improved local transportation infrastructure in over **131** communities;
- Improve sports, recreation and cultural facilities in **54** communities; and,
- **1,003** permanent jobs will be created **directly** by projects

### Program, resources and results linkages:

ICP is an example of a horizontal initiative involving many federal partners. As part of a new reporting requirement for Departmental Performance Reports, significant horizontal initiatives<sup>8</sup> are being reported for the first time in a template completed by all partners and accessible at the following link <http://www.tbs-sct.gc.ca>.

<sup>8</sup> Significant horizontal initiatives are those that are key to the achievement of strategic outcomes, and/or involve a high level of risk, and/or represent a substantial investment of public resources.

## **Management Practices:**

The ICP is a joint federal/provincial initiative with agreements negotiated in each province determining the co-delivery model to be used and setting out the specific targets in each province. In all provinces there is a joint delivery mechanism, in some a formal secretariat and in others a virtual secretariat. In all four western provinces the delivery model includes a significant role for municipal government in the development and review of projects while preserving federal authority to approve projects.

For additional information on WD management practices, please see Modern Comptrollership, Section III: Government Wide Initiatives.

## **NATIONAL PROGRAMS AND OTHER INITIATIVES (continued)**

### **B. Other Initiatives**

Coordinate efforts by federal departments to mitigate effects of natural disasters, base closures or changes to federal policies and programs.

## **Key Targets and Overall Results:**

### **Softwood Industry Community Economic Adjustment Initiative (SICEAI)**

As part of the federal response to communities seriously impacted by reduction in softwood lumber activity due to the US import duties, the \$110 million SICEAI was announced in December 2002. The intention of this initiative is to seed local economic adjustment projects that transition away from total softwood dependence. In the West the program is primarily intended for BC with WD responsible for program delivery. To assure that this is a community driven initiative the program will be delivered through the network of Community Futures Development Corporations. It is expected that some \$50-70 million will be committed in BC with the first project approvals expected in August 2003.

### **Royal Roads University**

In 2002-03, the funds continued to be used to upgrade the historic Royal Roads buildings in British Columbia to meet the needs of the new Royal Roads University. Community input remains an important feature of the upgrade program, thereby maintaining the look and feel of the turn of the century Edwardian estate. The funds were also used to mitigate the cost of operating in the historic buildings and maintaining the four historic gardens. This was the final year of a three-year project

### **The Canada-Manitoba Partnership Agreement on Red River Valley Flood Protection**

The agreement continued over the past year to provide improved flood protection infrastructure to communities in the Red River Valley as well as individual home and business flood protection in the valley.

## SECTION IV: GOVERNMENT WIDE INITIATIVES

### 1. *Government On Line*

The GOL initiative at Western Economic Diversification Canada is increasingly imbedded in departmental core programming. On-line products have been developed in support of the re-aligned strategic directions of Innovation, Entrepreneurship and Sustainable Communities. On-line business tools, workshop presentations and interactive guides are available to aid entrepreneurs. Online submission guidelines are provided to enable access to business development programs. Partner sites are also linked to enable access to related programs throughout a broad regional service network.

Projects identified in the 2002-03 Report on Plans and Priorities centred on the development of web capacity, and upgrades to WD's information technology infrastructure. Progress has been made in each of these areas.

#### **Developing Web Capacity**

Up-to-date information for research is available through WD's on-line Media Centre, which includes fact sheets, speeches and newsletters highlighting WD and partner programs and activities. Fact Sheets, for example, provide information to entrepreneurs on initiatives particular to Western Canada that range from Fuel Cell development, to "One-Stop Business Registration", to virtual reality technology.

#### **Information Technology Infrastructure Upgrade**

The 2002-03 Report on Plans and Priorities identified Web Processes Re-engineering, Web Redesign and Web Content Management as key areas for upgrade to enable better client service. To achieve these objectives an Information Management and Technology Branch was established to develop and integrate GOL principles and guidelines in the enhancement and implementation of future online initiatives.

