



Western Economic
Diversification Canada

Diversification de l'économie
de l'Ouest Canada

Western Economic Diversification Canada

Performance Report

For the period ending March 31, 2004

Minister of Western Economic Diversification

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 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 2004 Departmental Performance Report*: http://www.tbs-sct.gc.ca/rma/dpr/03-04/guidance/table-of-contents_e.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.

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

Comments or questions can be directed to:

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Foreword from TBS

(to be provided by Treasury Board)

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SECTION I: MESSAGES

Minister's Message

Throughout the 17-year history of Western Economic Diversification Canada (WD), the department's mandate has remained the same: to develop and diversify the western Canadian economy, and to represent western Canadian interests on the national stage. Over that time, however, our strategic priorities have evolved to reflect the changing nature of the West, its economy and its people.

While the department continues to have an economic development mandate, our approach has become more integrated as our investments increasingly acknowledge and reflect the social and environmental dimensions of economic development and diversification. Economic, social and environmental factors are equally important and must all be taken into account if we are to be successful long into the future. This "triangle" of factors will determine the health of Western Canada's economy and the quality of life of the people who live in its communities.

The current prosperity enjoyed in many parts of the West is neither universal nor can we take it for granted. Significant challenges – including trade disputes, declining commodity prices and natural disasters – continue to threaten the agriculture, forestry and mining sectors; the ongoing depletion of conventional oil and gas reserves will significantly constrict the energy industry within the next 30 years; an escalating shortage of skilled labour will continue to hamper economic productivity; and increasing urbanization and a growing Aboriginal population are resulting in social, economic, environmental and infrastructure pressures in communities across Western Canada.

While these issues are not unique to the West, they play out in a uniquely western Canadian context to which WD is well positioned to understand and respond. Through programs and investments that improve innovation, foster entrepreneurship and build sustainable communities, WD is contributing to a stronger West and a stronger Canada.

In the area of Innovation, WD is working to make the West a world leader in developing and applying ground-breaking technologies, like nanotechnology and biotechnology, which have the potential to transform not only our economy, but the way people live. Perhaps nowhere is that potential more evident than in the area of environmental technologies, where we are working to help re-orient western capacity and resource-based knowledge toward the creation of innovative solutions to the global problem of climate change. With an estimated worldwide market of between \$750 billion and \$1 trillion, environmental technologies will help develop a 21st century economy capable of supporting a sustainable future for generations to come.

WD supports Entrepreneurship in the West by working with its partners in the Western Canada Business Service Network to remove barriers to opportunity and ensure all western Canadians have an opportunity to contribute to the success of the region and our entire nation. This includes targeted programs designed to increase the participation of Aboriginals, women, residents of remote and rural communities, and citizens with disabilities. It is an approach that has proved very successful. For example, since 1995 the western Community Futures Development Corporations report issuing more than 17,000 loans, totalling over \$463 million, to support innovative and entrepreneurial ideas. These loans have leveraged an additional \$616 million from other sources, and created or maintained over 56,000 jobs.

Sustainable Communities is a WD priority that brings all of our work together – working with a wide range of partners to improve the quality of life in western Canadian communities large and small. This includes the western portion of the Infrastructure Canada Program and the recently renewed Western Economic Partnership Agreements (WEPAs) signed with each of the western provinces. These agreements will invest another \$200 million in regionally-identified strategic economic and community development projects, continuing the positive collaboration of previous WEPAs that leveraged \$458 million from the other sectors. WD also plays a strong role in collaborative initiatives like the Urban Aboriginal Strategy and the Vancouver Agreement, which are examples of all levels of government working together to improve conditions for many of our most disadvantaged citizens.

All WD programs and initiatives are designed to leverage the unique realities and strengths of Western Canada to create a sustainable future that will allow the region to continue to contribute to the strength of our nation. As Prime Minister Paul Martin's recent affirmation of the department as a full Ministry suggests, the West will play a unique role in Canada's future. Western Economic Diversification Canada is committed to maximizing that role to create a stronger West and a stronger Canada.

The Honourable Stephen Owen
Minister of Western Economic Diversification
and Minister of State (Sport)

Management Representation Statement

I submit, for tabling in Parliament, the 2003-2004 departmental performance report (DPR) for Western Economic Diversification Canada.

This report has been prepared based on the reporting principles and other requirements in the 2003-04 Departmental Performance Reports Preparation Guide and represents, to the best of my knowledge, a comprehensive, balanced, and transparent picture of the organization's performance for fiscal year 2003-04.

Oryssia J. Lennie
Deputy Minister
Western Economic Diversification Canada

Date

Notable Successes for 2003-2004 . . .

- > Signed four WEPAs with western provincial governments that will see a combined total investment of \$200 million towards joint economic development initiatives over the next four years.
- > WD-funded Western Canada Business Service Centres (WCBSC) received over 2 million Web visits and nearly 1.6 million documents downloaded from their Web sites providing information on federal and provincial programs during the past year.
- > WD's Women's Enterprise Initiative (WEI) held up as a successful model by the Prime Minister's Task Force on Women Entrepreneurs in advancing the contribution of women entrepreneurs to the Canadian economy.
- > Responded to the crisis in the western tourism industry by partnering with the four western provinces to provide \$10 million to the Tourism Alliance for Northern & Western Canada to undertake an emergency recovery marketing initiative.
- > WD's official Languages Implementation Team received a "Head of the Public Service Award" for its efforts to support the economic development of Francophone communities in Western Canada.
- > Approved \$2.7 million in funding for eight projects under the Canada-Saskatchewan Northern Development Agreement (CSNDA) designed to improve transportation, create training opportunities and support local economic development in Northern Saskatchewan.
- > Hosted a successful Environmental Technology Forum in Vancouver that brought together Western Canada's most influential decision makers from business, academia, not-for-profit and government to create a plan to move the environmental technologies sector forward and link this to the federal climate change agenda.
- > Approved 146 projects worth \$50 million to assist 150 forest-dependent communities in British Columbia (BC) whose economies were severely impacted by the US softwood tariffs.

Areas for Improvement

- > Continued effort is needed to better measure the impact of WD's investments and efforts.
- > Strengthening WD's relationship with members of the Western Canada Business Service Network (WCBSN), including the renewal of funding support.
- > Improving the integration of WD's planning activities.

SECTION 2: DEPARTMENTAL OVERVIEW

2.1 Mandate, Roles and Responsibilities

In a country as large as Canada, it is understandable that federal regional policy has been a preoccupation of all levels of government, from the driving in of the last spike to the closure of the east coast fishery.

Since 1957, when equalization payments were introduced, the federal government's regional development policy has tended to focus primarily upon economic development. The regional agency model was introduced to alleviate regional economic disparities. The Atlantic Canada Opportunities Agency (ACOA) was established first, in 1987, followed closely that same year by the Department of Western Economic Diversification (WD) and Federal Economic Development in Northern Ontario (FEDNOR). The Federal Office of Regional Development – Quebec (FORD-Q³) was created in 1991.

WD was established to help expand and accelerate alternatives to the West's strong economic dependence on natural resources. Under the *Western Economic Diversification Act, 1985*, the department is mandated to

“promote the development and diversification of the economy of Western Canada and to advance the interests of Western Canada in national economic policy, program and project development and implementation.”

WD directs its core resources towards partnership arrangements with the members of the WCBSN⁴, other levels of government, universities, financial institutions and the private sector to support the establishment and growth of small- and medium-sized enterprises (SMEs), the growth of knowledge-based economies, and the economic inclusion of disadvantaged groups such as women, youth, Aboriginal and francophone entrepreneurs.

WD also delivers a range of non-core federal programming in the West on behalf of the Government of Canada including a \$22 million Community Economic Adjustment Initiative to assist communities impacted by the BC Salmon fishery closure; and \$55 million to BC communities under the Softwood Industry Community Economic Adjustment Initiative (SICEAI). Since 1994, WD has expended approximately \$632 million under the Canada Infrastructure Works Program and under the subsequent Infrastructure Canada Program (ICP), expended \$158.4 million and committed a further \$341.5 million. As well, WD and Transport Canada assist Infrastructure Canada in the implementation of the Canada Strategic Infrastructure Fund (CSIF) in Western Canada. To date \$1.08 billion has been identified for CSIF priority projects in Western Canada, such as the Vancouver Convention and Exhibition Centre, Red River Floodway Expansion, deepening of Wascana Lake and construction of a new multi-purpose building at Regina Park, and the Calgary and Edmonton ring roads.

³ Re-named Canada Economic Development for Quebec Regions (CED-Q) in 1998.

⁴ Members of the WCBSN include: Community Futures Development Corporations (CFDC), CBSC, WEI, and Francophone Economic Development Organizations (FEDO).

Although each of WD's strategic outcomes—Innovation, Entrepreneurship and Sustainable Communities—can be described individually, in reality they are closely linked. Innovation is often the result of entrepreneurial activities that drive the emergence of new sources of long-term employment and wealth. That, in turn, enhances the sustainability of local communities and the quality of life for their residents. Many of WD's initiatives are designed to address several priorities at once. The key features of WD programs and priorities are:

Innovation:

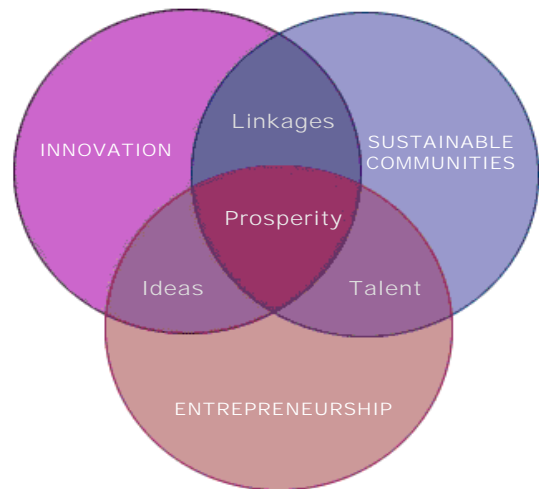
- knowledge infrastructure;
- technology development and commercialization;
- community innovation; and,
- federal-provincial synergies.

Entrepreneurship:

- business service networks;
- business management capability;
- access to capital; and,
- trade promotion, export readiness, and investment attraction.

Sustainable Communities:

- urban and rural development;
- community capacity;
- community adjustment; and,
- Aboriginal economic participation.



The department actively engages westerners in consultations to identify needs and priorities, and to develop the kinds of partnerships required to respond to horizontal and complex issues that cannot be managed unilaterally. This collaborative approach, and a targeted research agenda, are an integral part of WD's efforts to ensure that western Canadian views are appropriately represented at the national level.

The Department's Head Office, and its Deputy Minister, are located in Edmonton, Alberta, co-located with the Regional Office for Alberta. There are also regional offices with Assistant Deputy Ministers (ADM) located in Winnipeg, Saskatoon, Edmonton 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 ADMs is responsible for the delivery of programs and services in their region, as well as for corporate responsibilities. The Ottawa-based ADM plays the lead role in the department's advocacy activities.

2.2 Economic Performance of the Western Provinces

Economic growth varied among the western provinces in 2003 with Saskatchewan recording the highest level of real economic growth, followed by Alberta, BC, and Manitoba. On average, real economic growth in the western provinces was higher than in

the rest of Canada despite the dampening effects of the softwood lumber dispute, natural disasters, and Bovine Spongiform Encephalopathy (BSE). All four western provinces experienced growth driven to various extents by the energy industry, demonstrating the continuing dependence of the western provinces on natural resources.

The following table further demonstrates the continuing need for western provinces to diversify away from natural resources into more innovative and value-added industries. For example, while manufacturing accounts for over 20 per cent real Gross Domestic Product (GDP) in Quebec and Ontario, it accounts for about half that level in the West. International exports, while quite high in the West, are still primarily energy related. While the energy sector experienced solid growth in 2003, any sudden downward change in energy prices has a significant negative impact on the economic performance of the western provinces.

Comparison of Key Factors - 2003 (Unless otherwise noted)										
	NL	PE	NS	NB	QC	ON	MB	SK	AB	BC
Population 000s ⁵	520	138	936	750	7,519	12,332	1,168	994	3,189	4,177
Real GDP Growth % ³	4.9	2.4	1.5	2.5	1.7	1.2	2.0	5.0	3.3	2.4
Compound Real GDP Growth % Annual Average from 1995-2002 ⁶	4.1	3.0	3.6	2.8	3.4	4.1	2.9	1.7	3.6	2.4
Relative Real GDP Per Capita (Canada =100) 1991-2002	68	70	75	77	88	109	88	94	123	99
Manufacturing Output as a % of Real GDP (2002) ⁴	5.7	10.2	10.4	14.8	21.7	20.4	12.6	7.3	9.3	10.5
International Exports as a % of GDP (2001) ⁴	32.9	29.5	27.5	41.6	39.1	51.3	29.3	43.4	36.4	30.2
Unemployment Rate ⁴	16.7	11.1	9.3	10.6	9.1	7.0	5.0	5.6	5.1	8.1

On the surface, the labour market in the western provinces appears to be relatively healthy with unemployment rates at lower levels than in the other provinces. But the unemployment rates do not reflect the numerous Aboriginal people who do not declare themselves as part of the workforce—therefore the true rate of unemployment is considerably higher. As well, part of the western labour force tends to be migratory, and when jobs in resource industries and construction dry up many workers return to their home provinces in other parts of the country.