### 2. *Sustainable Development Strategy*

Western Economic Diversification Canada sees Sustainable Development (SD) as a fundamental way of doing business, defining it to be:

- an economic state where the demands placed on the environment by people and commerce can be met without reducing the capacity of the environment to provide for future generations;<sup>9</sup>
- economic development that has a positive, long-term social and/or environmental benefit; and,
- meeting the needs of the present without compromising the ability of future generations to meet their own needs.<sup>10</sup>

<sup>9</sup>Paul Hawken, *The Ecology of Commerce*, p. 139.

In order to fully integrate sustainable development into our planning, program delivery and operations, WD adopted a vision for sustainable development:

*WD is building a more sustainable Western Canada by providing its employees and partners with practical tools to integrate sustainable development into the three core areas of business or strategic outcomes – innovation, entrepreneurship and sustainable communities.*

The department accomplished the three performance measures set out for 2002-03 for the Sustainable Development Strategy (SDS):

- WD created an Environmental Management System (EMS) and a Strategic Environmental Assessment (SEA) process. The EMS provides the department with a framework for management, tracking, evaluating, and communicating our environmental performance, activities, products and services. The SEA provides a process to evaluate the environmental effects of a proposed policy, plan, program, or other strategic-level initiative. Both procedural documents were developed, with WD's program delivery needs and environmental policy in mind.
- To integrate SD concepts into WD's decision-making processes, modifications were made to project approval procedures. This also improved data collection for the EMS and external reporting requirements.
- WD trained staff on "buying green" and using "green" suppliers. In addition, WD offered training to staff and the Western Canada Business Service Network partners through the SD On-Line Learning Tool, launched in June 2002 during Environmental Week. The on-line tool was developed to encourage SD practices within WD and their partner organizations and to introduce SD resources to clients. A similar on-line tool targeted to small and medium sized business is planned for launch in 2003-04.

### **3. Official Languages**

Western Economic Diversification Canada (WD) is committed to the objectives of Section 41 of the *Official Languages Act* of:

- (a) enhancing the vitality of the English and French linguistic minority communities in Canada and supporting and assisting their development; and,
- (b) fostering the full recognition and use of both English and French in Canadian society.

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<sup>10</sup>Bruntland Commission, Our Common Future.

The Francophone Economic Development Organizations (FEDOs) became members of WD's Western Canada Business Service Network (WCBSN) in 2001. The FEDOs are *la Société de développement économique de la Colombie-Britannique, la Chambre économique de l'Alberta, le Conseil de la coopération de la Saskatchewan, and le Conseil des municipalités bilingues du Manitoba*. In partnership with the four FEDOs, WD has implemented a Francophone Business Development Strategy. In addition, WD continues to work with other federal departments such as Canadian Heritage under the Interdepartmental Partnership for the Official Languages Communities to meet the needs of the French speaking population in the West.

The 2002-2003 year marks the second year of the Francophone Business Development Strategy, launched in April of 2001. The strategy formalizes the partnership between the FEDOs and WD, supports regional and Pan West Special Economic Development Initiatives (SEDI), and creates loan loss reserve funds to increase access to capital for Francophone small- and medium-sized businesses. The partnership fosters links to other WCBSN members and improves services to the local business community.

Among the noteworthy accomplishments are the projects undertaken through SEDI to promote cultural and historical attractions, bringing tourists to the Western Canada Francophone Tourism Corridor. Examples of SEDI investments by WD include the Veseau Beach Visual Identity project, to increase the visibility and sustainability of the francophone community in Alberta, highlighting the region's history, linguistic duality and Canadian heritage. The Recognizing Regional Champions of Franco-Manitobans Entrepreneurship project provides role models for young Francophone entrepreneurs who are considering their own business ventures. Another regional project involves the development of a website promoting French cultural products and services offered within the region, available at <http://www.lesvoyageurs.ca/>

#### **4. Modern Comptrollership**

Modern Comptrollership is a government-wide management reform focused on the sound management of resources and effective decision-making. WD has always been committed to good management, and the requirement to update and improve how it manages is evergreen. The Modern Comptrollership Initiative has provided the department with a framework and resources that will allow it to meet its management improvement goals in the short term, and to support continuous advancements in efficiency and effectiveness over the longer term. The action plan to implement Modern Comptrollership impacts virtually every management activity in the department. Furthermore, the activities listed below represent the core of WD's management practices, affecting how resources are organized and objectives are attained.