⁵ *Summer Provincial Outlook 2004*, Conference Board of Canada

⁶ “Regional Economies”, Special Report, Micro-Economic Policy Analysis, Industry Canada, January 2004

British Columbia



In 2003, BC recorded an increase in real GDP of 2.4 per cent, the second lowest growth rate amongst the western provinces. Due to such factors as the continuing softwood lumber dispute, flooding, and massive forest fires, forestry and tourism were the hardest hit industries, leaving many communities outside of the Lower Mainland economically depressed. Despite these difficulties, the construction industry and the mining and exploration industry, specifically the energy sector, were the bright spots in 2003. The construction industry has been fuelled by the insatiable demand for new residential housing and significant infrastructure investments throughout the province. The mining industry showed positive signs as several inactive mines were reopened. A new oil and gas development strategy contributed to unprecedented sales of petroleum and natural gas rights. BC's employment situation has improved. After two years of rising unemployment, 2003 brought a decrease in the unemployment rate to 8.1 per cent. BC experienced employment growth of 2.5 per cent, with much of the employment gains being concentrated in the Lower Mainland and in Victoria, bypassing many rural communities.

Alberta



Alberta recorded an increase in real GDP of 3.3 per cent, the second highest of the western provinces. Although the volume of goods exported for the province was the lowest since 2000, due to international price changes, the value of goods shipped in 2003 was 14.4 per cent higher than 2002, and 1.4 per cent higher than in 2002. Energy revenues from natural gas fuelled the bulk of this growth, illustrating Alberta's continued reliance on the energy sector. The construction sector remains strong due to significant spending in oilsands projects, power projects, and an increase in housing demand. Despite international border closures to Alberta beef after an incidence of BSE early in the year, plummeting coal sales since 1998, and losses in other industries such as telecommunications and pulp and paper, the Alberta economy grew because of increasing petroleum product prices. In 2003, Alberta experienced an unemployment rate of 5.1 per cent while the employment rate increased 2.9 per cent. Much of the job creation can be attributed to a booming housing construction industry and continued construction of multi-billion dollar oil sands projects in the northeastern corner of the province.

Saskatchewan



In 2003, Saskatchewan recorded strong economic growth, with an increase in real GDP of 5.0 per cent, the highest recorded in the western provinces. Following severe back-to-back droughts, farmers welcomed the recovery in the agriculture sector. However, the ban on exports of live cattle to the US due to the occurrence of BSE in early 2003 limited Saskatchewan's overall real agriculture output gains. Manufacturing activity also accelerated in the midst of improved agricultural conditions and a gradually strengthening North American economy. Although exports were not at optimum levels, partly due to the

higher Canadian dollar, sales of crude oil and natural gas increased significantly. As a result of high energy prices, increased drilling activity provided a definite bright spot. Potash sales reached a new record in 2003, despite the fact that a stronger Canadian dollar and higher freight costs squeezed margins. Transportation and warehousing sectors fared well in 2003, benefiting from more robust results in agriculture, with more crops being delivered to wholesale outlets. Despite strong economic growth, Saskatchewan experienced an unemployment rate of 5.6 per cent, with employment growth being recorded at 1.0 per cent.

Manitoba



Manitoba lagged behind the other western Canadian provinces in 2003 with an increase in real GDP of 2.0 per cent. However, the value of Manitoba's manufacturing shipments rose 1.3 per cent to \$11.4 billion in 2003, at a time when Canadian shipments fell by 0.8 per cent.

Manitoba's aerospace sector was bolstered by a number of positive events, including Winnipeg's Boeing Canada Technology plant being awarded new contracts to design and manufacture parts for Boeing's next generation aircraft, the 7E7. Manitoba's biotechnology companies also enjoyed rapid growth. Led by the Cangene and Biovail corporations, biotechnology revenues in 2003 were approximately \$121 million, more than double what they were in 2001. Manitoba's film industry also had a record year, producing 35 films with a production value of \$110 million, an increase of 28 per cent over the previous year. Regardless of these bright spots, the low level of economic growth was reflected by stagnant job creation as employment in Manitoba grew by just 0.3 per cent, with the unemployment rate at 5.0 per cent.

2.3 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.

INNOVATION

Strengthening the western Canadian innovation system

Knowledge and innovation form the essential 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 as a whole. That support reached a new level with the launch of Canada's Innovation Strategy in February 2002. It is a national agenda that calls on all stakeholders, businesses, non-profit organizations, educational institutions and other levels of government to come together to improve Canada's innovation performance and to see the maple leaf become a hallmark of excellence for the world. WD supports Canada's Innovation Strategy in the West by investing in innovative projects that move Western Canada more strongly into the knowledge-based economy.

ENTREPRENEURSHIP

Creating a competitive and expanded business sector in the West

More so 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 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. In their 2003-2004 reports, the partners in WD's WCBSN indicate responding to over 688,000 requests for information, providing more than 142,000 advisory services and trained almost 42,000 clients.

SUSTAINABLE COMMUNITIES

Increased economic activity that improves the competitiveness and the quality of life in western Canadian communities

The sustainability of western Canadian communities is a goal that cannot be addressed through prosperity alone. Many factors - including social, environmental and economic issues - affect the ability of communities to access and take advantage of opportunities for sustainable growth. Severe drought conditions, the softwood lumber dispute, fluctuations in commodity prices and the Kyoto Protocol are just a few of the broader issues that are impacting the sustainability of western Canadian communities. WD plays a strategic role in addressing these issues in the West by forging partnerships between the federal government, the four western provincial governments, municipalities, academic institutions, industry and other stakeholders. These partnerships are helping to converge western interests and resources to build a sustainable future throughout the West.

UNDERSTANDING THE WEST

"Western Canadians stand at the intersection of dramatic change in both their region and the global environment.... The choices we make today will have a decisive impact on the prosperity of the West for generations to come."⁷

WD plays a central role in ensuring western needs are taken into account in national policy decisions. WD acts as an advocate for the West by working with stakeholders to achieve the synergy necessary for collective action in priority areas. Each year, WD sponsors a number of research projects and initiatives that lead to a better understanding of critical areas such as: opportunities in medical research, trends in small business, research infrastructure capacity, urban growth challenges, and broad economic and social trends. Many of these research initiatives are funded in partnership with provincial governments,

⁷ *Building the New West*, an initiative of the Canada West Foundation, sponsored by WD in partnership with provincial governments and private donors.

academic institutions, think tanks and the private sector. Recent research projects and initiatives sponsored in whole or part by WD are available on the WD Web site http://www.wd.gc.ca/rpts/research/default_e.asp.

2.4 Delivering on Government of Canada Priorities in Western Canada

Delivering on national objectives as described in the Speech from the Throne is an integral part of WD's mandate. In the 2003-2004 Report on Plans and Priorities (RPP), WD committed to responding to the following government priorities as reflected in the Speech from the Throne:

- working with universities on strategies for research commercialization to create opportunities for entrepreneurs and to fuel innovation in a number of sectors;
- promoting entrepreneurial skills and job creation including youth, persons with disabilities, and Aboriginal people; and,
- working with provinces and municipalities to put in place a ten-year program for infrastructure.

In 2003-2004, WD worked with universities and other knowledge centres on strategies for research commercialization. For example, WD supported the establishment of the Biomedical Engineering Laboratory, a collaboration between the University of Alberta's Faculty of Engineering and the Caritas Health group. This laboratory began an initiative that aims to have a Canadian centre of excellence for medical modeling and an international leader in the commercialization of such technologies. WD also supported and participated in provincial and multi-jurisdictional organizations such as TRILabs (Telecommunications Research Laboratories), WestLink Innovation Network, Innovate BC, the Saskatchewan and Manitoba Innovation Forum, and the Canada West Health Innovation Council. Organizations such as these brought key innovation groups together and created opportunities for entrepreneurs.

With programs such as the International Trade Personnel Program (ITPP) and the First Jobs in Science and Technology (FJST), WD promoted entrepreneurial skills and job creation by encouraging the hiring of recent graduates. Another example of the promotion of entrepreneurial skills was WD's support for the Aboriginal Business Service Network (ABSN), which provides information services to Aboriginal businesses. WD also provided operating assistance to organizations such as the CFDC, WEI, and FEDO, which support western Canadian entrepreneurs, including rural, women, youth, Francophone, Aboriginal, and persons with disabilities. WD continued to build on its strong relationships with provincial and municipal governments through federal-provincial development agreements, Urban Development Agreements (UDA), and the delivery of the ICP in the West. The ICP was created to enhance municipal infrastructure in urban and rural communities across the country and to improve Canada's quality of life through investments that protect the environment and support long-term economic growth. In addition to delivering the ICP, WD worked closely with Infrastructure Canada in the delivery of Canada Strategic Infrastructure Fund (CSIF) projects in the West and in the negotiation of the Municipal Rural Infrastructure Fund (MRIF) for which agreements are expected to be finalized in the coming year.

SECTION 3: PERFORMANCE AND OUTCOMES

3.1 Progress and Performance Against RPP Commitments

Departmental Performance Report Card Summary of Progress Towards Achieving Strategic Outcomes in 2003-2004

INNOVATION				
Planned Results	Focus for 2003-2004	Expected Results	Performance Indicators	ASSESSMENT
<ul style="list-style-type: none"> ◆ Enhanced technology commercialization and adoption. ◆ Improved knowledge infrastructure and capacity. ◆ More innovative communities. ◆ Enhanced coordination and alignment of innovation priorities and strategies between federal, provincial and other innovation players. 	<p>Implementing innovation activities will continue to be a top priority for WD. In addition, over the next year, efforts will focus on:</p> <ul style="list-style-type: none"> ◆ undertaking a strategic priority setting and planning process to identify emerging sectors for future investments; ◆ over the next three years, WD will align innovation priorities among stakeholder groups by directing efforts to create capacity and synergies in the innovation system; and, ◆ enhancing performance measurement and reporting – WD will review and improve its measurement of innovation performance and impacts and communicate the results to Canadians. 	<p>A more focused, responsive and enhanced collaborative approach to innovation system development that is targeted, measurable, and reflective of Western Canada's needs.</p>	<p>A WD Innovation Strategy document will be published before March 2004, including an action plan, performance indicators, and measurement methodology.</p>	<p>Successfully met expectations.</p> <p>Expected results–In 2003-2004, WD approved \$67 million in new innovation projects, which contributed to strengthening the western Canadian innovation system.</p> <p>Performance Indicators–Instead of publishing an Innovation Strategy document the department reconfigured its innovation activities and developed a plan for an enhanced technology commercialization initiative. This was done as the first stage of building the innovation component of the Program Activity Architecture for WD. The reconfigured activities will be introduced in 2004-2005 and 2005-2006.</p>

ENTREPRENEURSHIP				
Planned Results	Focus for 2003-2004	Expected Results	Performance Indicators	ASSESSMENT
<ul style="list-style-type: none"> ◆ Improved business management capabilities of SMEs. ◆ Improved access to financing for SMEs. ◆ Increased investment in Western Canada. ◆ Increased participation in international markets 	<p>While continuing with existing Entrepreneurship activities, WD will be:</p> <ul style="list-style-type: none"> ◆ Exploring options and successfully executing an effective transfer of WD's direct client service to the WCBSN and other partners in a mutually beneficial manner. ◆ Exploring investment attraction and export development options for Western Canada. 	<ul style="list-style-type: none"> ◆ Neutral or positive impact on client satisfaction by maintaining client service via partnerships. ◆ Approval and implementation of an investment attraction strategy supported by expected outcomes, delivery approaches, roles, responsibility, accountability framework, performance indicators, and measurement methodology options. 	<ul style="list-style-type: none"> ◆ Survey and evaluation results measured via client satisfaction surveys and evaluations. ◆ Dollars and resources leveraged as per Management System information. ◆ A document supporting the decision by mid-year and evidence of the infrastructure in place to support implementation prior to fiscal year end, should it be approved. 	<p>Successfully met expectations.</p> <ul style="list-style-type: none"> ◆ Recent impact studies and evaluations indicate a high level of client satisfaction with WCBSN services. ◆ Recent WCBSN impact studies and loan fund results indicate a high level of dollars and resources leveraged. <p>Successfully met expectations.</p> <ul style="list-style-type: none"> ◆ Approved strategic framework for trade and investment implemented as planned. Work continues on development of performance measurement options to comply with Treasury Board Program Activity Architecture requirements.

SUSTAINABLE COMMUNITIES				
Planned Results	Focus for 2003-2004	Expected Results	Performance Indicators	ASSESSMENT
<ul style="list-style-type: none"> ◆ Greater collaboration and integration among governments and communities. ◆ Increased economic opportunity and investment within Western Canada's communities. ◆ Increased participation of Aboriginal people in the economy. ◆ Enhanced capacity of western Canadian communities to implement strategies that promote sustainable development. 	<p>While continuing with existing Sustainable Communities activities, WD will:</p> <ul style="list-style-type: none"> ◆ Develop new collaborative mechanisms to address urban development issues. ◆ Address economic challenges or opportunities in northern regions. ◆ Coordinate and participate in federal horizontal initiatives, including the UAS processes. ◆ Undertake skill development initiatives to address shortages in the workforce. ◆ Support/strengthen community leadership and capacity to plan, lead, and implement activities that will promote community sustainability. 	<ul style="list-style-type: none"> ◆ New cooperative urban development or northern development mechanisms. ◆ Implement UAS pilot projects in four cities. ◆ Implement at least one Aboriginal skills development initiative. ◆ Undertake community economic development processes in two regions/ communities 	<ul style="list-style-type: none"> ◆ Number of cooperative development mechanisms. ◆ New models to manage horizontal initiatives and numbers of people benefiting from pilot projects. ◆ Community economic development plans and results of projects flowing from plans. ◆ Number of people trained. ◆ Amount leveraged from WD investments. 	<p>Successfully met expectations:</p> <ul style="list-style-type: none"> ◆ Four \$50 million, cost-shared federal provincial, WEPAs were signed. ◆ UAS pilot projects, along with unique operational measures launched. ◆ UDAs in negotiations. ◆ Provided over \$3 million to several projects under the CSNDA, including training projects for over 200 people in the hospitality construction, early childhood education counseling, and small business. ◆ WD provided \$500,000 to a skill development training institute in Nelson House, Manitoba, that involves the Manitoba government, Manitoba Hydro and two Northern Manitoba training institutes, to train approximately 250 individuals to work on Manitoba Hydro's construction and operation of its next dam on the Nelson River. ◆ WD G&C expenditures of \$168.7 million, 80 per cent of which were in cost-shared agreements.

Cross-Cutting Results			
Focus for 2003-2004	Expected Results	Performance Indicators	ASSESSMENT
<ul style="list-style-type: none"> ◆ Working with the WCBSN and other partners to explore innovative ways to deliver products and services to enhance the results achieved in all three pillars. 	<ul style="list-style-type: none"> ◆ Neutral or positive impact on client satisfaction by maintaining client service via partnerships. ◆ Increased policy capacity within WD to enhance ability to respond to western needs in a knowledge-driven economy. ◆ Increased leveraging of resources. 	<ul style="list-style-type: none"> ◆ Survey and evaluation results measured via client satisfaction surveys and evaluations. ◆ Dollars and resources leveraged 	<p>Successfully met expectations.</p> <ul style="list-style-type: none"> ◆ Recent impact studies and evaluations indicate a high level of client satisfaction with WCBSN services. ◆ Policy units established in each WD regional office. ◆ Recent WCBSN impact studies and loan fund results indicate a high level of dollars and resources leveraged.
<ul style="list-style-type: none"> ◆ Developing clearer performance indicators and have an enhanced process in place by March 31, 2004 for measuring results. 	<ul style="list-style-type: none"> ◆ An improved ability to measure the impact of WD investments. ◆ Continuous improvement of programs, products and services delivered to western Canadians. 	<ul style="list-style-type: none"> ◆ Performance indicators developed to measure results for Canadians relative to WD's strategic outcomes that are aligned with government-wide key societal indicators based on revised Results-based Management Accountability Frameworks. 	<p>Not yet fully met expectations</p> <ul style="list-style-type: none"> ◆ Work continues on development of performance measurement implementation to comply with Treasury Board Program Activity Architecture requirements.

3.2 Performance and Strategic Outcomes

INNOVATION

Strengthening the western Canadian innovation system
Total of \$66.9 million in 2003-2004

Western Canada's economy benefits from a strong resource sector and well-recognized research capacities. However, to remain internationally competitive the region must improve its innovation performance. Western Canada performs poorly compared to the rest of Canada, the northwest US, Australia and Finland on key innovation performance measures such as: research and development as a percentage of GDP, number of degrees in science and engineering, and venture capital as a percentage of GDP⁸.

"...There is little doubt that unless Western Canada diversifies its economic structure and develops higher value added goods and services, the region's economic growth and incomes will fall behind those of the rest of Canada and the industrialized world... The innovation in the oil and gas industry has been significant...the challenge... will be to duplicate the success of that innovation process in other sectors of the economy."⁹

WD contributes to strengthening Western Canada's innovation performance by focusing investments on critical points in the innovation system. 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. The department's innovation strategy is built on investments that will yield long-term economic and social benefit to western Canadians.

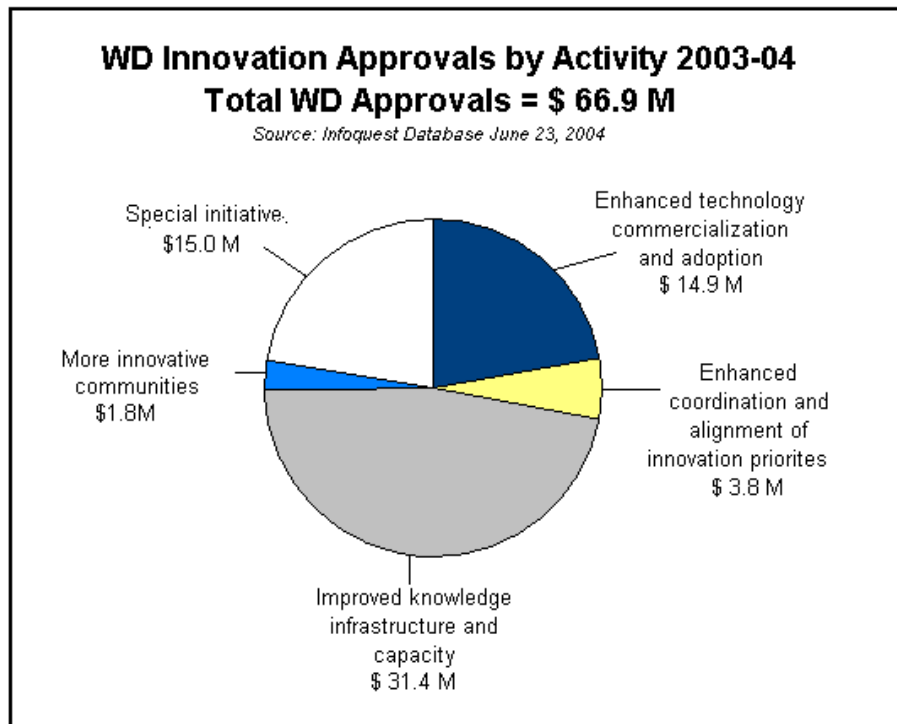
Many of the investments contribute to the development of technology clusters, which involves a timeframe of 10 to 15 years. Examples include new media and fuel cells in BC; health technologies, and nano-technology in Alberta; nutraceuticals and linear particle accelerator technology in Saskatchewan; and health technologies and new media in Manitoba.

According to a recent evaluation by Ference Weicker & Company ("Western Economic Diversification Canada: A Catalyst for Innovation in Western Canada" available at http://wd.gc.ca/rpts/research/default_e.asp) WD partners indicated their relationship with the department extended well beyond dollars and cents. Although WD's broad mandate allows flexibility in terms of projects supported, the report also identified some areas needing work—such as clarifying WD's focus for innovation efforts and improving interaction and collaboration with other members of the innovation system.

⁸ *Insights on Western Canada: A Socio-Economic Report*, Conference Board of Canada, August 2003.

⁹ *Ibid*

In 2003-2004, WD approved \$67 million in new innovation projects, which represents almost 40 per cent of the department's project approvals for that year. The following graph shows how investments were distributed across the department's target areas.



Note: The Special initiative identified is an allocation of \$15 million to the Rick Hansen Man in Motion Foundation to establish a Spinal cord injury Leadership fund.

Key Partners:

WD's funding for innovation represents a relatively small share of overall government expenditures on science and technology in Western Canada. But these investments yield good value for money. Every dollar spent by WD on innovation is matched by \$2.66 from a variety of partners, including western provincial governments; other federal departments (such as the National Research Council (NRC), Natural Resources Canada, Agriculture and Agri- Food Canada, Natural Sciences and Engineering Research Council, and the Canada Foundation for Innovation); universities, technical colleges, municipalities, industry and associations.

Often, partnerships are established when WD and other organizations come together to jointly fund a specific initiative. But WD also establishes more structured partnerships aimed at improving specific elements of the innovation system. For example, in 2003 WD established a three-year agreement with the NRC's Industrial Research Assistance Program (IRAP). WD will provide \$3 million per year through IRAP to assist western small firms in research and development or technology enhancements. Investments made under this agreement help firms develop new products and services and market them domestically and globally.

Key Targets and Overall Results:

Objective A: Enhancing technology commercialization and adoption

WD supports initiatives that contribute to an organization's ability to develop, transfer or adopt innovative technologies. To extract economic value and benefit from investments in R&D and technology development, WD supports technology commercialization offices at universities and other knowledge generators, extends assistance to incubators, provides funding to firms through its FJST and contributes \$3 million annually to the IRAP.

Key initiatives were in the health technologies and new media sectors. Examples include:

- WD's funding for the Banff New Media Accelerator, a fast-track incubation program that supports new media companies to increase their chances for success; to spur the creation of increasingly complex products and services; and position Canada as a leader in new media technologies. New media companies benefit from access to leading-edge technologies and are also developing business knowledge and professional networks through extensive workshops, forums, and business incubation/residencies. The Accelerator also develops effective business strategies to cluster small new media companies in order to facilitate project alliances capable of bidding on larger projects. WD has committed \$450,000 towards this \$1.5 million project.
- WD is supporting the establishment of a Biomedical Engineering Laboratory to be located at Caritas Health Group's Misericordia Community Hospital in Edmonton. In collaboration with the University of Alberta's Faculty of Engineering, this lab will act as a catalyst to establish the Canadian Medical Modeling Institute (CMMI), a centre of excellence for medical modeling. WD committed \$999,670 towards this \$1.5 million project.
- WD is supporting the establishment of the Canadian Light Source (CLS), a facility for public-private partnerships and synchrotron scientists and technicians. An independent study estimated that CLS could attract \$35 million annually in commercial research and development spending from universities, the private sector, and abroad. While CLS focuses on public-private partnerships and their availability to industrial researchers, there is a projected potential for up to 25 per cent industrial use, which exceeds the usual share of approximately 10 per cent industrial use for similar facilities.

Objective B: Improving knowledge infrastructure and capacity

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.

Examples of WD initiatives that contribute to capacity building in the West include:

- As part of the fuel cell technology cluster, Fuel Cells Canada led the production of the first economic impact study of a vibrant Canadian fuel cell industry. It was a key partner in successfully securing the Vancouver Fuel Cell Vehicle Project where four state-of-the-art Ford Focus fuel cell vehicles will be used for applied testing and demonstration purposes. With an estimated world-wide market of \$46 billion by 2001—and 15,000 jobs created for every one billion dollars in demand—fuel cell technology represents a tremendous opportunity not only for economic growth, but for Western Canada to become a major exporter of this technology.
- Red River College's Centre for Media and Digital Entertainment will provide state-of-the-art media training for its media and arts students. This facility provides the educational infrastructure needed to develop competitive businesses and attract new industries and will help strengthen Winnipeg's growing media-film-animation industry. The Centre has announced four strong technology partnerships, has approximately 300 students enrolled in this program, and has raised \$3.3 million in private funds towards this centre—an amount of support unprecedented for the college. Total WD funding for this project was \$2.1 million.
- WD's continuing support for the University of Saskatchewan's Vaccine & Infectious Disease Organization (VIDO) involves the purchase of research equipment and lab supplies for VIDO's newly expanded facilities. VIDO is a global leader in developing and commercializing vaccines for e-coli, HIV, and other diseases. VIDO's expansion added 50,000 square feet of state-of-the-art lab space and equipment, as well as new office space. Since this addition, VIDO has increased its staff to more than 120 by recruiting over 40 researchers and technicians.
- WD's Canada Foundation for Innovation - Support Program (CFI-SP) is designed to assist western academic institutions to apply for programs under Canada Foundation for Innovation. Since 1997, WD has invested about \$2.8 million through CFI-SP. This assistance has contributed to 72 awards to western institutions, and about \$232.9 million in CFI awards. Western Canadian universities and other institutions have secured 27.6 per cent of CFI awards, and have secured 50.2 per cent of CFI awards for National Projects.