In 2002-2003 WD completed an assessment of its current state of Modern Comptrollership using the Comptrollership Capacity Assessment Tool developed by the Treasury Board Secretariat. The capacity assessment provided the basis for creating a comptrollership modernization action plan that highlights management improvement objectives for the department. Highlights of accomplishments in 2002-03 include the following:

- Five one-day Modern Comptrollership workshops held in Ottawa, Winnipeg, Saskatoon, Edmonton and Vancouver with over 170 participants (representing over one-half of WD employees). The sessions provided information on Modern Comptrollership concepts, updated participants on the results of the capacity assessment, and obtained ideas and commentary on the Action Plan; and also provided a forum for staff to provide input to the departmental Values and Ethics framework.
- Completed the realignment of regional personnel to provide a greater focus on the department's strategic objectives and to strengthen policy and coordination capacity. The provision of one-on-one business services to SMEs has been migrated to the Western Canada Business Service Network.
- Implemented a new Grants & Contribution Management Framework resulting in better utilization of the department's core Grants and Contribution appropriation, and a greater focus on projects that support the department's strategic objectives.
- Implemented the *Guidepost* process for project assessment, which requires more complete documentation of due diligence and specific performance expectations for each project.
- Established an Audit and Evaluation unit with increased staff and resources.
- Reviewed all departmental awards programs leading to several improvements, a sharing of best practices and the modification of the Deputy Minister Award selection process. Also introduced in 2002 was the *Keith Draper Award for Values and Ethics* awarded to the individuals who best represent the values and ethical standards to which the department aspires.
- WD secured the highest participation rate (87 per cent) of any federal department in the 2002 National Public Service Employee Survey. For WD, the overall results showed improvement over the 1999 results, as well as a general rating level above public service norms. Employees identified flexible work arrangements, access to learning and the support of management as particular strengths. Results also identified areas requiring improvement: work life balance, career opportunities, and dealing with discrimination.
- In February 2003 WD held half-day learning sessions for youth on Modern Comptrollership in, Edmonton, Regina, Winnipeg and Victoria. With support from Treasury Board, the project objectives were accomplished, as indicated by positive responses on the learning session evaluations.

## **5. Service Improvement Initiative**

As a federal organization involved in the Service Improvement Initiative, WD's priority continues to be the provision of high levels of service to its clients. During the current year WD has realigned its activities, and transferred delivery of its business advisory services to the public to third parties, principally its Western Canadian Business Service Network (WCBSN). A number of capacity building initiatives were undertaken to ensure that

partners have the skills and resources to deliver quality service. This was achieved using existing resources.

### **Key Partners**

Please see the report on the Entrepreneurship Strategic Objective, Page 30 for a complete list of partners.

### **Key Programs, Resources and Results**

An evaluation of the Western Canada Business Service Centres, was completed in the first quarter of the year:

- 81.9 per cent of the Centres' clients reported that they were very satisfied or satisfied with the service provided;
- 83 per cent indicated that they received business information that was very important or important in the creation and operation of their business;
- 85 per cent responded that the Centres' helped improve their access to relevant business information;
- use of website and email access is increasing whereas fax on demand has decreased significantly; and,
- of the 53 per cent of clients that received referrals to other partners, 91 per cent said the referrals were accurate;

Due to this transition from direct to third party delivery, WD itself performed no direct client satisfaction survey for this year.

WD has continued to identify ways to improve partner service delivery: first, by working with partners to incorporate service level accountabilities in partnership and third party delivery agreements, and, second, by encouraging establishment of appropriate service delivery standards. WD is now better able to track service delivery, through improved reporting systems that provide better quality information and identification of gaps in service delivery.

WD supported a citizen-centered learning event in January 2003, to help promote improvements in client satisfaction levels. As a member of the Pacific Council of Senior Federal Officials, WD provided planning and marketing services for this annual event, which attracted staff from over 100 federal and provincial public sector organizations. Another Federal Council service improvement initiative is underway in Saskatchewan, where a Service Delivery Working Group (with 29 member organizations, including WD) has been established to provide single-window services to the public.