Objective C: Building more innovative communities

Addressing the innovation challenges of communities requires creativity and collaboration. By strengthening the western Canadian innovation system, WD is working to assist communities to develop and implement innovation strategies. The following are examples of projects supported by WD in this area:

- The Okanagan Regional Innovation Forum brought together business, government, and academic stakeholders to define challenges and solutions, and to develop action plans for flagship initiatives. As a result, seven competitive cluster opportunities were identified, with projects pending in the sectors of tourism; life sciences;

- forestry and wood products; wine; knowledge services; value-added agriculture; and aviation. WD contributed a total of \$90,000 towards this \$315,000 project.
- The Saskatchewan Forestry Centre (SFC) collaborates on training, market research, and private sector involvement in the forestry and agro-forestry industries. It also works with educational institutions, research groups, and industry to coordinate its services. Projects have included value-added processing of hybrid poplar for solid wood products, furniture and finish opportunities. WD committed \$3 million to the SFC's technology-transfer activities; \$1.1 million was specifically for value-added components. The total size of this project is \$13.1 million.
 - WD's contribution towards the purchase of instrumentation equipment, data collection and analysis, supports the work of the University of Alberta's DNA Fingerprinting and Analysis of Prion Proteins in Cattle. The development of this technology will enhance the ability to diagnose and track diseases such as BSE in live cattle and will also be instrumental in the delivery of multiple genomic-based technologies in a manner that is both applicable and affordable to the livestock industry. WD committed \$679,788, towards this \$912,718 project.

Objective D: Enhancing coordination and alignment of innovation priorities and strategies between federal, provincial, and other innovation players

During 2003-2004 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 2003, and the Research Money Conference on "R&D Investment-Assessing The Return". Other examples include:

- 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 NRC and Industry Canada. The work of this forum also feeds into the Western Deputy Ministers of Economic Development Forum, which addresses innovation issues from the perspective of broader economic development.
- WD's considerable support for forums, such as the National Annual General Meeting 2003 Stem Cell Network, and the Western Environmental Technology Forum in December of 2003, helps to build linkages and networks between systems' players in innovation, particularly in Western Canada. These forums also create new ideas and investments, and foster relationships between the community, educational institutions, and researchers.

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.

Programs, Resources and Results Linkages:

Several programs support WD's innovation activities, including Western Diversification Program (WDP), ICIP, FJSTP, and CFI-SP. WD has recently entered into a bilateral WEPA with each western province. Innovation is a key priority of each WEPA, and will be a key funding tool in the future.

ENTREPRENEURSHIP

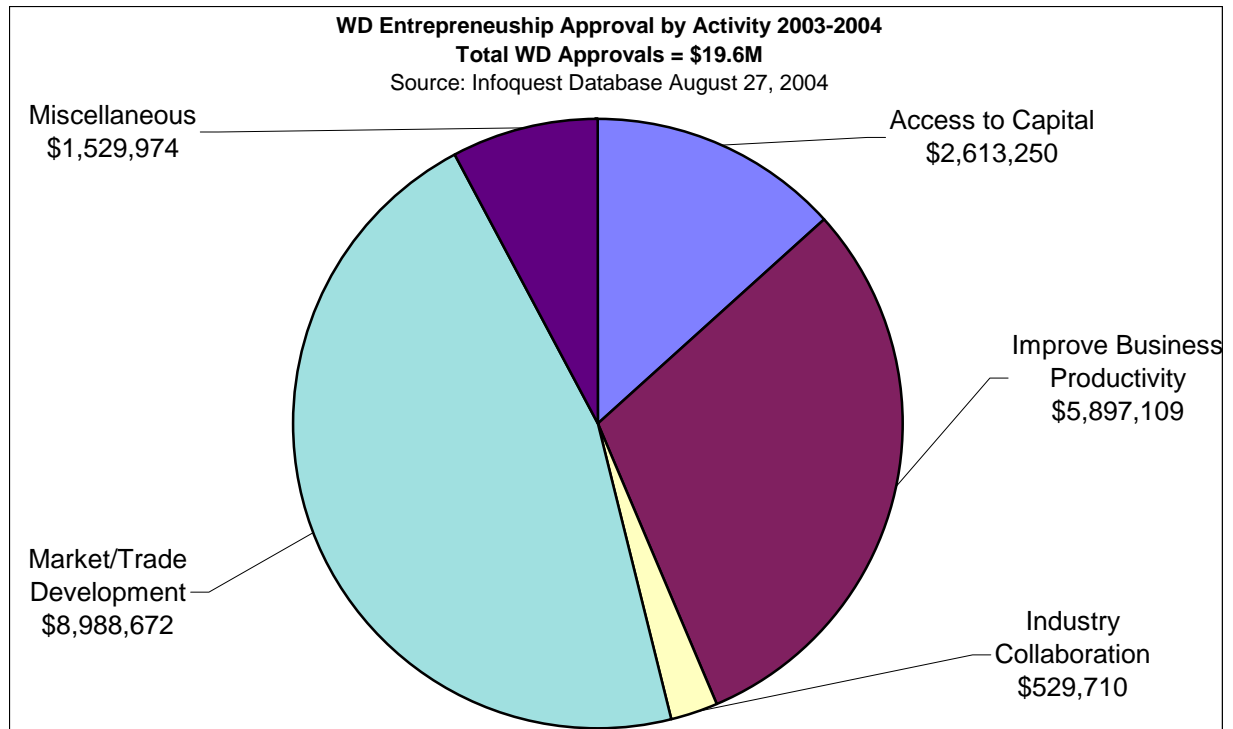
Creating a competitive and expanded business sector in the West
Total of \$19.6 million in 2003-2004

In 2003-2004, WD contributed toward the development of a competitive and expanded business sector in Western Canada by focusing on four key areas:

- improved business management capabilities of SMEs;
- improved access to financing for SMEs;
- increased investment in Western Canada; and,
- increased participation in international markets.

Small businesses (defined as those with fewer than 50 employees, including people who are self-employed with no paid help) are the economic engine of Western Canada. According to the Western Centre for Economic Research (2001), the number of small businesses per capita in Western Canada is 40 per cent higher than in the rest of Canada. As the source of nearly 80 per cent of new jobs, entrepreneurs are a major contributor of economic growth in the business service, health and social service, food and beverage, transportation and high tech sectors in Western Canada.

WD supports entrepreneurship in Western Canada by helping SMEs find and tap into the help they need to get started and grow: access to information and skill-building in business planning, marketing, management, administration and finance; access to capital; and access to Pan-Canadian and global markets. The department's partners and programs provide one-stop, full service assistance to entrepreneurs in urban and rural communities.



Note: Miscellaneous includes approvals in the following activities: Conference Support, Physical Assets, Skills Development, Systemic Development and Economic Research.

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 WCBSN including CFDCs, WEIs, FEDOs, and CBSCs.

Please refer to http://www.wd.gc.ca/pos/default_e.asp for more details on the WCBSN.

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, western Canadian entrepreneurs are provided with targeted services that meet the specific needs of women, youth, Francophone and Aboriginal entrepreneurs, entrepreneurs with disabilities, and residents of rural and remote communities. These organizations are also dependent upon a broad base of community volunteers who contribute to meeting the objectives of the organizations.

In 2003-2004, the 90 CFDCs in the West engaged 2,700 community-based volunteers, including board members, who provided over 116,000 volunteer hours. WEI's 165 volunteers (including board members) provided over 2,350 volunteer hours. Volunteers for FEDOs numbered almost 100 (including board members) who provided over 1,200 volunteer hours.

WD also works closely with financial institutions to establish specialized loan programs that provide alternative sources of capital for SMEs. The Loan Investment Fund Program (LIFP) targets industry sectors important to Western Canada and provides patient and flexible debt capital on terms especially suited to the unique needs and cash flow requirements of these small businesses.

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

Key Targets and Overall Results:

Objective A: Improved business management capabilities of SMEs

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 WCBSN has grown and matured to the point where it can assume the role of providing all transaction-based business advisory services.

WCBSN Service Results for 2003-2004

Community Futures Development Corporations (CFDCs)

CFDCs are community-based economic development organizations that help communities find solutions to local needs. WD funds the western CFDCs to provide local strategic economic planning services, business counselling and loans to SMEs in non-metropolitan communities.

In 2003-2004, WD provided support of \$20.2 million to ninety CFDCs in the West, enabling them to deliver over 468,000 general information services; 136,000 in-depth technical advisory services; and 37,000 training services, including services to Aboriginal clients. An impact study carried out in 2002 by Ference Weicker & Company found that clients attribute much of their success to the assistance they received from the CFDC. Forty-three per cent of the clients surveyed indicated there was no chance at all that their business would have developed in the absence of the services provided by the CFDC. Overall, clients attributed 59 per cent of their business revenues to the services they received from the CFDC. The impact study estimated that businesses receiving CFDC 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>.

A program evaluation for the CFDCs was conducted in 2003—results were very favourable,

“... the program has generated positive results for businesses, entrepreneurs and communities, continues to have a strong rationale, and is supportive of the strategic directions and priorities of both WD and the Federal Government.”

This evaluation may be viewed at http://www.wd.gc.ca/rpts/audit/cfdc2003/default_e.asp/

Women's Enterprise Initiatives (WEIs)

Women lead more than 300,000 Western Canadian businesses and are starting small businesses at twice the rate of their male counterparts, yet they continue to face unique challenges. The WEI works to remove barriers by providing customized services to help women entrepreneurs succeed. The offices, located in Kelowna, Calgary, Saskatoon and Winnipeg (with satellite offices in Edmonton, Lethbridge and Regina) improve access to financing, education and training, business advice, loan aftercare, information, networking and mentoring for women entrepreneurs.

The Prime Minister's Task Force on Women Entrepreneurs (final report October 2003) cited the WEI as a model for service delivery to women entrepreneurs, with many of the task force recommendations reflecting current WEI activities. As a result, the program has been expanded to other parts of the country.

In 2003-2004, WD provided support in the amount of \$4.2 million to WEIs, and they report responding to over 35,000 business information inquiries, providing over 5,600 business advisory appointments, and providing approximately 4,000 clients with training services. WEI Web sites received 234,000 visits during this period.

A recent impact study by Equinox Management Consultants Ltd. found that WEI involvement appeared to be associated with considerable job formation and retention. It estimated that 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, in addition to the retention of 6,704 full-time jobs and 18,999 part-time jobs. The executive summary of the impact study may be viewed at

http://www.womenentrepreneurs.sk.ca/publications/Executive_Summary.pdf.

Francophone Economic Development Organizations (FEDOs)

FEDOs are located in Winnipeg, Regina, Edmonton and Vancouver. WD enables these four provincial organizations to provide enhanced services to Francophone entrepreneurs—including training, business and community economic development, access to capital, information services, marketing advice, networking and mentoring. FEDOs enhance the vitality of French language communities in Western Canada and strengthen economic opportunities for Francophone business.

In 2003-2004, WD provided operating funding of \$2.4 million to the four FEDOs, and they report providing over 7,000 information services, 880 technical advisory services, and 800 training services. In addition, FEDO Web sites received over 36,000 visits that year.

Canada Business Services Centres (CBSCs)

Four CBSCs, located in Vancouver, Edmonton, Saskatoon and Winnipeg, provide single-window access to information on a wide variety of government and non-government programs and services. Funded, staffed and operated by the federal and provincial governments, they offer information guides, seminars, and on-line business products on a wide range of business topics.

On June 23, 2004, the Network of Canada Business Service Centres was awarded the 2004 United Nations Public Service Award in the category of "Improvement of Public Service Results" for "Information Service for the Business Community"

WD provided operating funding of \$ 3.4 million in 2003-2004, which enabled the four western CBSCs to provide an estimated 178,000 officer-assisted interactions (telephone, walk-in, fax, mail, e-mail), 15,700 self-service interactions (fax-on-demand and automated telephone), and

over 2 million CBSC Web site visits. Please see the national CBSC Web site at <http://www.cbsc.org/>.

These CBSCs addressed over 3,000 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. An enhanced level of support for the new to export client was supported in the Alberta and BC CBSCs.

WD supports the ABSN, which provides information and services to Aboriginal business. More information may be found at <http://www.cbsc.org/absn/>

Objective B: Improved access to financing for SMEs

Various studies have shown that *access* to capital is often more of a barrier than the *cost* of capital for 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 loan fund agreements with chartered banks and federal Crown corporations.

WD's LIFP offers alternatives to traditional direct financial assistance by providing access to capital in partnership with various financial institutions. Targeted to industry sectors important to Western Canada, such as agricultural value-added processing and knowledge-based businesses, these loan funds extend patient, flexible debt capital on terms especially suited to the unique needs and cash flow requirements of SMEs. Through this program, WD helps entrepreneurs and small businesses access venture capital for which they would not otherwise qualify due to their size or risk level.