## **SECTION V: FINANCIAL PERFORMANCE**

### ***Financial Performance Overview***

This section contains a summary of the financial performance of Western Economic Diversification Canada (WD) for the fiscal 2002-2003.

WD spent \$246.8 million during the 2002-2003 fiscal year, \$122.3 million less than the \$369.1 million available. This underutilization of available resources was primarily attributable to:

- slower than anticipated implementation of the Infrastructure Canada Program; and,
- In light of the expected reduction of resources available to WD in 2003-2004 and subsequent years, WD implemented reductions in current year spending and moved current year authorities to the 2003-2004 year to ensure that sufficient resources will be available to settle existing contractual obligations.

Additional details are provided in the financial tables.

### ***Financial Summary Tables***

The financial tables depict the resources available to the department in 2002-2003; how these resources were used; as well as, the revenues generated by the department. The following tables are included:

- Financial Table 1 - Summary of Voted Appropriations
- Financial Table 2 - Comparison of Total Planned Spending to Actual Spending
- Financial Table 3 - Total Net Cost of Program
- Financial Table 4 - Historical Comparison of Total Planned Spending to Actual Spending 2000-2001 to 2002-2003
- Financial Table 5 – Crosswalk Between Strategic Outcomes and Programs
- Financial Table 6 - Non-Respendable Revenue
- Financial Table 7 – Statutory Payments
- Financial Table 8 – Transfer Payments

Definitions and source of the information included in these financial tables is as follows:

- “Planned Spending” is the amount of planned spending at the start of the fiscal year, as per the “Planned spending 2002-2003” column of the 2002-2003 Report on Plans and Priorities;
- “Total Authorities” is the amount voted, for the 2002-2003 fiscal year, and includes Main and Supplementary Estimates and as well as authorities transferred to WD from Treasury Board Secretariat Vote 10 and Vote 15 during the 2002-2003 fiscal year. These authorities agree with the authorities presented in the 2002-2003 Public Accounts.
- The “Actual ” column displays the actual expenditures or revenues, as reported in the 2002-2003 Public Accounts.

**Table 1 - Summary of Voted Appropriations**

This table compares resources available to WD and actual results. Explanations of the variances between Voted Appropriations and actual results are presented below the table.

Vote	2002-2003 (\$millions)		Variance Surplus/ (Deficit)
	Total Authorities	Actual	
120 Operating Expenditures	44.6	41.1	3.5
125 Grants and Contributions	298.1	179.3	118.8
(S) Obligations under the <i>Small Business Loans Act</i>	10.1	10.1	--
(S) Obligations under the <i>Canada Small Business Financing Act</i>	9.1	9.1	--
(S) Contributions to Employee Benefit Plans	4.2	4.2	--
(S) Spending of proceeds from the disposal of surplus Crown assets	0.0	0.0	--
(S) Refunds of amounts credited to revenues in previous years	3.0	3.0	--
(S) Collection agency fees	0.0	0.0	--
<b>Total Department</b>	<b>369.1</b>	<b>246.8</b>	<b>122.3</b>

Note: due to the table being in millions amounts too small are displayed as zero's

**Explanation of variance:**

\$ millions

As presented in the table above, WD underutilized Vote 120 Operating Expenditures by \$3.5 million and Vote 125 Grants and Contributions by \$118.8 million. Planned activity during 2002-2003 was influenced by the expectation that resources available to WD in 2003-2004 and subsequent years would decline significantly

**Operating Expenditures Vote 120**

The \$3.5 million variance is due to the following factors:

- reduction of internal budgets to enable carry-forward of resources to 2003-2004; 2.0
- funds unutilized due to delays in the implementation of the Infrastructure Canada Program; and, 0.8
- other unplanned reduction in expenditures. 0.7

**Grants and Contributions Vote 125**

The \$118.8 million variance is primarily due to:

- delays in the implementation of the Infrastructure Canada Program (ICP). The entire amount may be moved to future years to implement the ICP; and, 111.8
- Funds moved to 2003-2004 to meet Western Economic Partnership Agreements obligations. 4.0

**Table 2 - Comparison of Total Planned Spending to Actual Spending**

This table displays the variance between planned spending included in the 2002-2003 Report on Plans and Priorities and the actual results for the year. Explanations of the variances are presented below the table.

<b>Western Economic Diversification Canada</b>	<b>2002-2003</b>		
	<b>(\$Millions)</b>		
<b>Vote</b>	<b>Planned Spending</b>	<b>Actual</b>	<b>Variance Surplus/ (Deficit)</b>
FTEs	364	363	<b>1</b>
120 Operating Expenditures	40.2	41.1	<b>(0.9)</b>
125 Grants and Contributions	300.9	179.3	<b>121.6</b>
(S) Obligations under the <i>Small Business Loans Act</i>	12.0	10.1	<b>1.9</b>
(S) Obligations under the <i>Canada Small Business Financing Act</i>	10.0	9.1	<b>0.9</b>
(S) Contributions to Employee Benefit Plans	4.8	4.2	<b>0.6</b>
(S) Spending of proceeds from the disposal of surplus Crown assets	0.0	0.0	--
(S) Refunds of amounts credited to revenues in previous years	0.0	3.0	<b>(3.0)</b>
(S) Collection agency fees	0.0	0.0	--
<b>Total Department</b>	<b>367.9</b>	<b>246.8</b>	<b>121.1</b>

Note: amounts under \$100K are displayed as zeros

**Explanation of variance:**

Overall, the actual authorities of \$369.1 million (refer to Financial Table 1) provided to WD for the year were \$1.8 million greater than the amount of planned spending in the 2002-2003 Report on Plan and Priorities. Actual spending for Vote 120 Operating Expenditures was 2.2 per cent higher than planned while Statutory Items in total were within 1.5 per cent of planned spending. The only significant variance from Planned Spending occurred in Vote 125 Grants and Contributions where spending was 40.4 per cent less than planned due to delays in the Infrastructure Canada Program and transfer of resources to subsequent fiscal years to meet contractual obligations.

**Table 3 - Total Net Cost of Program**

This table displays and provides explanations of what was the net cost of programming by the department.

<b>Western Economic Diversification Canada</b>	<b>2002-2003</b>		
	<b>(\$ Millions)</b>		
	<b>Planned Spending</b>	<b>Actual</b>	<b>Variance</b>
<b>Total Gross Expenditures</b>	367.9	246.8	<b>121.1</b>
Less:			
Respendable Revenues	--	--	--
<b>Total Net Expenditures</b>	<b>367.9</b>	<b>246.8</b>	<b>121.1</b>
Other Revenues and Expenditures:			
<b>Non-respendable revenues</b>	(26.5)	(37.0)	<b>10.5</b>
<b>Cost of services provided without charge</b>	4.1	4.6	<b>0.5</b>
<b>Net Cost of the Program</b>	<b>345.5</b>	<b>214.4</b>	<b>131.1</b>

Note: amounts under \$100K are displayed as zeros

**Explanation of variances:**

The \$131.1 million variance for the Net Cost of the Program is due to lower than anticipated expenditures (refer to Financial Table 2) and to higher than anticipated revenues (refer to Financial Table 6).

**Table 4 - Historical Comparison of Total Planned Spending to Actual**

This table provides a historical comparison on our performance to determine planned spending versus actual spending.

<b>Western Economic Diversification Canada</b>	<b>2000-2001</b>		<i>2001-2002</i>		<i>2002-2003</i>	
	<b>Planned Spending</b>	<b>Actual</b>	<b>Planned Spending</b>	<b>Actual</b>	<b>Planned Spending</b>	<i>Actual</i>
Operating						
Vote 120 - Operating Expenditures	36.8	42.0	38.6	45.1	40.2	<b>41.1</b>
(S) Contributions to Employee Benefits Plans	4.1	4.6	4.5	4.7	4.8	<b>4.2</b>
Total Operating	40.9	46.6	43.1	49.8	45.0	<b>45.3</b>
<b>Variance Surplus/(Deficit)</b>	<b>(5.7)</b>		<b>(6.7)</b>		<b>(0.3)</b>	
Grants and Contributions						
Vote 125 - Grants and Contributions	177.8	142.4	223.4	178.0	300.9	<b>179.3</b>
(S) <i>SBLA/CSBFA</i>	20.0	25.0	18.0	23.7	22.0	<b>19.2</b>
Total Grants and Contributions	197.8	167.4	241.4	201.7	322.9	<b>198.5</b>
<b>Variance Surplus/(Deficit)</b>	<b>30.4</b>		<b>39.7</b>		<b>124.4</b>	
(S) Refunds of amounts credited to revenues in previous years	--	0.0	--	0.0	--	<b>3.0</b>
<b>Total</b>	<b>238.7</b>	<b>214.0</b>	<b>284.</b>	<b>251.5</b>	<b>367.9</b>	<b>246.8</b>
<b>Variance Surplus/(Deficit)</b>	<b>24.7</b>		<b>33.0</b>		<b>121.1</b>	