Financial institutions such as chartered banks, credit unions, trust companies, the Farm Credit Corporation and Business Development Bank of Canada use their own capital to 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.

WD has also leveraged provincially and locally targeted loan funds with CFDCs in BC, 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 a number of other financial institutions in Western Canada. Please refer to WD's Web site for more details

http://www.wd.gc.ca/finance/xnetwork_e.asp.

WD has committed up to \$48 million in repayable contributions to loan loss reserves to support these loan fund agreements. This commitment will leverage up to \$324 million directly from capital providers for loans to SMEs.

In 2003-2004, a total of 351 loans valued at \$23 million were approved, of which \$12.6 million was for 52 loans under the larger, sector based loan funds; and \$10.3 million was for 299 loans under the smaller micro-loan, Francophone, Community Investment, and Entrepreneurs with Disabilities loan funds.

More details on WD's loan funds may be found at

http://www.wd.gc.ca/finance/xnetwork_e.asp

Loan Investment Fund Results

From the beginning of the program until March 2004, 2,229 loans totaling \$185 million have been approved. A 2002 program evaluation estimates that \$95 million in other financing was indirectly leveraged; 5,400 jobs have been created; SMEs have experienced incremental revenues of \$678 million, and an incremental increase in exports of \$135 million.

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 and remote SMEs, SMEs operated by women, Francophone, disabled, or young entrepreneurs, and urban SMEs in identified priority sectors). Results for these funds are as follows:

- 90 CFDCs in the West approved over 1,300 loans through the loan funds, totalling \$43.9 million, projected to create or maintain 4,465 jobs. This includes 88 loans to entrepreneurs with disabilities, totalling \$8 million, projected to create or maintain 178 jobs; 118 loans to youth, totalling \$2.4 million, projected to create or maintain 293 jobs; 186 loans to Aboriginal clients, totalling \$4.1 million, projected to create or maintain 161 jobs; and 148 loans through other partnership loan funds by CFDCs in BC and Alberta, totalling \$6.4 million projected to create or maintain 633 jobs.
- During 2003-2004, WEI approved 132 loans, totalling \$4.85 million, which were projected to create or maintain 346 jobs.
- CFDCs leveraged \$52.1 million through direct lending activity and the WEIs leveraged \$4.2 million through direct lending activity.

Objective C and D: Increased investment in Western Canada and Increased participation in international markets

Increased trade and foreign direct investment are essential to Canada's current and future prosperity. Canada relies on trade for growth and jobs more than any other industrialized country. Exports account for 40 per cent of GDP, the highest percentage among G-8 countries. Exports are growing at twice the rate of the economy as a whole, and one out of every three jobs depends on international trade.

In response, WD has been increasingly called upon to play a more strategic and more substantial role in support of trade and investment-related activities in Western Canada.

Trade and Investment Project Activity

Over \$6.7 million was approved under the WDP for various industry sector organizations and other groups to carry out incremental international marketing activities such as:

- Canada West Telecom Group, a marketing alliance of 20 telecommunications suppliers in Western Canada, received \$150,000 from WD for a \$172,000 project on a cost shared basis, to assist in the development of new business in international markets. Through their successful sales achievements they were awarded the 2003 BC Export Award in the Creative Partnering category. For further details, see: <http://www.cwtg.ca/resources/award.htm>
- The Churchill Gateway Development Corporation received funding from WD to support the development of new international markets for regional products that would benefit from shipping trade through the Port of Churchill, Manitoba. WD committed \$200,000 towards this \$600,000 project.

Under the ITPP, WD committed \$1.3 million to 65 small and medium sized exporters resulting in 69 new jobs filled by recent international trade graduates to implement marketing projects.

Export Readiness and Advisory Services

As a member of Team Canada Inc (TCI), WD and other regional development organizations work together to provide skill development and export readiness services to SMEs. Although the members of the WCBSN are now providing direct one-on-one counselling services, the department continues to undertake initiatives that support western exporters, for example:

- WD is providing \$630,000 over the next three years to the CBSC in Edmonton to provide information, coaching and training to export interested companies. Also in Edmonton, WD committed \$3.5 million towards a \$12.5 million project to build the Edmonton World Trade Centre, created to offer "one-stop" access to a wide range of international business and commercial services.
- WD supported numerous seminars, workshops and other events that were designed to enhance management skills and to increase the export readiness and export activity of SMEs. The "Export Cafes" and "Doing Business in the USA" seminars in BC, "Going Global Export Readiness" workshops in Saskatchewan; and the "Fundamentals of Exporting" delivered by the Canada-Manitoba Business Service Centre, are just a few examples.

Trade and Investment Partners

During 2003-2004, WD maintained and enhanced linkages and coordinating mechanisms with federal and provincial partners at both the senior corporate levels and at the officer level within each of the four western provinces.

WD continues to be an active participant in all aspects of the US Enhanced Representation Initiative (ERI), which will substantially enhance Canadian presence in the United States through the expansion of existing consular offices and establishment of new offices, particularly in the Western US. WD has committed \$5 million towards the ERI over the next five years and is one of eight federal partner departments that support this initiative. WD is also a member of the Team Canada Inc. Management Board and is actively involved in the provincial trade teams (Regional Trade Network) in each of the four western provinces.

Programs, Resources and Results Linkages:

The Entrepreneurship strategic outcome is delivered via a number of departmental programs, including the WDP; the LIFP; ITPP; the Conference Support Program; the WCBSN, and the Community Futures Program.

SUSTAINABLE COMMUNITIES

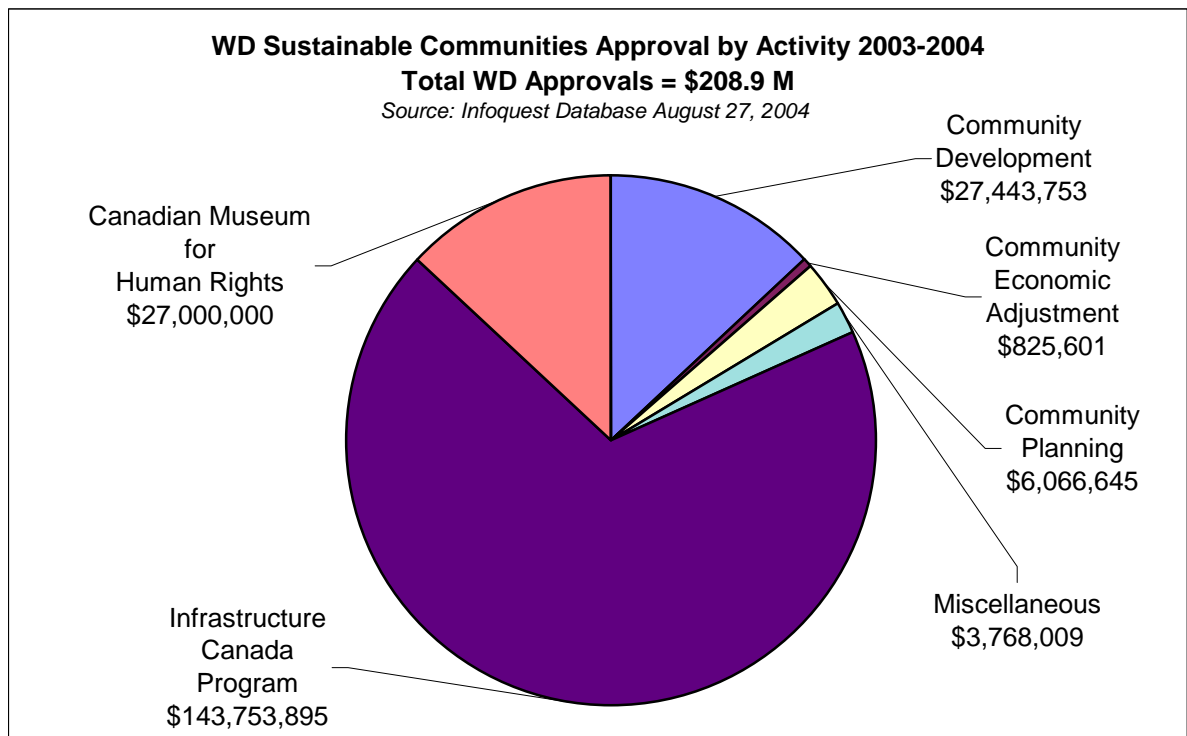
Increased economic activity that improves the competitiveness and the quality of life in western Canadian communities

Total Approvals of \$208.9 million in 2003-2004

WD helps urban and rural communities sustain their economies and adjust to changing and often challenging economic circumstances through activities and investments that capitalize on local capacity, improve infrastructure, and foster economic and social inclusion.

The sustainable communities strategic direction encompasses the following activities:

- WD's work in urban centres through UDAs and other initiatives including the delivery of the ICP;
- WD's coordination and support for Aboriginal economic development; and,
- activities and initiatives carried out in rural and northern areas with CFDCs, and through mechanisms such as WEPAs.



Note: Miscellaneous includes approvals in the following activities: Conference Support, Physical Assets, Skills Development and Systemic Development.

Key Partners:

The department has developed both formal partnerships and ongoing working relationships with provincial and municipal governments and voluntary organizations in the West.

Through such mechanisms as bilateral and trilateral agreements, WD collaborates with other provincial and municipal governments to identify issues and to jointly plan strategies to take advantage of economic opportunities and address barriers to development. Over 80 per cent of WD's funding support is undertaken in partnership with other stakeholders.

The department actively engages westerners in consultations to identify needs and priorities and to forge new and expanded partnerships with western stakeholders. WD has a strong network that includes business associations, research organizations, voluntary organizations and other interests that provide insights into, and sensitivity to, the regional dynamic. The western federal-provincial Deputy Ministers Economic Development Forum and the ADMs' Policy Forum 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: Greater collaboration and integration among governments and communities

The department develops collaborative arrangements with provincial governments and communities that allows the partners to lever investment in shared priorities including innovation, community development, trade and investment, and business development.

Western Economic Partnership Agreements (WEPAs)

WEPAs are joint federal/provincial, multi-year initiatives that were first established in 1990 to promote federal-provincial collaboration on shared economic priorities. Since the second round of WEPAs were signed in 1996, \$160 million (\$80 million federal and \$80 million provincial over five years) has been directed to projects that have attracted an additional \$458 million in private sector investment and resulted in an estimated 120 new business ventures. The May 2002 evaluation of the 1996 WEPAs estimated that \$500 million of capital has been invested in buildings and equipment and more than 1,300 full time jobs were created. A copy of this evaluation can be viewed at http://www.wd.gc.ca/rpts/audit/default_e.asp

During 2003-2004, WD and the western provincial governments signed new WEPAs committing \$200 million over the next four years. The status of the agreements is as follows:

The Canada-Manitoba WEPA was signed in December 2003. The agreement promotes sustainable economic growth through rural, northern and urban initiatives that use a community-based economic development approach. To date, nine projects have been approved for total WD support of \$4.5 million. These include \$2.0 million in joint federal/provincial support for the Composites Innovation Centre located at the Smartpark at the University of Manitoba and \$1.03 million in joint federal/provincial support for the implementation of a value-added and wood technology program for the Manitoba forestry sector.

The Canada-Saskatchewan WEPA was signed in September 2003. The key objectives are to: increase productivity; export readiness; investment retention and attraction; contribute to the knowledge-based economy; support Aboriginal participation in key sectors of the economy; assist diversification and value-added processing of primary resources; and support economic opportunities in communities to make them competitive and sustainable. To date, 12 projects have been approved, for a total of \$ 4.2 million. These include \$850,000 towards a \$10 million commitment for Communities of Tomorrow (an institute involving the NRC, University of Regina and City of Regina), which supports the development, adoption, and adaptation of best practices and technology to create sustainable communities.

The Canada-Alberta WEPA was signed in December 2003. The purpose of the agreement is to contribute to the sustainable and diversified growth of the Alberta economy through federal and provincial cooperation. The Agreement supports cost-shared initiatives that fall under one of two theme areas: investments that strengthen Alberta's innovation and value-added industries, and investments that improve the viability, prosperity, and quality of life in Alberta communities.

A call for proposals was issued with a deadline of June 4, 2004. Over 100 proposals were received and are in the process of being assessed.

The Canada-British Columbia WEPA was signed in December 2003. The priorities for funding under the agreement fall into four categories: tourism, innovation, entrepreneurship and sustainable communities. Fifty per cent of WEPA funding will be spent in the BC "Heartlands", an area that includes the entire province except for Vancouver and Victoria. To date, two projects have been approved: \$645,000 for the Vancouver Agreement Coordination Unit that provides coordination and a one-stop shop and contact point for the community to engage with the Vancouver Agreement participants; and \$350,000 to the e-Business Connection Resource Centre.