Note: amounts under \$100K are displayed as zeros

**Explanations of variances:**

**Operating**

The decrease of the variance over the previous two years is mainly due to:

the implementation of new programs not reflected in planned amounts, such as the six year Infrastructure Canada Program which started in 2000-2001 and the Innovation and Community Investment Program which started in 2001-2002.

- Please refer to Financial Table 1 - Summary of Voted Appropriations and Table 2 - Comparison of Total Planned Spending to Actual Spending for more information.

**Grants and Contributions**

The increase of the variance over the previous two years is mainly due to:

- the six-year Infrastructure Canada Program and the slow nature of implementing the program.
- Please refer to Financial Table 8 - Transfer Payments for more information.

**Table 5 - Crosswalk Between Strategic Outcomes and Programs**

This table identifies the relationship between Strategic Outcomes and Programs. WD has only one business line and our resources are allocated to different programs that are linked as follow to five strategic outcomes.

		Strategic Outcomes						
Western Economic Diversification Canada		2002-2003 (\$ Millions)						
		Innovation	Partnerships	Entrepreneurship	Economic Research	National Program	Total	% of Total
<b>Operating Expenditures</b>	P	16.1	5.4	14.4	3.1	6.1	45.1	12.3%
	A	<b>17.1</b>	<b>5.4</b>	<b>15.4</b>	<b>2.4</b>	<b>5.0</b>	<b>45.3</b>	<b>18.6%</b>
<b>Contributions</b>								
Western Diversification Program	P	53.0		10.3	1.5	8.2	73.0	19.8%
	A	<b>50.5</b>		<b>7.1</b>	<b>1.9</b>	<b>9.2</b>	<b>68.7</b>	<b>28.2%</b>
Community Futures Program	P			20.6			20.6	5.6%
	A			<b>21.7</b>			<b>21.7</b>	<b>8.9%</b>
Partnership Agreements	P		20.9				20.9	5.7%
	A		<b>12.9</b>				<b>12.9</b>	<b>5.3%</b>
Service Delivery Network Program	P			6.6			6.6	1.8%
	A			<b>8.5</b>			<b>8.5</b>	<b>3.5%</b>
Innovation and Community Investment Program	P	10.8					10.8	2.9%
	A	<b>13.4</b>					<b>13.4</b>	<b>5.5%</b>
Loan & Investment Fund Program	P			4.2			4.2	1.1%
	A			<b>3.3</b>			<b>3.3</b>	<b>1.4%</b>
Canada Infrastructure Works Program	P					0.0	0.0	0.0%
	A					<b>0.3</b>	<b>0.3</b>	<b>0.1%</b>
Infrastructure Canada Program	P					152.2	152.2	41.3%
	A					<b>47.8</b>	<b>47.8</b>	<b>19.6%</b>
Red River Flood Protection Program	P					12.6	12.6	3.4%
	A					<b>2.7</b>	<b>2.7</b>	<b>1.1%</b>
(S) Obligations under the <i>SBLA</i>	P			12.0			12.0	3.3%
	A			<b>10.1</b>			<b>10.1</b>	<b>4.1%</b>
(S) Obligations under the <i>CSBFA</i>	P			10.0			10.0	2.7%
	A			<b>9.1</b>			<b>9.1</b>	<b>3.7%</b>
<b>Total</b>	P	79.9	26.3	78.1	4.6	179.0	367.9	100.0%
	A	<b>81.0</b>	<b>18.3</b>	<b>75.2</b>	<b>4.3</b>	<b>65.1</b>	<b>243.8</b>	<b>100.0%</b>
<b>% Total</b>	P	21.7%	7.1%	21.2%	1.2%	48.7%	100.0%	
<b>P=Planned A=Actual</b>	A	<b>33.2%</b>	<b>7.5%</b>	<b>30.8%</b>	<b>1.8%</b>	<b>26.7%</b>	<b>100.0%</b>	

**Table 6 - Non-Respendable Revenue**

This table presents information by revenue source and the revenues received by the department.

<b>Western Economic Diversification Canada</b>			<b>2002-2003</b>		<b>Variance Surplus/ (Deficit)</b>
	<b>Actual 2000-2001*</b>	<b>Actual 2001-2002</b>	<b>Planned Revenue</b>	<b>Actual (\$ Millions)</b>	
Repayable Contributions	26.7	19.3	8.0	14.2	<b>6.2</b>
Other Revenue	3.4	2.3	0.5	3.4	<b>2.9</b>
<i>SBLA's</i> – Service Fees	12.9	13.8	6.0	4.9	<b>(1.1)</b>
<i>CSBFA's</i> – Service Fees	12.5	12.6	12.0	14.5	<b>2.5</b>
<b>Total Non-Respendable Revenues</b>	<b>55.5</b>	<b>48.0</b>	<b>26.5</b>	<b>37.0</b>	<b>10.5</b>

\* The 2000-01 figures are not comparable with the subsequent fiscal years as revenue reporting was changed to an accrual basis, i.e. amounts earned, from a cash basis.

WD has surpassed established targets for revenue for a third consecutive year. Since 1995, WD has moved away from repayable contributions and revenue from this source therefore has declined, and will continue to decline in the future.

Non-respendable revenue consists of:

- the repayment of repayable contributions previously provided by the department and related interest and other revenue;
- other revenue comprising the proceeds from the disposal of surplus Crown assets; Access to Information and Privacy fees; and prior years adjustments; and,
- service fees for loan guarantees for loans approved under the *Small Business Loans Act (SBLA)* and the *Canada Small Business Financing Act (CSBFA)*.

**Table 7 - Statutory Payments**

This table identifies statutory payments made by the department

	<b>Western Economic Diversification Canada</b>				
	<b>Actual 2000-2001</b>	<b>Actual 2001-2002</b>	<b>Planned Spending</b>	<b>2002-2003 (\$ millions) Total Authorities</b>	<i>Actual</i>
(S) Obligations under the <i>Small Business Loans Act (SBLA)</i>	23.5	17.3	12.0	10.1	<b>10.1</b>
(S) Obligations under the <i>Canada Small Business Financing Act (CSBFA)</i>	1.5	6.4	10.0	9.1	<b>9.1</b>
(S) Contributions to Employee Benefit Plans	4.6	4.7	4.8	4.2	<b>4.2</b>
(S) Spending of proceeds from the disposal of surplus Crown assets	0.0	0.0	--	0.0	<b>0.0</b>
(S) Refunds of amounts credited to revenues in previous years <sup>2</sup>	0.0	0.0	--	3.0	<b>3.0</b>
(S) Collection agency fees	0.0	0.0	--	0.0	<b>0.0</b>
<b>Total Statutory Payments</b>	<b>29.6</b>	<b>28.4</b>	<b>26.8</b>	<b>26.4</b>	<b>26.4</b>

Note: due to the table being in millions amounts too small are displayed as zero's

Obligations under the *Small Business Loans Act and under the Canada Small Business Financing Act*

- This represents the settlement of net losses incurred by banks and financial institutions for loans guaranteed by the government under the *Small Business Loans Act and the Canada Small Business Financing Act*. These programs are administered by Industry Canada, but reporting is by Western Economic Diversification Canada for loans in Western Canada.

Contributions to Employee Benefit Plans

- This represent the governments costs associated with benefits plans for public servants such as Canada Pension Plan, Employment Insurance etc.



**Table 8 - Transfer Payments**

This table provides information on grants and contributions spending by program. WD has only one business line but several programs under which resources are spent.