Urban Development Agreements (UDAs)

In 2003-2004, 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. Although negotiations are underway in a number of Western Canadian cities, no agreements were signed during the reporting period. A UDA was signed in Winnipeg in May 2004.

The Vancouver Agreement (VA) was signed March 9, 2000 as a tripartite agreement involving the federal, provincial, and municipal governments, working with the community and businesses in support of sustainable socio-economic development. Under this agreement, the three governments are engaged in revitalizing Vancouver's Downtown Eastside (DTES).

On April 22, 2003, the federal and provincial governments each announced the infusion of \$10 million to implement the VA Strategic Plan. The federal contribution included

\$5 million from WD and the remainder from the Urban Aboriginal Strategy (UAS) and the Urban Aboriginal Homelessness Initiative.

While the problems facing the DTES are severe, numerous and firmly entrenched, 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 new city business licenses in the DTES. From 1998 to 2001, the area experienced a five per cent growth in the number of new businesses established;
- 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 activities or unruly or violent behaviours occur) have been suspended, two problematic 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;
- health care services are being expanded to include more and different types of treatment. The health care system is also working in a more coordinated fashion with law enforcement efforts; and,
- more than 650 housing units have been built-and 365 more units are under construction.

In addition to WEPAs and UDAs, WD continues to work with the Regional Federal Councils, and in three provinces, the regional ADM is the chair for these councils. Federal Councils are comprised of senior federal officials and are a forum for information exchange as well as a vehicle to advance a more collaborative approach to the delivery of programs and services by the federal government in a particular region. WD assumes an active role in the coordination and management of horizontal issues, such as the UAS, to address the economic development issues facing Aboriginal peoples in urban areas.

Objective B: Increased economic opportunity and investment within Western Canada's communities

Northern Saskatchewan Training

In 2003–2004, over \$3 million was provided to projects under the CSNDA. These include training projects for over 200 people in fields including construction, hospitality, career counselling, early childhood education, and entrepreneurial development, as well as several initiatives that enhance northern infrastructure, such as the Athabasca Road Upgrade.

The Canada/Saskatchewan Northern Development Agreement (CSNDA) was signed in 2002-2003 with the Province of Saskatchewan and the people of Northern Saskatchewan. The agreement, which includes funding of \$20 million over five years, cost-shared equally between WD and the Saskatchewan government, supports projects that increase the economic development of Northern Saskatchewan in the areas of economic infrastructure, innovation, increasing capacity, realizing

employment opportunities, and attracting investment.

In addition to providing 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 CFDCs are placing an increased emphasis on community economic development. 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 710 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 the 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>.

The department also supports communities that have experienced economic downturns because of changes to their resource base or international trade pressures. These include coastal communities where fisheries have been depleted and communities, such as Grande Cache, Alberta, where jobs have been lost due to mine closures.

Objective C: Increased participation of Aboriginal people in the economy

The objective of WD's Aboriginal strategy is to enhance Aboriginal participation in the region's mainstream economy. The collaborative, partnership model that WD employs in

carrying out its Aboriginal initiatives is ideally suited to bring the interests of the different stakeholders together.

The initiatives that the department supports can be categorized under three broad headings:

Business Development Services

WD focuses on tailoring and enhancing its business services to better serve Aboriginal needs by supporting 14 Aboriginal CFDCs and enhancing the capacity of Aboriginal business service providers through its support of the ABSN. Over the past four years, CFDCs have reported providing 679 loans to Aboriginal entrepreneurs creating or maintaining an estimated 976 jobs. There are also a number of measures that focus on improving access to capital for Aboriginal entrepreneurs, including the Access to Capital program (undertaken with the Industry Portfolio and Indian and Northern Affairs Canada), Aboriginal CFDC investment funds, and a number of other micro loan investment funds. These activities are discussed elsewhere in this report.

Collaborative Partnerships

Nelson House Training – WD provided \$500,000 to a skill development training institute in Nelson House, Manitoba, that involves the Manitoba government, Manitoba Hydro and two northern Manitoba training institutes. The intent is to train approximately 250 individuals to work on the construction and operation of Manitoba Hydro’s next dam on the Nelson River.

WD uses its existing mechanisms to support skill development, develop corporate linkages (examples: Alberta Chamber of Resources) enhance community development, and provide

support to important studies to determine community needs and aspirations.

Coordination and Advocacy Activities

WD coordinates and facilitates, on behalf of the federal government, a number of initiatives in key priority areas. Examples include the UAS, the Churchill Gateway Alliance, the Primrose Lake Air Weapon’s Range, and construction of the Saskatchewan Indian Federated College campus in Saskatchewan.

Aboriginal Apprenticeship – WD provided \$1 million to an \$18.2 million Aboriginal training project in Alberta that involves WD partnering with the oil and gas industry, Aboriginal organizations and the Alberta government to address the main barriers that impede Aboriginal entry into the trades. An average of 45 Aboriginal people are registered in apprenticeship programs each year. When completed in 2005, the project will result in 190 individuals becoming journeymen that would be employed in Northern Alberta.

WD is the co-lead with Human Resources and Skills Development Canada in the implementation of the expanded UAS in six cities in the West. In each of the western cities designated under the UAS for pilot projects, WD is working closely with provincial and municipal officials, Aboriginal representatives and other community members to develop innovative projects. Each community has identified a number of priority areas including:

- youth, homelessness and health issues in Vancouver;
- employment, justice, human rights, health, housing and education in Calgary;
- education, including increased parental and community involvement and improved inclusiveness and cultural pride in Edmonton;
- community safety and crime prevention, housing, education, business/ community partnerships, and community service centres in Regina;
- a focus on Pleasant Hill community in Saskatoon; and,
- sustainable economic development, downtown renewal, and transition issues in Winnipeg.

In Winnipeg, the UAS is combined with the Aboriginal component under the May 2004, \$75 million, tri-lateral UDA. The objectives of the UAS in Winnipeg are to:

- employ federal horizontal mechanisms to respond more effectively to the needs identified by communities;
- better align federal programs to provincial programs and other on-the-ground activities to respond to local priorities;
- test innovative policy ideas;
- provide a better understanding of what works, what does not work and why; and ultimately,
- improve the socio-economic conditions facing urban Aboriginal people.

In 2003-2004, 12 projects were funded in partnership with other government departments, the Province of Manitoba, the City of Winnipeg and Aboriginal organizations. The UAS contribution was \$650,000, but the total investment in urban Aboriginal initiatives under the UAS was over \$3 million, due to the success of the partnership approach. Some examples of projects are: the Aboriginal Business Plan Competition; the Western Canada Urban Aboriginal Housing Conference; a Feasibility Study for an Aboriginal Transition Centre; an Aboriginal Gang Symposium; and Junior Achievement Aboriginal Programs.

In addition to funding projects targeted to the Aboriginal community, WD participates in a number of committees that address Aboriginal issues, including a Federal/Provincial/Territorial Deputy Minister's committee, and the National Aboriginal Economic Development Board.

Objective D: Enhanced capacity of western Canadian communities to implement strategies that promote sustainable development

WD supports a number of projects designed to help communities establish and or maintain a sustainable economic base. For example, in Campbell River, a Cruise Ship Terminal is being developed to help support the tourism industry and establish Campbell River as a port of call for international cruise lines. This project is part of the initiative to enhance the BC cruise industry and is supported by WD, the Province of BC and the Ports and Destinations Group, as well as Indian and Northern Affairs Canada. The expansion of the cruise industry will diversify the economy of Campbell River and other coastal communities affected by the demise of the fishing and forestry industries. WD has committed \$1.5 million towards this \$6.2 million project.

Program Resources and Results Linkages:

A variety of departmental programs are used to support the sustainable communities strategic outcome, including the WDP, the Conference Support Program, and the Innovation & Community Investment Program (ICIP).

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

Infrastructure Canada Program

The Department of Infrastructure Canada (<http://www.infrastructurecanada.gc.ca>) is responsible for the overall management of the ICP which is delivered by WD in partnership with provincial and other municipal governments in Western Canada.

The \$2.05 billion ICP was created in 2000 to enhance municipal infrastructure in urban and rural communities across the country, and to improve Canada's quality of life through investments that protect the environment and support long-term economic growth. Activity to date is summarized in the table below.

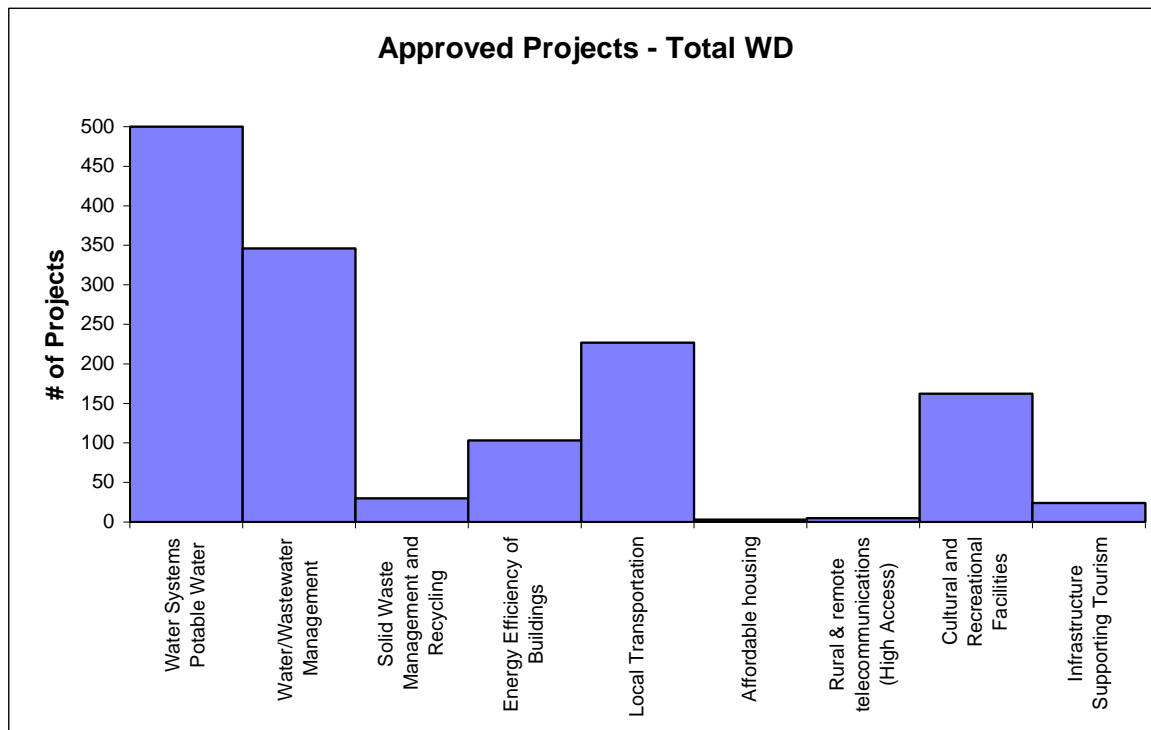
Jurisdiction	Total Federal Funding Allocation (\$000)	No. of Approved Projects to March 31, 2004	Approved Federal Contribution to March 31, 2004 (\$000)	Total Federal Expenditures to March 31, 2004 (\$000)
BC	268,548	275	246,294	25,026
AB	171,028	616	147,290	60,800
SK	56,711	345	50,579	33,240
MB	60,918	164	55,770	39,364
TOTAL	557,205	1,400	499,933	158,430

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

- 22,950 households to be connected to a municipal water supply;
- 31,415 households to be connected to a municipal wastewater system; and,
- 1,258,833 households to be connected to municipal water service that will improve potable water quality.

As well, other projects approved to date will provide:

- improved local transportation infrastructure in over 188 communities;
- improved sports, recreation and cultural facilities in 104 communities; and,
- 1,325 permanent jobs.



Other Initiatives

WD is often called upon to coordinate efforts of federal departments to mitigate effects of natural disasters, military base closures or changes to federal policies and programs.

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, WD is responsible for program delivery. To assure that this is a community driven initiative the program is being delivered through the network of Community Futures Development Corporations. Some \$50 million for about 150 projects has been committed in BC with the projects expected to be completed during 2004-2005.

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.

SECTION 4: GOVERNMENT WIDE INITIATIVES

4.1 Government On-Line

Western Economic Diversification Canada's (WD) Government On-Line (GOL) vision is to provide products and services to western Canadians through all service delivery channels: in person, correspondence, fax, telephone, video-conferencing and the Internet. The on-line products and services complement existing methods of interacting with external clients. On-line services are developed when there is a demand from clients and they are deemed cost-effective.

WD initiated two key department-wide changes in 2003-04 to enable more effective service transformation and the delivery of GOL client services: the redesign of departmental programs to focus on informational services and partnership developments; and, a new emphasis on service transformation through the establishment of an Information Management and Technology Section to align WD's strategic objectives with electronic service delivery solutions. WD has spent considerable time and resources over the past year to re-engineer and update its public Web site to enhance public access to departmental information.