<b>Western Economic Diversification Canada</b>	<b>2002-2003</b>				
	<b>(\$ millions)</b>				
	<b>Actual 2000-2001</b>	<b>Actual 2001-2002</b>	<b>Planned Spending<sup>1</sup></b>	<b>Total Authorities<sup>1</sup></b>	<i>Actual</i>
<b>GRANTS</b>	--	10.0	5.0	--	--
<b>Total Grants</b>	--	<b>10.0</b>	<b>5.0</b>	--	--
<b>CONTRIBUTIONS</b>					
Western Diversification Program	69.0	67.9	68.0	75.5	<b>68.7</b>
Community Futures Program	22.7	21.6	20.6	21.7	<b>21.7</b>
Partnership Agreements	13.6	19.6	20.9	12.9	<b>12.9</b>
Service Delivery Network Program	7.6	10.2	6.6	8.5	<b>8.5</b>
Innovation and Community Investment Program	--	7.4	10.8	13.4	<b>13.4</b>
Loan & Investment Fund Program	6.0	2.8	4.2	3.3	<b>3.3</b>
Winnipeg Development Agreement	1.2	0.8	--	--	--
Canada Infrastructure Works Program <sup>2</sup>	5.8	6.1	--	0.3	<b>0.3</b>
Infrastructure Canada Program <sup>3</sup>	0.3	21.1	152.2	159.7	<b>47.8</b>
Sandspit Harbour Program	0.3	--	--	--	--
Community Economic Adjustment Initiative	9.5	--	--	--	--
Red River Flood Protection Program	6.4	10.5	12.6	2.7	<b>2.7</b>
(S) Obligations under the <i>SBLA</i>	23.5	17.3	12.0	10.1	<b>10.1</b>
(S) Obligations under the <i>CSBFA</i>	1.5	6.4	10.0	9.1	<b>9.1</b>
<b>Total Contributions</b>	<b>167.4</b>	<b>191.7</b>	<b>317.9</b>	<b>317.2</b>	<b>198.5</b>
<b>Total Transfer Payments</b>	<b>167.4</b>	<b>201.7</b>	<b>322.9</b>	<b>317.2</b>	<b>198.5</b>

<sup>1</sup> To improve disclosure, the amounts in the Planned Spending column and the Total Authorities column, which in total agrees with the amount voted by Parliament, have been allocated between programs.

<sup>2</sup> 2002-2003 is the final year with expenditures for the Canada Infrastructure Works Program.

<sup>3</sup> Planned spending for the six-year Infrastructure Canada Program, which commenced in 2000-2001, was slower than expected. Unexpended funds under this program are available for Infrastructure Canada Program spending in future years

## SECTION VI: APPENDICES

### Glossary of Acronyms

ADM	Assistant Deputy Minister
CBSC	Canada Business Service Centre
CFDC	Community Futures Development Corporation
CFI	Canada Foundation for Innovation
CLS	Canadian Light Source (Synchrotron)
DM	Deputy Minister
DTES	Downtown East Side (Vancouver)
EMS	Environmental Management System
FEDO	Francophone Economic Development Organization
GDP	Gross Domestic Product
GOL	Government of Canada on Line
ICP	Infrastructure Canada Program
ICIP	Innovation and Community Investment Program
INAC	Indian and Northern Affairs Canada
IRAP	Industrial Research Assistance Program
ITPP	International Trade Personnel Program
LIFP	Loan Investment Fund Program
NRC	National Research Council Canada
PCO	Privy Council Office
R&D	Research and Development
RMAF	Results Management Accountability Framework
SD	Sustainable Development
SDS	Sustainable Development Strategies
SEA	Strategic Environmental Assessment
SEDI	Special Economic Development Initiatives
SICEAI	Softwood Industry Community Economic Adjustment Initiative
SME	Small- and medium-sized enterprises
TBS	Treasury Board Secretariat
UDA	Urban Development Agreement
VA	Vancouver Agreement
WCBSN	Western Canada Business Service Network
WD	Western Economic Diversification Canada
WDP	Western Diversification Program
WEI	Women's Enterprise Initiative
WEPA	Western Economic Partnership Agreement