WD's GOL initiative is integrated into departmental programming and policy considerations. On-line products have been developed in support of the WD strategic directions: Innovation, Entrepreneurship and Sustainable Communities. On-line business

tools, workshop presentations and interactive guides are available to aid entrepreneurs. On-line submission guidelines are provided to enable access to business development programs. The WD GOL 2003 Public Report can be found at http://www.wd.gc.ca/rpts/strategies/gol/default_e.asp

4.2 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;¹⁰
- 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.¹¹

In order to fully integrate sustainable development into the department's planning, program delivery and operations, WD adopted the following 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 met the objectives of its Sustainable Development Strategy (SDS) 2000 and accomplished the three performance measures set out by the strategy for 2003-2004:

1. The Western Diversification Program underwent a Strategic Environmental Assessment as part of the program's renewal process. Implementation of the Environmental Management Systems is ongoing and will continue during 2004-05.
2. The department's third Sustainable Development Strategy (SDS 2003) was tabled in Parliament on February 16, 2004 (for the complete report, see http://www.wd.gc.ca/rpts/strategies/sd/default_e.asp). SDS 2003 reflects the results of an independent evaluation of SDS 2000 and stakeholder consultations. The strategy identifies four key activities that are being pursued:
 - provide information to WD staff and its partners on SD and its practical applications and benefits;
 - invest in the development and commercialization of environmental technologies and processes in Western Canada;
 - invest in projects that enable western Canadian communities to improve their social, environmental, and economic sustainability; and,

¹⁰Paul Hawken, *The Ecology of Commerce*, p. 139.

¹¹Brundtland Commission, *Our Common Future*.

- provide information to western Canadian businesses on SD concepts, practices and benefits.
3. WD continued to play an active role in federal sustainable development initiatives by supporting sustainable development in Western Canada and participating in federal interdepartmental committees. An on-line tool was developed to encourage SD practices in SMEs. For more information, please see (<http://www.communityfutures.ca/provincial/SustainableBusiness/index.htm>)

The Green Team led the department on “greening” activities and distributed monthly green tips. The Green Team also received training in green procurement, worked towards the development of a procurement module to track green purchases, and conducted an informal audit of the energy efficiency of all WD’s office equipment.

4.3 Official Languages

WD is committed to the objectives of Section 41 of the *Official Languages Act* (OLA) including:

- 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.

2003-2004 marks the last year of the Francophone Business Development Strategy, launched in April of 2001. The strategy formalized the partnership between the FEDOs and WD, supported regional and Pan-West Special Economic Development Initiatives, and created loan loss reserve funds to increase access to capital for Francophone SMEs.

The 2003-2004 year also marks the completion of WD’s OLA Action Plan. An OLA evaluation revealed that WD has been successful in the implementing the 2000-2004 Action Plan, with respect to: the development of better business skills and better-informed entrepreneurs; economic development projects which provided concrete results; and, a number of projects which are expected to produce long-term results, such as the Corridor touristique francophone de l’Ouest (CTFO) across the West and La Maison du Bourgeois in Manitoba. Also identified in the evaluation were areas to improve upon, which have been addressed in the newly developed 2004-08 Action Plan. This new Action Plan was developed in consultation with regional Official Language Minority Community representatives, stakeholders, and other federal and provincial partners.

WD’s partnership with Canadian Heritage for the Interdepartmental Partnership for the Official Languages Communities program (IPOLC) expired on March 31, 2004. The IPOLC Memorandum Of Understanding was intended to encourage new partnerships in the Official Language Minority Community and seek projects resulting in long-term sustainable community and economic advancements.

In December 2003, the Official Languages, Section 41 Implementation Team members were the first recipient in the new category of Official Languages, Head of the Public Service Award. The Head of the Public Service Award is the highest award that public service employees can receive. The team won based on their commitment to implement the Francophone Business Development Strategy. With an attitude of respect for both official languages, showing initiative and using an innovative approach in the implementation of the Strategy, the team has greatly contributed to the promotion of official languages among western Canadians.

In 2003-2004, the Government of Canada tabled the Official Languages Action Plan for Official Languages “The Next Act: New Momentum for Canada’s Linguistic Duality”. WD and Industry Canada signed a Memorandum of Understanding to implement the tele-education and tele-learning pilot projects and youth internships in the West.

4.4 Modern Comptrollership

Results-based management has been a priority of the federal government for a number of years, and the modernization of management practices and improvement of management accountability are priorities for WD.

In late 2003, Treasury Board implemented the Management Accountability Framework (MAF), which is a set of ten statements that summarize the expectations for modern public service management. It was developed to provide public service managers with a clear list of management expectations within an overall framework for high organizational performance, and it embeds the Modern Comptrollership elements into a broader management framework.

WD’s Modern Comptrollership initiative encompasses the new MAF. It provides WD managers with a clear set of management expectations and improvement initiatives, and affects virtually every management activity in the department. Specific accomplishments related to WD’s Modern Comptrollership action plan include:

- the development of a WD Values and Ethics Framework http://www.wd.gc.ca/values_e.asp that is consistent with the recently published Values and Ethics Code of the Public Service of Canada;
- renewed strategic directions and realignment of regional offices and headquarters to strengthen policy and regional leadership capacity in order to add value to the development of policy at the national level, and to permit the department to play a stronger role in management and coordination of complex horizontal policy and economic issues;
- strengthened Grants and Contributions (G&C) management framework;
- human resource management initiatives, more frequent consultation with unions, compliance with employment equity and official languages requirements; and improved staffing accountability;
- establishment of a Human Resources Modernization committee to develop, implement and lead the department’s response to the Human Resource Modernization initiative;

- implementation of an enhanced department-wide planning process;
- in response to Treasury Board requirements, development of a Program Activity Architecture (PAA) that describes the hierarchy of programs and linkages to WD's mandate and strategic outcomes. The PAA will form the basis of a performance measurement system for the department;
- development of a Corporate Risk Profile for the department as the first step towards the implementation of an Integrated Risk Management Framework;
- reorganization and revitalization of the Audit and Evaluation function and the initiation of a record number of audits and evaluations; and,
- enrollment of sixteen employees in the inaugural class for the Professional Specialization Certificate in Public Sector Management, a joint initiative between WD and the University of Victoria's School of Public Administration.

4.5 Service Improvement

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. WD realigned its activities in 2002-2003 and transferred delivery of its business advisory services to the public to third parties, principally its WCBSN. WD is continuing to work with the WCBSN members to ensure that programs funded by WD maintain a client service focus, and is committed to the highest level of public service in all its interactions with Canadians.

SECTION 5: FINANCIAL PERFORMANCE

Financial Performance Overview

FINANCIAL TABLE 1

Summary of Appropriations

Financial Requirements by Authority (\$ millions)				
Vote		2003-04		
		Total Authorities	Actual	Variance Surplus/(Deficit)
130	Operating	44.1	41.0	3.1
135	Grants and Contributions	336.6	253.3	83.3
(S)	Obligations under the <i>Small Business Loans Act</i> *	6.3	6.3	-
(S)	Obligations under the <i>Canada Small Business Financing Act</i> *	10.6	10.6	-
(S)	Minister's salary and motor car allowance**	0.0	0.0	-
(S)	Contributions to Employee Benefit Plans	4.5	4.5	-
(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	0.0	-
(S)	Collection agency fees	0.0	0.0	-
	Total Department	402.1	315.7	86.4

Note: amounts under \$100,000 are displayed as zeros.

* This will be the last fiscal year that Western Economic Diversification Canada is reporting information on the *Small Business Loans Act* and the *Canada Small Business Financing Act*. Starting with fiscal year 2004-2005, Industry Canada has full responsibility of reporting financial information on these two Acts.

** On December 12, 2003, the Minister became eligible to receive a portion of the Minister's salary and motorcar allowance for the remainder of the fiscal year.

Explanation of Variance:

The \$86.4 million variance is mainly due to the following:

Operating Expenditures Vote 130

The \$3.1 million variance is due to the following factors:

- Reduction of internal budgets to enable carry-forward of resources to 2004-2005; \$1.7
- Reduction due to other unplanned expenditures, and \$1.2
- Reduction due to restraints in discretionary spending. \$0.2

Grants and Contributions Vote 135

The variance is primarily due to the delays in the implementation of the Infrastructure Canada Program. The lapsed amount of \$78.2 million will be re-profiled to future years.

FINANCIAL TABLE 2

Comparison of Total Planned to Actual Spending

Departmental Planned versus Actual Spending (\$ millions)			
	2003-04		
	Planned Spending	Actual	Variance Surplus/(Deficit)
FTEs	365	380	(15)
Operating			
Vote 130 - Operating Expenditures	40.5	41.0	(0.5)
(S) Contributions to Employee Benefits Plans	4.9	4.5	0.4
Total Operating	45.4	45.5	(0.1)
Grants and Contributions			
Vote 135 - Grants and Contributions	307.1	253.3	53.8
(S) SBLA/CSBFA*	17.8	16.9	0.9
Total Grants and Contributions	324.9	270.2	54.7
(S) Minister's salary and motor car allowance**	-	0.0	(0.0)
(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	(0.0)
(S) Collection agency fees	-	0.0	(0.0)
Total Gross Expenditures	370.3	315.7	54.6
Less:			-
Respendable Revenues	-	-	-
Total Net Expenditures	370.3	315.7	54.6
			-
Other Revenues and Expenditures			-
Non-respendable Revenues ¹²	(23.7)	(36.2)	12.5
Cost of services provided by other departments ¹³	4.4	4.2	0.2
Net cost of the Program	351.0	283.7	67.3

Note: amounts under \$100,000 are displayed as zeros.

* This will be the last fiscal year that Western Economic Diversification Canada is reporting information on the *Small Business Loans Act* and the *Canada Small Business Financing Act*. Starting with fiscal year 2004-2005, Industry Canada has full responsibility of reporting financial information on these two Acts.

** On December 12, 2003, the Minister became eligible to receive a portion of the Minister's salary and motorcar allowance for the remainder of the fiscal year.

¹² Details of Non-respendable revenues are shown in Table 4

¹³ Cost of services provided without charge by other departments include:

- PWGSC accommodation costs
- Public Service Insurance plans (i.e. Health and Dental benefits)
- Legal services provided by Justice Canada
- HRSDC Workers Compensation Costs

FINANCIAL TABLE 2 (continued)

Explanation of Variance:

Overall, the actual authorities of \$402.1 million (refer to Financial Table 1) provided to WD for the year were \$31.8 million greater than the amount of Planned Spending identified in the 2003-2004 Report on Plans and Priorities. The variance in the Actual Authorities is mainly due to the following:

- Received supplementary funding for a grant to the Friends of the Canadian Museum for Human Rights \$27.0
- Access to the 2002-2003 Excess Revenue over the Annual Reference Level Update target \$3.3
- Access to the Operating 2003-2004 Carry Forward Resources from 2002-2003 \$2.0
- Reduction in the authorities used under the *Small Business Loans Act* and the *Canada Small Business Financing Act* (\$0.9)

Grants and Contributions

The variance between Actual and Planned Spending of \$53.8 million is due to delays in project spending under the Infrastructure Canada Program. The overall variance between Actual and Total Authorities is \$83.3 million (refer to Financial Table 1).

FINANCIAL TABLE 3

Historical Comparison of Total Planned Spending to Actual Spending

Western Economic Diversification Canada			2003-04			
	Actual 2001-02	Actual 2002-03	Main Estimates	Planned Spending	Total Authorities	Actual Spending
Operating						
Vote 130 - Operating Expend.	45.1	41.1	38.8	40.5	44.1	41.0
(S) Contributions to Employee Benefits Plans	4.7	4.2	4.9	4.9	4.5	4.5
Total Operating	49.8	45.3	43.7	45.4	48.6	45.5
Grants and Contributions						
Vote 135 - Grants and Contributions	178.0	179.3	258.9	307.1	336.6	253.3
(S) SBLA/CSBFA*	23.7	19.2	17.8	17.8	16.9	16.9
Total Grants and Contributions	201.7	198.5	276.7	324.9	353.5	270.2
(S) Minister's salary and motor car allowance**					0.0	0.0
(S) Spending of proceeds from the disposal of surplus Crown assets	0.0	0.0			0.0	0.0
(S) Refunds of amounts credited to revenues in previous years	0.0	3.0			0.0	0.0
(S) Collection agency fees	0.0	0.0			0.0	0.0
Total	251.5	243.8	320.4	370.3	402.1	315.7

Note: Due to the table being in the millions, amounts that are too small are displayed as zeros.

* This will be the last fiscal year that Western Economic Diversification Canada is reporting information on the *Small Business Loans Act* and the *Canada Small Business Financing Act*. Starting with fiscal year 2004-2005, Industry Canada has full responsibility of reporting financial information on these two Acts.

** On December 12, 2003, the Minister became eligible to receive a portion of the Minister's salary and motorcar allowance for the remainder of the fiscal year.

Vote numbers for WD change in 2003-2004: Operating changes from 120 to 130, and G&C's from 125 to 135.

Explanation of Variances:

Main Estimates to Planned Spending

The increase in Planned Spending reflects the \$47.7 million resource increase provided in the February 18, 2003 Federal Budget.

FINANCIAL TABLE 4

WD has only one business line and resources are allocated to different programs, which are linked as follows to our three strategic outcomes.

Crosswalk Between Strategic Outcomes and WD Programs P = Planned A = Actual

		Strategic Outcomes				% of Total
		Innovation	Entrepreneurship	Sustainable Communities	Total	
Operating Expenditures	P	16.2	10.8	18.4	45.4	12.3%
	A	10.9	17.3	17.3	45.5	14.4%
Grants						
Western Diversification Program	P			5.0	5.0	1.6%
	A					
Friends of the Canadian Museum for Human Rights	P					
	A			27.0	27.0	10.7%
Contributions						
Western Diversification Program	P	45.5	10.0	18.5	74.0	24.1%
	A	33.8	15.7	21.3	70.8	28.0%
Community Futures Program	P		22.3		22.3	7.3%
	A		10.5	10.5	21.0	8.3%
Partnership Agreements	P	2.0	1.0	8.2	11.2	3.6%
	A	2.0	1.6	4.5	8.1	3.2%
Service Delivery Network Program	P		6.0		6.0	2.0%
	A		3.3	8.0	11.3	4.5%
Innovation and Community Investment Program	P	10.8			10.8	3.5%
	A	10.9	0.3	1.9	13.1	5.2%
Loan and Investment Fund Program	P		3.7		3.7	1.2%
	A		4.3		4.3	1.7%
Infrastructure Canada Program	P			167.5	167.5	54.5%
	A			89.3	89.3	35.3%
Whiteshell Underground Research Laboratory	P			1.0	1.0	0.3%
	A					0.0%
Rick Hansen Man In Motion Foundation	P	2.2			2.2	0.7%
	A	2.2			2.2	0.9%
Red River Flood Protection Program	P			3.4	3.4	1.1%
	A			1.1	1.1	0.4%
Richmond Airport Vancouver Rapid Transit	P				0.0	0.0%
	A			3.7	3.7	1.5%
National Programs (Hudson Bay)	P				0.0	0.0%
	A			0.9	0.9	0.4%
Softwood Industry Community Economic Adjustment Initiative	P				0.0	0.0%
	A			0.5	0.5	0.2%
Sub Total Grants & Contributions	P	60.5	43.0	203.6	307.1	82.9%
	A	48.9	35.7	168.7	253.3	80.2%
(S) Obligations under the <i>Small Business Loans Act</i>	P		7.9		7.9	2.1%
	A		6.3		6.3	2.0%
(S) Obligations under the <i>Canada Small Business Financing Act</i>	P		9.9		9.9	2.7%
	A		10.6		10.6	3.4%
Total	P	76.7	71.6	222.0	270.3	100.0%
	A	59.8	69.9	186.0	315.7	100.0%
Percentage of Total	P	20.7%	19.3%	60.0%		100.0%
	A	18.9%	22.2%	58.9%		100.5%

FINANCIAL TABLE 5

Non-Respendable Revenue

Revenues (\$millions)	Planned		2003-04		Variance Surplus/(Deficit)
	2001-02	2002-03	Planned **	Actual	
Repayable Contributions	19.3	14.2	5.0	18.7	13.7
Other Revenue	2.3	3.4	1.2	1.8	1.6
<i>Small Business Loans Act – Service Fees*</i>	13.8	4.9	4.0	1.8	(2.2)
<i>Canada Small Business Finance Act – Service Fees *</i>	12.6	14.5	13.5	12.9	(0.6)
Total Non-Respendable Revenue	48.0	37.0	23.7	36.2	12.5

*This will be the last fiscal year that WD is reporting information on the *Small Business Loans Act* (SBLA) and the *Canada Small Business Financing Act* (CSBFA). Starting with fiscal year 2004-2005, Industry Canada has full responsibility of reporting information on these two Acts.

** The planned Repayable Contributions was increased from \$5 million to \$10 million during the 2003-2004 Annual Reference Level Update. The increase was to reflect the increased forecast in the collection activity.

WD has surpassed established targets for revenue for a fourth consecutive year. Since 1995, WD has moved away from repayable contributions, therefore revenue from this source will be declining in the future.

Non-respendable revenue consists essentially of:

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

FINANCIAL TABLE 6

Statutory Payments (\$ millions)

	Actual		2003-2004		
	2001-02	2002-03	Planned	Total Authorities	Actual
Obligations under the <i>Small Business Loans Act</i> *	17.3	10.1	7.9	6.3	6.3
Obligations under the <i>Canada Small Business Financing Act</i> *	6.4	9.1	9.9	10.6	10.6
Minister's salary and motorcar allowance**	0.0	0.0	0.0	0.0	0.0
Contributions to Employee Benefit Plans	4.7	4.2	4.9	4.5	4.5
Spending of proceeds from the disposal of surplus Crown assets	0.0	0.0	0.0	0.0	0.0
Refunds of amounts credited to revenues in previous years	0.0	3.0	0.0	0.0	0.0
Collection agency fees	0.0	0.0	0.0	0.0	0.0
Total Statutory Payments	28.5	26.4	22.7	21.5	21.5

Note: due to the table being in the millions, amounts that are too small are displayed as zeros.

* This will be the last fiscal year that Western Economic Diversification Canada is reporting information on the *Small Business Loans Act* and the *Canada Small Business Financing Act*. Starting with fiscal year 2004-2005, Industry Canada has full responsibility of reporting financial information on these two Acts.

** On December 12, 2003, the Minister became eligible to receive a portion of the Minister's salary and motorcar allowance for the remainder of the fiscal year.

Statutory Payments consist of:

- the settlement of net losses incurred by the 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 reported by ED for loans in Western Canada; and,
- the government costs associated with benefit plans for public servants, such as the Canada Pension Plan, Employment Insurance, and death benefits.

FINANCIAL TABLE 7

Transfer Payments (\$ millions)

	Actual		2003-2004		
	2001-02	2002-03	Planned	Total Authorities	Actual
Grants					
Western Diversification Program	10.0		5.0		
Friends of the Canadian Museum for Human Rights			5.0	27.0	27.0
Total Grants	10.0		5.0	27.0	27.0
Contributions					
Western Diversification Program	67.8	65.3	74.0	81.0	70.8
Community Futures Program	21.6	21.7	22.3	21.0	21.0
Partnership Agreements	19.6	12.9	11.2	8.1	8.1
Service Delivery Network Program	10.2	8.5	6.0	11.3	11.3
Innovation and Community Investment Program	7.4	13.4	10.8	13.1	13.1
Loan and Investment Fund Program	2.8	3.3	3.7	4.3	4.3
Winnipeg Development Agreement	0.8				
Infrastructure Canada Program ¹⁴	21.1	47.8	167.5	167.5	89.3
Canada Infrastructure Works Program ¹⁵	6.1	0.3			
Whiteshell Underground Research Laboratory			1.0		
Rick Hansen Man in Motion Foundation			2.2	2.2	2.2
Red River Flood Protection Program	10.5	2.7	3.4	1.1	1.1
Richmond Airport Vancouver Rapid Transit		2.7			3.7
National Programs (Hudson Bay)	0.1	0.7			0.9
Softwood Industry Community Economic Adjustment Initiative					0.5
(S) Obligations under the <i>Small Business Loans Act</i> *	17.3	10.1	7.9	6.3	6.3
(S) Obligations under the <i>Canada Small Business Financing Act</i> *	6.4	9.1	9.9	10.6	10.6
Total Contributions	191.7	198.5	319.9	326.5	243.2
Total Transfer Payments	201.7	198.5	324.9	353.5	270.2

* This will be the last fiscal year that Western Economic Diversification Canada is reporting information on the *Small Business Loans Act* and the *Canada Small Business Financing Act*. Starting with fiscal year 2004-2005, Industry Canada has full responsibility of reporting financial information on these two Acts.

¹⁴ To improve disclosure, the "Planned" and "Total Authorities" columns reflect internal adjustments between programs.

¹⁵ Planned spending for the six-year Infrastructure Canada Program, which commenced in 2000-01 was slower than expected. Unexpended funds under this program, not already transferred to future years, are eligible for carry-forward.

SECTION VI: APPENDICES

6.1 List of Reviews and Evaluations Conducted in 2003-2004

The following projects were completed in 2003-2004. For access to the individual reports, please see the WD public Web site at http://www.wd.gc.ca/rpts/audit/default_e.asp.

Contribution Audit Policies and Processes for Western Diversification Program (WDP) and Innovation and Community Investment Program (ICIP) (March 2003)

WD's Audit and Evaluation Branch contracted with KPMG LLP to help management develop new contribution audit policies and processes for the Western Diversification Program (WDP) and the Innovation and Community Investment Program (ICIP).

Audit of WD Contracting Standards (Jan 2004)

BMCI Consulting Inc. was contracted to undertake this audit, with the objective of conducting an assessment of contracting practices in place at WD and their compliance with established government policies and regulations.

Risk-Based Review of WD's Project Monitoring & Payment Function (Nov 2003)

WD's Audit and Evaluation Branch contracted with KPMG LLP to conduct a risk-based review of the department's Projects Monitoring and Payment (M&P) function.

Report on the Review of WD's Quality Assurance Review Process (Dec 2003)

WD's Audit and Evaluation Branch contracted with KPMG LLP to conduct a review of WD's Quality Assurance Review (QAR) process. The QAR process is intended to address specific requirements in Treasury Board's Transfer Payment Policy

Evaluation of WD's Sustainable Development Strategy 2000-2004 (October 2003)

The evaluation of WD's Sustainable Development Strategy 2000-2004 is an independent examination and assessment of the relevance, success and effectiveness of WD's SDS 2000 from development through to implementation. This project was carried out by the Barrington Research Group Inc.

Audit of the Community Futures Program (April 2003)

The audit of the Community Futures Program was carried out by Grant Thornton LLP, to evaluate WD's management control and monitoring systems in each of the four western provinces. The focus of the audit was the relationship between WD and the CFDCs.

WD Canada-British Columbia (BC) Infrastructure Program Internal Audit Report (April 2003)

Consulting and Audit Canada (CAC) was contracted by the BC region to conduct this assessment of the internal controls within the management framework for the WD Canada-BC (BC) Infrastructure Program project cycle.

The Vancouver Agreement (Feb 2004)

The Vancouver Agreement (VA) was designed to coordinate the work of three governments - British Columbia, Canada and the City of Vancouver. The purpose and main objectives were "to develop and implement a coordinated strategy to promote and support sustainable economic, social and community development" through a process whereby the three governments would "work together, within their respective jurisdictions and mandates, and with communities in Vancouver". The VA Management Committee contracted the Macleod Institute to carry out the evaluation, which focussed on governance issues.

6.2 Glossary of Acronyms

ABSN	Aboriginal Business Service Network
ADM	Assistant Deputy Minister
BSE	Bovine Spongiform Encephalopathy
CBSC	Canada Business Service Centre
CFDC	Community Futures Development Corporation
CFP	Community Futures Program
CFI	Canada Foundation for Innovation
CFI-SP	Canada Foundation for Innovation – Support Program
CSBFA	<i>Canada Small Business Financing Act</i>
CLS	Canadian Light Source (Synchrotron)
CSIF	Canada Strategic Infrastructure Fund
CSNDA	Canada-Saskatchewan Northern Development Agreement
CSP	Conference Support Program
DM	Deputy Minister
DTEs	Downtown East Side (Vancouver)
FEDO	Francophone Economic Development Organization
FJST	First Jobs in Science and Technology Program
GDP	Gross Domestic Product
GOL	Government of Canada On-Line
ICP	Infrastructure Canada Program
ICIP	Innovation and Community Investment Program
IRAP	Industrial Research Assistance Program
ITPP	International Trade Personnel Program
LIFP	Loan Investment Fund Program
MAF	Management Accountability Framework
MRIF	Municipal-Rural Infrastructure Fund
NRC	National Research Council Canada
OLA	<i>Official Languages Act</i>
PAA	Program Activity Architecture
PCO	Privy Council Office
R&D	research and development
RMAF	Results Management Accountability Framework
SBLA	<i>Small Business Loans Act</i>
SD	sustainable development

SDS	Sustainable Development Strategy
SICEAI	Softwood Industry Community Economic Adjustment Initiative
SME	small- and medium-sized enterprises
TBS	Treasury Board Secretariat
UAS	Urban Aboriginal Strategy
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